



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 6, 2007

To the People of Pennsylvania:

When I began my first term four years ago, I laid out a set of ambitious goals for improving the lives of Pennsylvania's citizens. I am happy to report that, working with the members of the General Assembly, my administration has made great progress in accomplishing those goals, in areas ranging from increased funding for early childhood education to the creation of more effective state economic stimulus programs to the expansion of prescription drug coverage for senior citizens.

We have invested significantly in Pennsylvania's children, with more than \$1.8 billion of new funding for public education. We have helped to revive the commonwealth's economy with a \$3 billion economic stimulus program that has touched all areas of the state, and we have improved state programs in workforce development and expanded funding for higher education. We have reaffirmed our stewardship of "Penn's Woods" through a \$625 million investment in the Growing Greener II initiative. And we have fulfilled my pledge to identify and eliminate waste in government, achieving annual savings of \$1 billion in the operations of the commonwealth.

At the same time, we have maintained Pennsylvania's long-standing commitment to support and protect our most vulnerable citizens by preserving each essential component of the state's social safety net. No one receiving life-sustaining social services has lost eligibility, children have not experienced any reduction in services, and the state has provided coverage for new families and individuals requiring our assistance. Furthermore, we extended that commitment by dramatically expanding prescription drug coverage for senior citizens through the PACE program and by ensuring that all of Pennsylvania's children will have access to health insurance through the new Cover All Kids program.

As I begin my second term, I have an equally ambitious agenda – an Agenda for Pennsylvania Progress – that builds on the tremendous success we had during my first term.

I recently announced a key element of that agenda: Prescription for Pennsylvania, a sweeping initiative to increase access to affordable health care for all Pennsylvanians, improve the quality of care delivered throughout the commonwealth, and bring soaring health care costs under control for employers and employees. Enactment of this proposal will make health care accessible for nearly 800,000 Pennsylvanians who are presently uninsured and will eliminate billions in wasted health care dollars, which will benefit all Pennsylvanians.

Other elements of the Agenda for Pennsylvania Progress are equally important. In this year's budget I call for major new strategic investments in education; in renewable alternative energy development; in highway, bridge and mass transportation funding; and in continuing to grow an ever more competitive Pennsylvania economy.

The 2007-08 budget launches the \$75 million Pennsylvania Pre-K Counts program as a vital new component of the Accountability Block Grant, so that 11,100 more children can get an essential early start to learning. School districts, Head Start programs and other community providers with proven track records will be able to apply for these resources. Children from every part of the commonwealth will have new opportunities for early learning as a result – with the greatest focus on those most at risk of future academic failure.

The 2007-08 budget also includes \$90 million to continue changing the way teachers teach and students learn in Pennsylvania high schools by putting a laptop on every student's desk and using the power of the Internet to engage the Technology Generation and make learning come alive. This budget adds to the 103 high schools already building Classrooms for the Future.

In alternative energy, it is time to expand Pennsylvania's leadership in this sector, and that is why I am proposing an \$850 million Energy Independence Initiative to bring new clean energy companies and investment to our state – creating new jobs, making the commonwealth more environmentally sustainable and increasing our state and nation's energy independence. This initiative will be funded through a Systems Benefit Charge on all residential, commercial and industrial electricity customers. At a cost of \$0.45 per month for the average household, we can raise \$75 million to invest in a greener and more independent economic future.

Building on the excellent work of the Transportation Funding and Reform Commission, this budget proposes a historic reinvestment in the commonwealth's transportation system. Maintaining and expanding Pennsylvania's public transit systems, bridges and highways is critical to our state's economic competitiveness and the safety of our residents. As a result of the initiatives in this budget, our transit agencies will provide 135 million more rides by 2011 – a 44 percent increase; as many as 86 more bridges will be repaired or replaced annually – a 37 percent increase; and we will eliminate poor ride quality on all highways carrying more than 2,000 vehicles a day and 50 percent of those carrying fewer than 2,000 vehicles a day.

In addition, I am continuing my firm commitment to bring property tax relief to all Pennsylvanians. This budget contains \$900 million in property tax relief that will become available in July of this year, benefiting senior citizens and every Pennsylvania homeowner.

The Agenda for Pennsylvania Progress is focused on creating a better future for the commonwealth – for the citizens of today and those of tomorrow. I am keenly aware, however, of the challenges we face in the present. Among these is a pattern of federal funding cuts and unfunded federal mandates that has siphoned vital support from our commonwealth for critical public services.

As I begin my second term as governor, I am deeply grateful to have been given the opportunity to continue to work on your behalf for the betterment of this extraordinary state. Pennsylvania is poised for greatness on all fronts – from the development of a vibrant, 21st-century economy, to the education of our children for the high-wage jobs of the future, to continuing leadership in the production of renewable sources of energy, to forward-thinking solutions to the pressing concerns of transportation funding, health care costs and the care of our most vulnerable residents.

I am as enthusiastic about helping Pennsylvania achieve its boundless potential as I was on my first day in office four years ago. We have accomplished much in the past four years, but much work remains to be done. This budget provides the resources and the blueprint to accomplish many of our most important objectives.

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 2007-08.

Sincerely,



Edward G. Rendell



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Commonwealth of Pennsylvania

For the Fiscal Year Beginning

July 1, 2006

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Commonwealth of Pennsylvania for its annual budget for the fiscal year beginning July 1, 2006. This award is valid for a period of one year.

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

Overview of Sections within the Budget

Preface

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

A. Overview and Summaries

Provides an overview of program and financial goals and administration policies. It discusses the economic outlook, major operating funds and overall complement. It summarizes the budget for several major Commonwealth funds including the General Fund, Motor License Fund, Environmental Stewardship Fund, Lottery Fund, Tobacco Settlement Fund and Budget Stabilization Reserve (Rainy Day) Fund. It also provides summary information regarding 2007-08 Program Policy Direction and Budget Themes, Federal Block Grants, Public Information & Communications and selected other summaries.

B. Program Budget Summary

Provides a summary of the 2007-08 Budget by major revenue source and provides information for each major program by component categories and subcategories (subdivisions of programs).

C. Summary by Fund

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

D. Tax Expenditures

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

E. Department Presentations

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

F. Capital Budget

Provides detailed information by agency regarding proposed capital budget projects recommended in 2007-08. 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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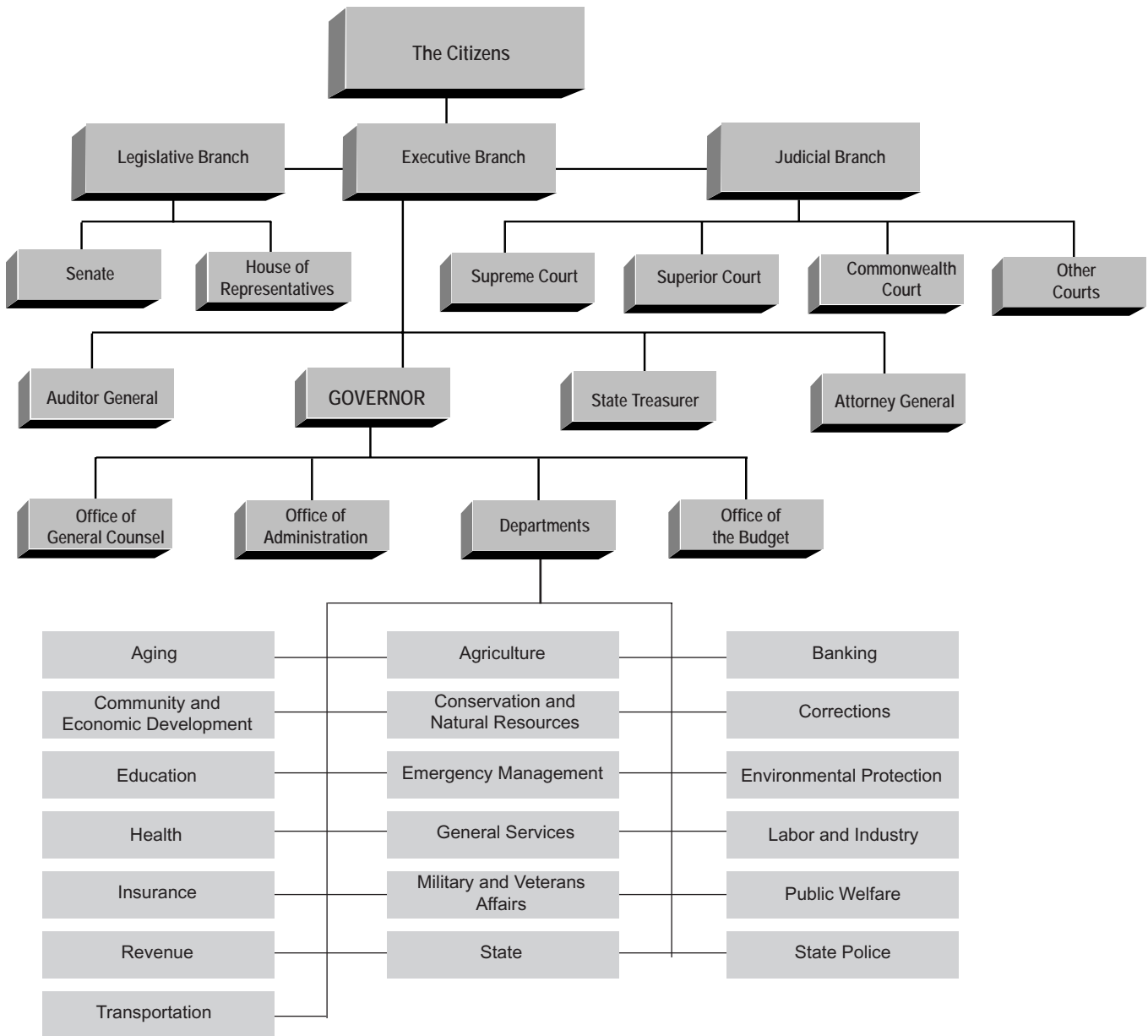
READER'S GUIDE

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

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

BOARDS

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

COMMISSIONS

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

The Budget Process

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

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

PHASES OF THE BUDGET PROCESS

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

PREPARATION

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

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

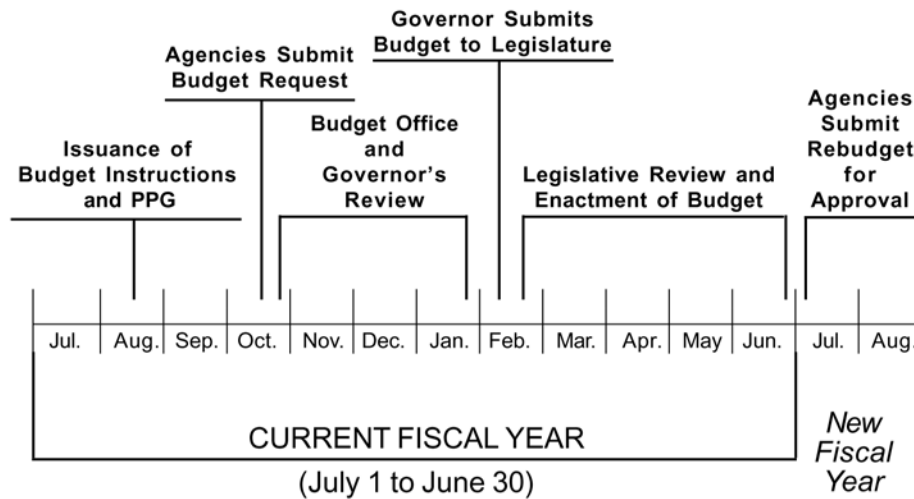
During December, the Governor apprises Legislative leaders of anticipated spending and revenue levels and major fiscal issues expected to be addressed in the upcoming budget.

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

APPROVAL

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

BUDGET CYCLE IN PENNSYLVANIA



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

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

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

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

EXECUTION

The Governor's Budget Office has the authority to request and approve agency spending plans, commonly referred to as rebudgets, and to establish authorized levels for agency's full-time equivalent (FTE) salaried complement, i.e., personnel. The rebudgets are based primarily on the enacted appropriations. The Governor's Budget Office uses the Integrated Enterprise 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 Governor's Budget Office informally reviews program and financial performance and performs formal evaluations of selected programs. In addition, the Auditor General performs a financial post audit.

The Capital Budget Process

The capital budget process in Pennsylvania is similar to the process for 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 Governor's Budget Office for consistency with the Governor's priorities and policies. Projects approved by the Governor's Budget Office are scheduled for release — first for design and, when design is complete, then for construction. These releases are made in accordance with certain fiscal guidelines in order to keep the entire capital budget at affordable levels each year.

The Structure of the Budget

THE COMMONWEALTH PROGRAM PLAN

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

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

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

THE DEPARTMENTAL PRESENTATION

Recommendations for the continuation of current programs at essentially current levels of commitment are shown within departmental program subcategories. Recommendations for major program changes in 2007-08 are identified as departmental Program Revision Requests (PRRs) which provide explanations and justification for the change.

Beyond 2007-08, the projections of financial data, as well as impacts and other program measures, show the future implications of the 2007-08 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 2007-08 level of commitment.

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

Summary By Fund And Appropriation

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

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

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

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

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

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

“(A)” Identifies monies which augment a State appropriation. Institutional collections is an example of an augmentation.

“(EA)” After the title of an appropriation identifies an executive authorization made in the name of the Governor to spend monies previously appropriated through blanket action of the General Assembly. General Operations in the Farm Products Show Fund is an example of an executive authorization.

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

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

Program Presentation

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

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

Narrative—Describes program services and activities.

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

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

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

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

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

The Summary by Fund and Appropriation

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

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

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

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

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

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

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

GENERAL FUND:

General Government:

- General Government Operations**
- (F) Historic Preservation.....
- (F) Save Our Treasures.....
- (F) Railroad Museum Improvement.....
- (F) Surface Mining Review.....
- (A) Historic Preservation Fund.....
- (R) Keystone Fund.....

Subtotal

Records and Management Information

Maintenance Program

Subtotal - State Funds

Subtotal - Federal Funds.....

Subtotal - Augmentations.....

Subtotal - Restricted Revenues

Total - General Government.....

Grants and Subsidies:

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

Total - Grants and Subsidies

STATE FUNDS

FEDERAL FUNDS.....

AUGMENTATIONS.....

RESTRICTED REVENUES.....

GENERAL FUND TOTAL

KEYSTONE RECREATION, PARK AND CONSERVATION FUND:

Grants and Subsidies:

- Historic Site Development - Bond Proceeds (EA)
- Historic Site Development - Realty Transfer Tax (EA)

Total - Grants and Subsidies

KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL

OTHER FUNDS:

GENERAL FUND:

- Historic Preservation Act of 1966

HISTORICAL PRESERVATION FUND:

- Historic Preservation Fund**
- DEPARTMENT TOTAL - ALL FUNDS
- GENERAL FUNDS
- SPECIAL FUNDS
- FEDERAL FUNDS.....
- AUGMENTATIONS
- RESTRICTED.....
- OTHER FUNDS.....

TOTAL ALL FUNDS

al and Museum Commission

nd Appropriation

(Dollar Amounts in Thousands)

2005-06 2006-07 2007-08
ACTUAL AVAILABLE BUDGET

.....	\$ 15,354	\$ 16,794	\$ 18,891
.....	1,000	1,000	1,000
.....	1,224	1,112	915
.....	312	1,312	0
.....	125	200	200
.....	250	250	250
.....	400	450	450
.....	<u>\$ 18,665</u>	<u>\$ 21,118</u>	<u>\$ 21,706</u>
.....	\$ 450	\$ 444	\$ 0
.....	<u>944</u>	<u>1,000</u>	<u>1,000</u>
.....	\$ 16,748	\$ 18,238	\$ 19,891
.....	2,661	3,624	2,115
.....	250	250	250
.....	400	450	450
.....	<u>\$ 20,059</u>	<u>\$ 22,562</u>	<u>\$ 22,706</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
.....	<u>100</u>	<u>100</u>	<u>100</u>
.....	<u>\$ 6,711</u>	<u>\$ 7,181</u>	<u>\$ 5,781</u>
.....	\$ 23,459	\$ 25,419	\$ 25,672
.....	2,661	3,624	2,115
.....	250	250	250
.....	400	450	450
.....	<u>\$ 26,770</u>	<u>\$ 29,743</u>	<u>\$ 28,487</u>
.....	\$ 3,403	\$ 0	\$ 0
.....	6,341	4,555	4,646
.....	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
.....	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
.....	\$ 67	\$ 80	\$ 80
.....	<u>\$ 2,768</u>	<u>\$ 3,245</u>	<u>\$ 4,245</u>
.....	\$ 23,459	\$ 25,419	\$ 25,672
.....	9,744	4,555	4,646
.....	2,661	3,624	2,115
.....	250	250	250
.....	400	450	450
.....	2,835	3,325	4,325
.....	<u>\$ 39,349</u>	<u>\$ 37,623</u>	<u>\$ 37,458</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, 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 Appendix.

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

Program Presentation

Each Program Presentation provides a written and financial explanation of the activities of the program. Recommendations for the continuation of current programs at essentially current levels of commitment are shown within department program subcategories. Recommendations for major program changes in 2007-08 are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

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

General Government Operations — Identifies a specific appropriation.

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

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

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative, marketing and press relations, human resources management, procurement, information technology and management of the Commission's website, nancial grant administration, scal and revenue management, and other support services.

Program Measures:

	2005-06	2006-07
Historic Preservation		
Buildings maintained and conserved.....	522	522
Evaluations for the National Register of Historic Properties	1,300	1,320

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

Program Recommendations: _____ This budget

\$ 1,867	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.
230	—to continue current program.
\$ 2,097	Appropriation Increase

Appropriations within this Program:

	2005-06 Actual	2006-07 Available
GENERAL FUND:		
General Government Operations	\$ 15,354	\$ 16,794
Records and Management Information	450	444
Maintenance Program	944	1000
TOTAL GENERAL FUND	\$ 16,748	\$ 18,238



Historical and Museum Commission

Identifies the agency being presented.

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

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

Program

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; provides a survey and National Register nomination program; maintains an information network providing direction and assistance to local preservation organizations; administers an archeological program to improve policies and procedures and provides direction to the professional and advocational community; and preserves and protects endangered historic public and private buildings, structures and landmarks through a non-profit Statewide revolving fund.

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

Narrative — Describes program services and activities.

2007-08	2008-09	2009-10	2010-11	2011-12
522	522	522	522	522
1,340	1,360	1,380	1,400	1,420

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

previously included evaluations for all qualifying properties, plus which resulted in duplication

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

\$ -444 **Records and Management Information** —nonrecurring projects.

All other appropriations are recommended at the current year funding level.

(Dollar Amounts in Thousands)

	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
\$	18,891	\$ 19,916	\$ 20,262	\$ 20,610	\$ 20,973
	0	0	0	0	0
	1,000	1,020	1,040	1,061	1,082
\$	19,891	\$ 20,936	\$ 21,302	\$ 21,671	\$ 22,055

Basis of Budgeting For Control and Compliance

The Commonwealth's budgets are prepared on a modified cash basis of accounting that is used to determine compliance with enacted budgets according to applicable Commonwealth statutes and administrative procedures. For each Commonwealth operating fund the total amount appropriated by the General Assembly for a fiscal year may not exceed the fiscal year's estimated revenues available for appropriation, as developed by the Governor, plus the unappropriated fund balance (or less a deficit) of the preceding fiscal year, except for constitutionally authorized debt service payments.

Under the Commonwealth's basis of budgeting, tax receipts, non-tax revenues, augmentations and all other receipts are recorded at the time cash is received. At fiscal year-end an adjustment is made to include in receipts certain revenues of the General Fund and the Motor License Fund estimated to be earned but not yet collected. Expenditures are recorded at the time payment requisitions and invoices are submitted for payment. Expenditures include appropriated amounts reserved for payment of contracts for the future delivery of goods and services to the Commonwealth through an encumbrance process. Also, funds are retained at fiscal year-end to pay direct expenditures such as salaries, wages, travel, and utility costs payable against a fiscal year's appropriation authority but expended in the subsequent year.

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

Budgets are statutorily adopted each fiscal year for the General Fund and the following special revenue funds: Banking Department, Lottery, Milk Marketing, Motor License, Workmen's Compensation Administration, Emergency Medical Services Operating, Energy Conservation and Assistance, Hazardous Materials Response and Ben Franklin Technology Development Authority. Budgets are also statutorily adopted for the administration of the State Employees' Retirement and Public School Employees' Retirement Funds.

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

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

GAAP Basis of Accounting

In addition to the budgetary basis financial information maintained by the Commonwealth to monitor and enforce budgetary control, special account balances, principally receivable and payable items, are maintained to provide and report information in conformity with generally accepted accounting principles (GAAP). The use of GAAP requires a modified accrual basis of accounting for governmental fund types whereby revenues are recognized when they become both measurable and available to finance expenditures and whereby expenditures are generally recognized and recorded when a liability to make a payment, regardless of when the cash disbursement is to be made, is incurred. For proprietary and fiduciary fund types, GAAP requires a full accrual basis of accounting.

Revenues and expenditures reported in the Commonwealth's financial statements prepared under GAAP differ from the budgetary basis for several reasons. Among other differences, the GAAP statements (i) generally recognize revenues when they become measurable and available rather than when cash is received, (ii) report expenditures when goods and services are received and a liability incurred rather than when cash is disbursed, (iii) include government-wide statements, representing aggregate governmental activities of the Commonwealth, along with major fund statements, including aggregate nonmajor fund statements grouped by GAAP fund type rather than by Commonwealth funds, and (iv) include activities of all funds in the reporting entity, including agencies and authorities usually considered as independent of the Commonwealth for budgetary accounting and reporting purposes. Reported revenues and expenditures required to conform to GAAP accounting generally require including (i) sales/use, personal income, corporation and other tax accruals, (ii) tax refunds payable and tax credits, and (iii) expenditures not covered by appropriations.

Significant Financial Policies

A summary of significant financial management policies of the Commonwealth is presented below. More detail on the financial management policies and implementation is found in other sections of this document especially the Section A Overview and Summaries, Section F Capital Budget, Section G Public Debt and Section H Other Special Funds Appendix.

Accounting – As noted above, in addition to the budgetary basis financial information maintained by the Commonwealth to monitor and enforce budgetary control, special account balances, principally receivable and payable items, are maintained to provide and report information in conformity with accounting principles generally accepted in the United States applicable to governments. The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting requirements for all governments.

Budget Stabilization Reserve Fund – Act 91 of 2002 provided for this fund effective July 1, 2002 to eventually establish a reserve fund amounting to 6 percent of the revenues of the General Fund. For the fiscal year beginning July 1, 2002 and in any fiscal year thereafter in which the Secretary of the Budget certifies that there is a surplus in the General Fund, 25 percent of the surplus is to be deposited by the end of the next succeeding quarter into this fund. Act 41 of 2005 superseded this requirement and provided for 15 percent of the surplus to be deposited by the end of the next succeeding quarter into this fund just for the fiscal year ended June 30, 2005; a 25 percent transfer was provided for the fiscal year ending June 30, 2006 and a 25 percent transfer is also included in this budget. Additional information is found in Section A.1 of this budget document.

Investments – Investment Pools – The Fiscal Code provides the Treasury Department with investment control over most Commonwealth funds. The Treasury Department uses a variety of sophisticated internal investment pools that seek to provide preservation of principal, liquidity, diversification and income for Commonwealth funds. All participating funds report amounts invested in such pools as temporary and/or long-term investments; the pools themselves are not financially reported.

Debt Issuances – The Commonwealth Constitution permits debt to be issued for (1) capital projects in approved capital budgets; (2) purposes approved by voter referendum and (3) response to disasters. The Constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. Capital projects addressing health, safety and public protection receive top priority for activation. Additional information on public debt and debt policies is found in the Section G Public Debt of this budget document.

Terms Used in the Budget Process

Accrual: The accounting recognition of revenue or expenditures/expense amounts prior to cash receipt of revenue or cash disbursements for expenditures/expenses. Accruals are based on the delivery of a good or completion of a service by a specific date for which related cash receipts or disbursements have not yet occurred. Accruals are typically posted at the end of an accounting period and are reversed during a subsequent accounting period.

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

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

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

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

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

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

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

Deficit: A fiscal 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 a Commonwealth obligation or commitment pursuant to a contract, a purchase order, a grant or another known obligation but where an actual disbursement has not been made. In accrual accounting, the encumbrance is the amount set aside from the appropriation's balance. It is treated as a debit against the appropriation in the same manner as a disbursement of cash.

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

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

Federal Fiscal Year (FFY): A twelve-month period beginning October 1 and ending September 30 of the following calendar year which is used as the Federal accounting and appropriation period. Referred to by the year in which the fiscal year ends. For example, October 1, 2006 to September 30, 2007 would be FFY 2007.

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

Fiscal Year: A twelve-month period beginning July 1 and ending June 30 of the following calendar year which is used as the State's accounting and appropriation period. Referred to by the year in which the fiscal year begins, for example, July 1, 2007 to June 30, 2008 would be 2007.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Surplus: A fiscal 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
COPS	Community Oriented Policing Services
CSBG	Community Services Block Grant
DCSI	Drug Control and Systems Improvement
DFSC	Safe and Drug Free Schools and Communities
DOE	Department of Energy
EDA	Economic Development Administration
EEOC	Equal Employment Opportunity Commission
EMAC	Emergency Management Assistance Compact
EMS	Emergency Medical Services
EPA	Environmental Protection Agency
EPCA	Energy Policy and Conservation Act
ESEA	Elementary and Secondary Education Act
FEMA	Federal Emergency Management Agency
FFY	Federal Fiscal Year (October 1 to September 30)
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
HIPAA	Health Insurance Portability and Accountability Act
HHS	Health and Human Services
HUD	Department of Housing and Urban Development
JAG	Justice Assistance Grants
LIHEABG	Low-Income Home Energy Assistance Block Grant
LSTA	Library Services and Technology Act
LWCF	Land and Water Conservation Fund
MA	Medical Assistance
MAGLOCLEN	Middle Atlantic Great Lakes Organized Crime Law Enforcement Network
MCH	Maternal and Child Health
MCHSBG	Maternal and Child Health Services Block Grant
MH/MR	Mental Health/Mental Retardation Services
MHSBG	Mental Health Services Block Grant
MR	Mental Retardation
NCHIP	National Criminal History Improvement Program
NEA	National Endowment for the Arts
NPDES	National Pollutant Discharge Elimination System
NSF	National Science Foundation
OEP	Office of Emergency Preparedness
OSM	Office of Surface Mining
PHHSBG	Preventive Health and Health Services Block Grant
RSAT	Residential Substance Abuse Treatment
SABG	Substance Abuse Block Grant
SCDBG	Small Communities Development Block Grant
SDA	Service Delivery Area
SSA	Social Security Act
SSBG	Social Services Block Grant
SSI	Supplemental Security Income
TANFBG	Temporary Assistance to Needy Families Block Grant
TEA	Transportation Efficiency Act
TEACH	Technology, Education and Copyright Harmonization Act
USFWS	United States Fish and Wildlife Service
VA	Veterans Administration
VOCA	Victims of Crime Act
WIA	Workforce Investment Act
WIC	Women, Infants and Children Program
YDC	Youth Development Center

OVERVIEW OF PROGRAM AND FINANCIAL GOALS AND POLICIES

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

GOAL: CREATE JOBS AND BUILD A VITAL ECONOMY

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

GOAL: BUILD A WORLD CLASS PUBLIC EDUCATION SYSTEM

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

GOAL: INCREASE ACCESS TO HIGH QUALITY HEALTH CARE

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

GOAL: BOOST THE SKILLS OF OUR WORKERS

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

GOAL: PROTECT OUR NATURAL RESOURCES

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

GOAL: ENSURE THE SAFETY OF OUR CITIZENS

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

GOAL: DELIVER GREATER VALUE AND EFFICIENCY IN GOVERNMENT

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

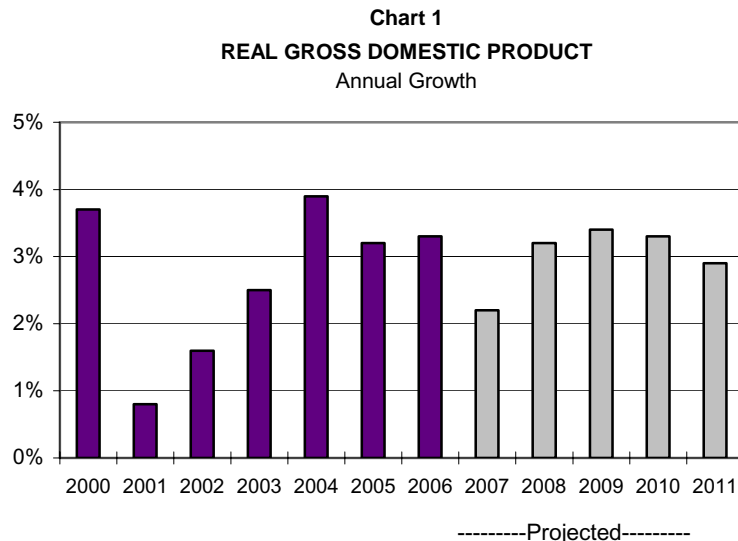
ECONOMIC OUTLOOK

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

Recent Trends

The expansion of the national economy has been fairly steady since 2002, despite repeated external shocks that have occurred in the post-recession period. These shocks have slowed the pace of the current expansion, but thus far they have failed to derail it and plunge the economy into negative growth. On the contrary, the economy has managed to grow at an average annual rate of 2.9 percent since the end of the recession in 2001, though growth is expected to be lower in the coming year.

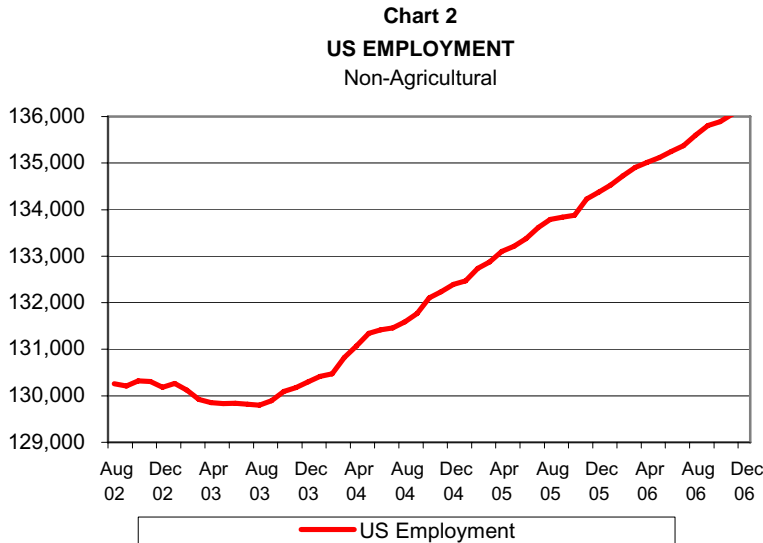
The United States (U.S.) economy grew at an average annual rate of 3.1 percent from 1997 through 2006. Growth of approximately 3.3 percent was achieved during 2006. Chart 1 displays actual growth in real gross domestic product (GDP) from 2000 to 2006 and projected growth for the 2007-2011 period.



The first two years of the current economic expansion (2002-2003) were characterized by unabated job losses in which more than 3 million jobs were lost despite a moderately growing national economy. Among the hardest hit sectors during the early part of the recovery was manufacturing, and job losses in this sector have continued through 2006. During the overall expansion, employment patterns have differed significantly between large corporations and small businesses. From 2001 through 2003, large corporations were responsible for almost all of the job losses while small firms actually posted modest gains in employment over the same time period. During the 2002-2003 period, the economic expansion demonstrated unusually slow growth in terms of job creation compared to typical post-recession periods. Although large corporations continued to shed jobs, positive overall job growth in the broader economy returned in 2004 and has continued during 2005 and 2006. Job growth in 2004 added approximately 2.0 million jobs, and employment levels grew even faster in 2005 as approximately 2.6 million jobs were added during that year. But job growth slowed a bit in 2006 as only approximately 1.8 million jobs were added in the past year.

The U.S. unemployment rate currently stands at 4.5 percent, down from its nine-year high of 6.3 percent in June 2003. The drop in the unemployment rate has occurred over the past three years as more than 6.4 million jobs have been added to the economy, with growth in employment

exceeding growth in the labor force. Chart 2 indicates that the U.S. economy has generated significant growth in employment since January 2004.



Although job growth was initially slow to recover following the last recession, the national economy still expanded from 2001 to 2006, with productivity gains, not employment gains, responsible for nearly all of the growth from 2001 to 2003. Productivity gains from 2001 to 2006 have driven the business sector side of the current economic expansion, with a 3.1 percent average annual rate of growth in productivity. This surge

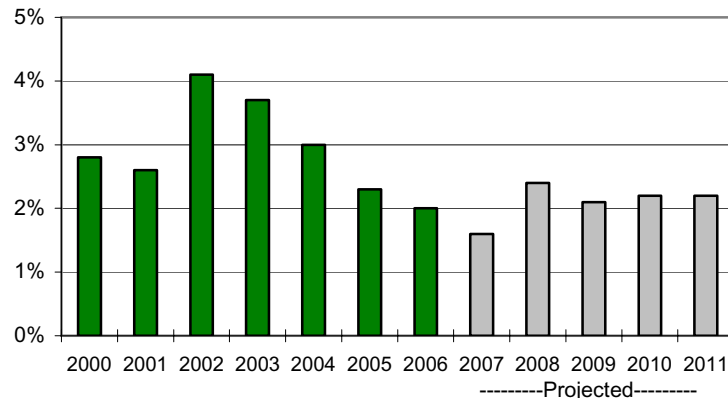
has exceeded any productivity growth since the 1960s, and that productivity growth was a major factor in creating the “jobless recovery” from 2001 through 2003. During this time, wages and incomes grew, but growth in the labor force slowed.

Job growth returned in 2004 and has continued through 2006, and wages and incomes have continued to rise as well. Yet job growth and economic growth are no longer as tightly correlated as they once were, because intense global competition has reduced businesses pricing power and technology gains have boosted productivity. Increased pressure on prices forced businesses to achieve growth from productivity rather than through increased payrolls from 2001 to 2003. Since recently peaking in 2002, productivity has grown at a slower rate, as seen in Chart 3, and that slowdown has meant lower real GDP growth.

Strong job growth over the past three years has been accompanied by a drop in the rate of growth in productivity. Chart 3 shows the significant gains in productivity achieved during the earlier part of the economic expansion, as well as the recent slowing of productivity gains.

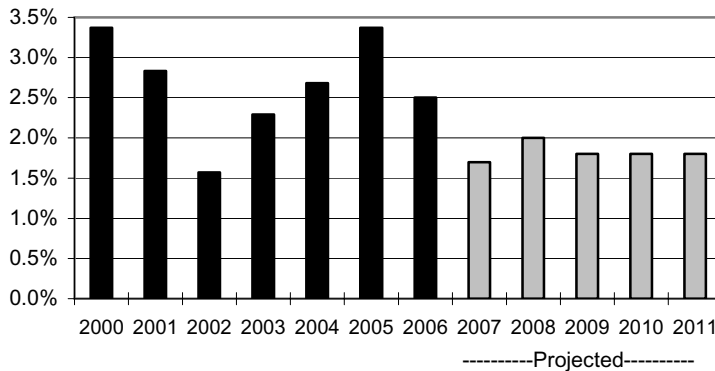
Gains in productivity allowed businesses to accommodate moderately rising costs of labor, commodity, and energy prices as well as rising benefits expenses, in particular health care costs. Solid demand from consumers and a weak dollar have enabled firms to pass along a portion of their increased costs, but growing competition from China and India have constrained the pricing power of U.S. corporations. The result is that nearly all gains in corporate profits have been derived from gains in productivity. The gains in productivity over the last five years have helped to hold inflation relatively in check. But recently output gains have slowed significantly, and payrolls have been expanding for over three years, which has resulted in upward pressure on wages and prices.

Chart 3
PRODUCTIVITY GAINS
Annual Growth



After dropping to 1.6 percent annual growth in 2002, inflation had been building over the past three years ending in 2005. Rapidly rising energy costs, rising labor costs, and increases in health care costs combined with a weak dollar pushed inflation to 3.4 percent in 2005, as seen in Chart 4. More recently, preliminary data from the U.S. Labor Department indicates that for all of 2006, inflation averaged 2.5 percent, the slowest rate of growth in three years. While that rate is still moderate, many of the factors that combined to hold down inflation in the early part of this decade have been eroding. Increasing unit labor costs, slowing productivity, a tightening job market, and elevated interest rates and energy prices are leading to upward pressure on prices across the board.

Chart 4
INFLATION-CONSUMER PRICE INDEX
Annual Growth



After three years of decline, the U.S. dollar appreciated in 2005, due in large part to rising interest rates. However, 2006 brought back a further decline of approximately 5 percent in the value of the dollar against major currencies. The U.S. trade imbalance continues to grow, and the current account deficit has reached another record high of 7.7 percent of real GDP in 2006.

A highly accommodating Federal Reserve Board had driven down short-term interest rates (through the federal funds rate) to a low of 1 percent over the past four years in an attempt to stimulate growth. After accounting for inflation, true interest rates had actually been in negative territory. As the expansion gained traction in 2004 through 2006 and with the re-emergence of inflation attributed to strong demand and rising energy costs in 2003-2005, the Federal Reserve began to raise interest rates. To date, the Federal Reserve has implemented a total of seventeen quarter-point rates hikes since June 2004, which have raised the federal funds rate from 1 percent to 5.25 percent by the end of December 2006. Much of this increase occurred during 2005, when the federal funds rate rose two full percentage points.

Current Conditions

Despite the U.S. involvement in Iraq, a slowing housing sector, and the lingering effects of elevated energy prices, the national economy continued its expansion in 2006. The three main pillars of the U.S. economy in 2006 have been business investment, consumer spending, and exports. Demand remained relatively solid, job growth continued, household wealth and incomes rose, and real GDP posted solid gains of 3.3 percent for the year.

The recent slowdown in the housing market has yet to fully ripple through the economy in terms of jobs, wages and income and consumer expenditures. However, the slowdown in this principal driver of the U.S. economy has been substantial in 2006. It is estimated that the housing recession has sliced an estimated 1.2 percent from overall economic growth in the latter part of 2006, its biggest decline in 25 years. New housing starts plunged all year, down 13 percent for 2006 and there has been a drop in home demand and home prices have weakened. Yet surprisingly, consumer spending has not been adversely impacted during the fourth quarter of 2006.

Business investment has been rising for the past three years as firms replenish capital assets neglected from 2001 through the end of 2003. Since that time, pent-up demand and declining inventories have led to a rapidly accelerating pace of capital expenditure, as firms have driven production and output faster than their existing capacity will allow. Billions of dollars are being spent by businesses on new factories, offices, equipment and software in an effort to expand and compete globally. As result, both hiring (jobs) and incomes have been increasing

through 2006 as direct result of capital spending. Strong balance sheets and a surplus of idle cash have led firms to rapidly expand their business investment, and that is contributing significantly to the current economic expansion just as housing and consumer expenditures slow. In recent months, the pace of this investment has been accelerating as investments in new structures surged 22.2 percent in the second quarter of 2006, the strongest quarterly increase in 12 years. Overall, business investment is estimated to have increased approximately 7.5 percent in 2006, the highest level of growth since 2000.

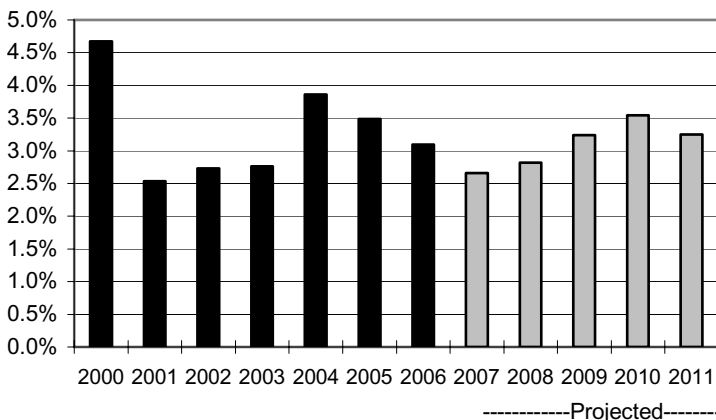
Technology spending, in particular, has increased during 2006, with advanced technology expenditures contributing significantly to the recent capital investment boom. Given the strong demand for their products and the tightening labor market, businesses must make technology improvements to achieve further productivity gains. Investment in technology components such as semi-conductors, computers and peripherals is up 16.6 percent in 2006, and communications equipment is up 12.7 percent from 2005, the fastest rate of growth in this sector since 2000. The continued expansion of business investment contributed significantly to gains in real GDP achieved during 2006 and the increased capital spending also led to job growth.

The economy continued to add jobs in 2006 as approximately 1.8 million new jobs were added in 2006, bringing the total number of new jobs to over 6.4 million in the last three years. Although still expanding, job gains have slowed a bit in 2006, down to an average of 149,000 per month versus 165,000 per month in 2005. Further slowing in payrolls seems likely as current weakness in the housing and manufacturing sectors continue. Since June 2006, over 174,000 jobs have been lost in these two sectors and more losses are likely to continue given the lag in layoffs associated with construction due to extended completion times for large capital projects. Conversely, job growth in the service sector has been offsetting losses in housing and manufacturing, with nearly four out of every five jobs in the private sector now concentrated in the service fields. Current year growth in service-related jobs has been averaging 146,000 per month in 2006, up from 143,000 per month in 2005. Health care, business services, and leisure and hospitality are leading growth areas within the service sector.

Tight labor markets and a shortage of skilled workers have resulted in upward pressure on wages and higher labor costs in general. Recently, the rate of growth in hourly pay has been accelerating, reaching 3.9 percent year-over-year growth in the third quarter of 2006, the fastest rate of growth in the last five years. Combined with a continued slowdown in productivity, per unit

labor costs have been rising substantially in 2006. Revised data from the U.S. Labor Department indicates that through the second quarter of 2006, unit labor costs had risen 5 percent from prior year levels, the largest increase since 2000, which matched the fastest such rate since 1990. Additionally, according to the Bureau of Labor Statistics, productivity advanced just 1.4 percent on a year-over-year basis in the third quarter of 2006, the weakest rate since 1997 and well below the 50 year average of 2.1 percent.

Chart 5
REAL PERSONAL CONSUMPTION EXPENDITURES
Annual Growth



Tight labor markets helped nominal personal incomes grow significantly for the fourth straight year in 2006, up 6.4 percent. This strong rate of annual growth was the highest since 2000 and was approximately four percentage points ahead of the rate of inflation (2.5 percent) for all of 2006. Nominal incomes have demonstrated continued solid growth since 2004, when nominal personal incomes rose 6.2 percent. These gains in personal incomes were the result of job growth over the past three years. Fueled by personal income growth, rising employment and strong household wealth, nominal personal consumption grew at a healthy rate of 6.0 percent in 2006, down slightly from 6.4 percent

in 2005 and 6.5 percent in 2004. Declines in energy prices during the second half of 2006 further buoyed consumer expenditures as their purchasing power was further extended. After adjusting for the effects of inflation, Chart 5 shows the annual average growth in real personal consumption expenditures for the period 2000 through 2006, with forecasts for 2007 to 2011.

As the economy operates near capacity and as available resources of labor and capital are consumed, the result is often upward pressure on prices, and inflation becomes harder to control. While wages and income were rising substantially in 2006, the rate of inflation slowed to its slowest pace in three years, to an estimated 2.5 percent for 2006. The slowdown in inflation was highlighted by declining energy prices during the second half of the year and a significant moderation in health care costs, which rose at their lowest level (3.6 percent) since 1998. Energy cost increases have abated after nearly three years of record increases. Oil prices have declined by approximately 19 percent from their peak of \$77 per barrel in July 2006 and natural gas prices have declined even more, over 48 percent since December 2005.

The Forecast

The current expansion is projected to continue at a sustainable pace, according to a combination of data from both Global Insight's baseline forecasts and Moody's Economy.com's economic forecast. After experiencing broad-based growth during the past three years, as evidenced by the 3.9 percent annual growth in real GDP during 2004, 3.2 percent growth in 2005 and 3.3 percent in 2006, the economy is expected to slow substantially during 2007. Annual growth in real GDP is projected to dip to 2.2 percent in 2007 before rebounding to 3.2 percent in 2008. A combination of data from both sources is highlighted in Table 1.

This table presents actual data for 2005 and forecasts for the 2006-2008 period for several national economic indicators. As noted, both real and nominal GDP growth are slowing and are expected to slow substantially more in 2007, after peaking in 2004. Rising prices, including energy prices, tight labor markets, elevated interest rates and a slowing of the housing market are primary causes for lower growth rates in the forecast for 2007. The forecasts anticipate that the economic expansion will continue at a subdued rate in 2007, primarily as a business-driven expansion while housing and consumer expenditures take a respite. Overall economic growth is forecast to return at recent levels in 2008.

The biggest threat to continued expansion of the U.S. economy is the danger that the housing recession might expand into other areas of the economy. Declines in the housing sector are expected to continue to shave approximately a full 1.0 percent off of quarterly real GDP in both the fourth quarter of 2006 and the first quarter of 2007 before stabilizing later in 2007. The drop-off in housing experienced in 2006 (13 percent) is expected to accelerate in 2007 to 17 percent and an unprecedented decline in nominal home prices is forecast for 2007.

Declining housing prices will likely adversely impact the wealth of households and could lead to lower consumer spending in 2007, as seen in Chart 5. While consumers have maintained spending levels during the expansion, it is likely that such spending will further wane as elevated interest rates slow consumer access to cheap cash and a slowing housing market erodes the individual wealth effect derived from rapidly appreciating home values. In 2007, it is likely that the job market will have a greater influence on household spending decisions as more wealth will be

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

Indicator	2005	2006	2007p	2008p
Nominal GDP	6.4	6.3	4.2	5.1
Real GDP	3.2	3.3	2.2	3.2
Real Personal Consumption	3.5	3.1	2.7	2.9
Corporate Profits (After Tax)	32.6	17.1	2.3	5.6
Unemployment Rate (Rate)	5.1	4.6	4.9	5.0
CPI	3.4	3.2	1.7	2.2
Federal Funds (Rate)	3.2	5.0	4.9	4.5

*Assumptions contained herein as well as others are incorporated in the 2007-08 fiscal year revenue estimates.

p=projected

derived from income gains than from real estate appreciation. The various forecasts referenced herein generally agree that while business activity and exports will provide a boost to the economy, elevated interest rates, a slowing housing sector, along with a slowing of consumer spending levels, will ensure that the expansion will continue but be more subdued than what has recently been experienced.

Moderate job growth of approximately 106,000 per month, or approximately 1.2 million jobs per year, is expected to continue during 2007. Because growth in the labor force is expected to keep pace with job growth, the unemployment rate is expected to remain around 4.9 percent in 2007. Continued but declining gains in productivity will continue to encourage an increase in payrolls in 2007.

The gains in employment experienced from 2004 to 2006 have boosted both personal income and consumption. A slight decline in the growth of new jobs will provide some relief for tight labor markets. As a result, upward pressure on wages and salaries is expected to abate somewhat in 2007. Gains in real personal income are forecast to be lower in 2007 than in 2006, as seen in Chart 9. Despite projected growth in real personal income, consumer spending is expected to moderate in 2007, as seen in Chart 5.

Inflationary pressures will continue to wane in 2007, as wages and salaries moderate and energy prices continue to decline. Overall, inflation is projected to rise by just 1.7 percent in 2007, the lowest level since 2002. Intense global competition will continue as a constraint on prices in the U.S., although the declining dollar will put upward pressure on the price of imports. With the taming of inflation and a slowing economy, forecasters predict that the Federal Reserve will begin to reduce interest rates in 2007, starting with at least three quarter point reductions to the federal funds rate.

Business investment has been a strong driver of growth, generally in the form of higher capital spending from 2004 to 2006. Capital investment in new equipment, particularly information technology equipment, is expected to continue in 2007, although at a slightly reduced rate as businesses react to a slowing economy and lower corporate profits.

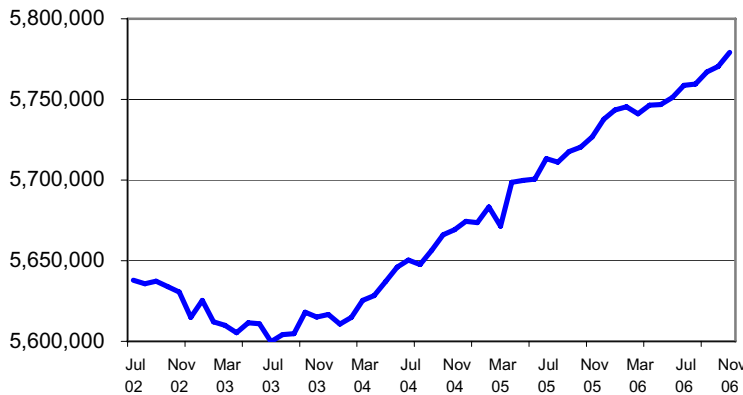
Risks to the forecast remain a concern. The most recent current account trade deficit, a measure of imports versus exports, reached a record high of 7.7 percent of real GDP in 2006. Other significant concerns for 2007 are the continuing decline in the strength of the dollar and projected continued deficit spending at various government levels. U.S. deficit spending - in the form of the federal budget deficit, the current account deficit, and combined household and corporate debt - is largely underwritten at present by massive amounts of foreign investment, mostly by foreign central banks. If these foreign central banks become unwilling to continue to hold U.S. securities given a further declining dollar, the economy could be adversely impacted. In addition, geopolitical uncertainty remains, not only in the form of the now-escalating war in Iraq but also from nuclear saber-rattling in both Iran and North Korea. The resurgence of left-leaning socialist governments in South America also presents international and economic concerns for the U.S., particularly in the area of oil imports. Therefore, the possibility of external shocks to the economy remains high.

Pennsylvania Outlook

Improvement in the Commonwealth's economic performance is largely dependent upon continued job growth, which has been improving since 2004. Pennsylvania's labor market, specifically the non-agricultural sectors, started to grow significantly in mid-2003. Both Pennsylvania and the national economy were experiencing year-over-year job losses earlier in the expansion period (2002-2003). Beginning in January 2004, both the Commonwealth and the national economy began to experience job creation, which has continued through all of 2004 and 2005. Despite the rise in job creation, Pennsylvania's unemployment rate also began to rise in 2004, reaching a height of 5.7 percent in December 2004. This rising unemployment rate despite growth in job creation is due to growth in the state's labor force during 2004, which had been greater than the national average. As a result, despite above-average job growth, the Commonwealth's unemployment rate rose in 2004.

In 2005 and 2006, Pennsylvania experienced continued job creation and somewhat slower growth in the overall labor force, as compared to the national average. This led to a decline in Pennsylvania's unemployment rate, to a low of 4.5 percent in November 2006. Additionally, Pennsylvania's unemployment rate has been equal to or below the national average for 17 of the past 20 months. Pennsylvania's 2005 job growth of 1.1 percent, while less than the national average of 1.3 percent, was still better than all of the New England states (0.6 percent) or any of the surrounding states, and Pennsylvania job growth exceeded even New Jersey for the first time since 1992. While slowing somewhat in 2006, job growth in the Commonwealth still out-gained Ohio, New Jersey, New York and other competitor states such as Michigan, Indiana and Wisconsin.

Chart 6
PENNSYLVANIA EMPLOYMENT
Non-Agricultural

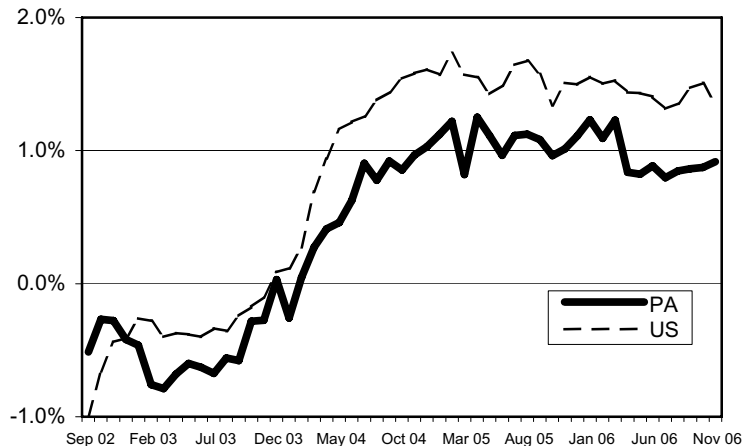


To date, the Pennsylvania economy has generated more than 153,900 new jobs in the past four years. By November 2006, total non-farm jobs reached a record high of 5.779 million, as seen in Chart 6. From November 2005 to November 2006 a total of 52,500 jobs were created in Pennsylvania. An estimated 62,500 jobs were created in the service sector, with nearly half of this total, or 30,500 occurring in

education and health care and another 23 percent of jobs created were in professional and business services. The trade and transportation and leisure and hospitality sectors also added over 7,000 jobs each over the last year while construction added 3,000 jobs. Housing construction slowed in Pennsylvania in 2006 and construction employment has leveled off consistent with national trends.

The significant historic presence of manufacturing in the Commonwealth economy and the continuing loss of jobs in this important sector has been partially restraining growth in the overall Pennsylvania economy. Manufacturing in the Commonwealth continued to lose jobs at the rate of over 1,000 per month or -13,000 for the year ended November 2006. Since 2000, more than 248,000 manufacturing jobs have been lost and manufacturing as a percent of the work force is down from 16.3 percent in 2000 to 11.9 percent in 2005. This loss in manufacturing employment also reflects a continued shift away from cyclical, recession-prone durable goods manufacturing jobs to a greater emphasis on non-cyclical, non-durable goods manufacturing such as pharmaceuticals and chemicals. This shift should help further insulate the Pennsylvania economy from the worst impact

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



of future economic downturns.

While job growth in the Commonwealth has been back on an expansionary track since mid-2003, this growth has still lagged the U.S. average for year-over-year job growth as seen in Chart 7. On average, annual year-over-year job growth has trailed the national average by around one-half of a percentage point per month. Demographics and employment patterns plaguing the Northeast and Midwest portions of the U.S. are largely to blame for this divergence. Job growth in Pennsylvania is forecast to continue to lag behind the national average but should remain consistent with and possibly better than the rest of the Northeast and Mid-Atlantic states. The diversity of the Commonwealth's economy and its strengths in life sciences and health care will likely offset other aging and declining industries.

Annual employment growth in Pennsylvania is forecast at around 0.9 percent through 2008, while longer term job growth through 2011 is forecast to be 0.7 percent. Further, the state's unemployment rate is projected to remain moderate at 4.9 percent from 2007 through 2009, or just above the national average.

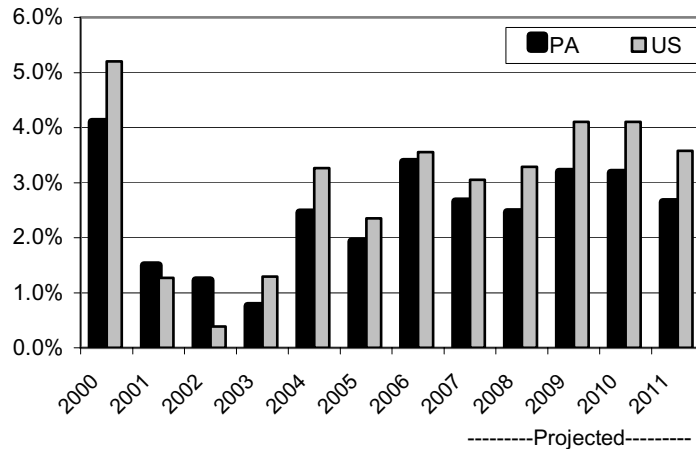
Pennsylvania employment sectors experiencing significant job growth since 2000 include leisure and hospitality, the business and professional services sectors and the health care industry.

The service sector has added over 600,000 new jobs since 2000. This employment sector is also increasing as a percent of total of employment, up from 32.9 percent in 2000 to 44 percent as of 2005.

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

Chart 8
PA AND US REAL PERSONAL INCOME
Annual Growth

Despite an initially slow recovery and continued job losses through 2003, the Commonwealth's growth in real personal income outperformed the national average in 2001 and 2002 and closely trailed growth nationally in 2003. Chart 8 plots actual and projected annual real personal income growth for Pennsylvania and the United States for the years 2000 through 2011. As shown, growth in real personal income within Pennsylvania exceeded the national average during the recession and the subsequent "jobless-recovery" period through mid-2003.



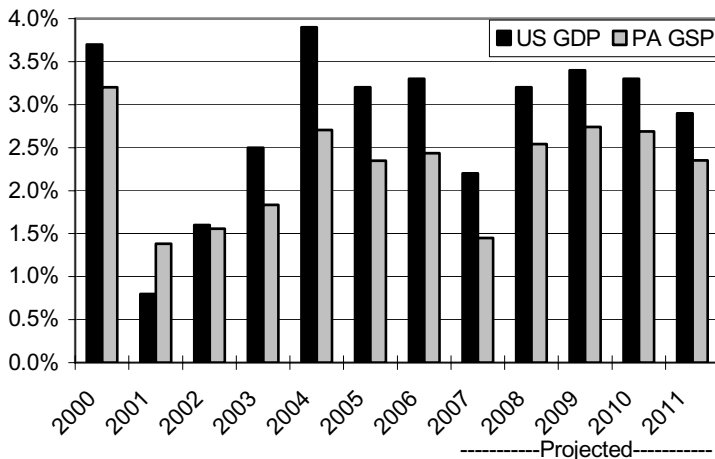
As the national economy gained traction in late 2003, personal income in the U.S. began to exceed the Pennsylvania average. However, personal income growth in Pennsylvania has remained strong and positive. In fact, the Commonwealth narrowed the gap with the U.S. average in terms of annual percent growth in real personal income in 2006. This performance indicates both a strengthening state economy as well as a tightening state labor market.

However, economic forecasts predict a re-emergence of the gap in annual growth in real personal income between the state and the U.S. for 2007 through 2011. Continued weakness in the state's old-line manufacturing and transportation industries, particularly aviation, continues to threaten to constrain state economic growth. However, growth in health care, business services and tourism employment and recent above-average overall job growth in Pennsylvania during 2004 through 2006 are projected to result in moderate growth of real personal income during calendar years 2007 and 2008 with more accelerated growth forecast for the period of 2009 through 2011.

The short-term outlook for Pennsylvania's economy remains heavily dependent on trends in the national economy. Economic growth in Pennsylvania has a high correlation with growth in the U.S. economy, as illustrated in Chart 9. Similar to trends in real personal income, where Pennsylvania meets or exceeds national growth rates during periods of economic stress, Pennsylvania's gross state product also lags behind the rate of growth in U.S. gross domestic product. From a peak divergence in 2004, the Commonwealth's rate of growth in gross state product has steadily gained on the rate of growth in U.S. gross domestic product and the gap is forecasted to close further through 2011.

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

Chart 9
REAL US GDP vs. REAL PA GSP
Annual Growth



Demographically, Pennsylvania will continue to experience slow growth in population due to low birthrate, low foreign immigration and net emigration to other states. From 1995-2000, the Commonwealth lost over 30,000 young, college educated persons due to employment opportunities elsewhere, although the trend of residents leaving the state was interrupted in 2002 and 2003, when more people moved into Pennsylvania than moved out. More recently, census figures show population growth due primarily to migration patterns within the Commonwealth.

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

SUMMARY OF MAJOR OPERATING FUNDS

The total 2007-08 operating budget for the Commonwealth is \$59.1 billion. It includes nearly \$27.3 billion in the General Fund, over \$3.3 billion in the Motor License Fund, \$17.5 billion in Federal funds and \$11 billion in fees and other special fund revenues.

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

General Fund

Revenue

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

Tax revenue in the General Fund constitutes over 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 82 percent of annual General Fund revenue. For non-tax revenue, the largest sources of revenue are profit transfers from the Pennsylvania Liquor Control Board, earnings of investments, and the escheats or "unclaimed property" program.

Recent Revenue Trends: For the five fiscal years ending with 2005-06, total General Fund revenue grew by 28.9 percent, an annual rate of 6.5 percent. The rate of growth for revenue during the period has been affected by the enactment of several tax rate and tax base changes that have enhanced receipts. Without adjusting for tax rate and base changes, the major tax revenue sources experiencing the largest growth during this period were the cigarette tax, the realty transfer tax, the gross receipts tax and corporate taxes. All had five-year total increases of over 45 percent. Revenue from some tax sources declined over the period. Receipts from the inheritance tax and the financial and insurance institutions tax fell by an average annual amount of 1.1 percent and 20.1 percent respectively. The decline in the inheritance tax was partially the result of periodic reductions to the rate and base enacted over the prior five fiscal years. Non-tax revenue sources during this period decreased by less than 1 percent. Decreased liquor store profits transfer accounted for most of the decrease during the period.

Receipts from the personal income tax in recent fiscal years have been impacted by a fitful recovery to the recession of 2001. Without adjusting for changes in the tax rate, personal income tax collections over the past five completed fiscal years have averaged 7.5 percent annual growth. An upward revision in the personal income tax rate enacted in December 2003 impacted the average annual growth rate calculated above. Prior to the increase in the tax rate, receipts from the personal income tax had experienced successive years of decline in 2002 and 2003 as Pennsylvania struggled to recover from the 2001 recession. Personal income tax receipts through December 2006 are 7.1 percent over 2005-06 collections through the same period. For fiscal year 2007-08, personal income tax receipts are anticipated to rise 4.7 percent above the Revised 2006-07 Estimate. Estimates for the personal income tax are developed from a regression equation that uses forecasts of wages, salaries, interest, dividends and rents.

The sales and use tax is levied on taxable property and services used by consumers and by businesses. Recently, annual growth rates for this tax have been modest when compared to pre-2001 recession levels. Sales and use tax receipts over the past five completed fiscal years have averaged 3.4 percent annual growth. Sales and use tax receipts through December 2006 are 3.2 percent over 2005-06 levels. An increase in the sales and use tax rate of 1 percent is proposed for fiscal year 2007-08. For 2007-08, the expectation for modest gains in consumer spending is expected to produce a growth rate of 3.1 percent, after adjusting for the proposed rate increase, over the Revised 2006-07 Estimate. Estimates for the sales and use tax are developed from a regression equation that uses forecasts of national consumer expenditures on durable goods, business investment, and national consumption on new and used motor vehicles.

The largest General Fund tax on business is the corporate net income tax. Annual receipts from the corporate net income tax can vary significantly from year-to-year and may experience a year-over-year decline. This variability is due to fluctuations in corporate profitability, including losses, the availability and use of tax credits and net operating loss deductions, and the timing of estimated and final state tax payments based on when a corporation's tax year begins. Corporate tax receipts, including both the corporate net income tax and the capital stock and franchise tax, had experienced three consecutive years of negative year-over-year growth due in large part to the slow and fitful recovery from the 2001 recession. In addition, previously enacted tax rate reductions to the capital stock and franchise tax continue to be implemented which annually reduce the tax rate imposed until it will be entirely eliminated in 2011. Despite the effects of the 2001 recession and reductions in the tax rate, corporate tax receipts over the past five completed fiscal years have increased by total of 45.1 percent, as corporate profits rebounded starting in 2003-04. As result of the significant growth experienced in 2003-06 the average annual decline in corporate receipts experienced during the past five year period ending June 30, 2004 (2.5%) was reversed and the average annual growth in corporate tax receipts was 9.7 percent for the five year period ending June 30, 2006. Current fiscal year-to-date corporate tax receipts are 6.2 percent above 2005-06 levels through December 2006. Corporate tax receipts for all of 2006-07 are projected to increase by 1.8 percent over 2005-06 actual receipts. A combination of modest projected economic growth is expected to lead to an increase in a portion of corporate tax receipts for 2007-08. However, the effects of the continued rate reduction for the capital stock and franchise tax will likely result in a decline in corporate tax receipts of 1.5 percent in 2007-08. These growth rates reflect improving economic conditions in Pennsylvania. Estimates for the corporate net income tax are developed from a regression equation that uses forecasts of national before-tax corporate profits.

Expenditures

The General Fund is the primary funding source for most State agencies and institutions. 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 2007-08 is \$27.27 billion, an increase of \$947 million or 3.6 percent. Major program expenditures occur in the areas of education, public health and welfare and state correctional institutions.

PreK-12 (Basic) Education: The financial responsibility for public education in Pennsylvania is shared by the Commonwealth and 501 local school districts. Funds provided by the Commonwealth supplement the funds raised locally. State aid to local school districts is provided through various school subsidy payments for basic instruction, career and technical education, debt service, pupil transportation, employee retirement programs including social security and various special education programs.

The largest such subsidy is the Basic Education Funding subsidy, which provides Commonwealth aid to local school districts. This budget proposes more than \$4.95 billion for the Basic Education Funding subsidy in 2007-08, an increase of 3.5 percent. Other significant increases for basic education include a \$100 million increase, to \$350 million, for continuation of the Accountability Grant Program, \$90 million for Classrooms for the Future, and increases in science and math elementary education, early intervention, teacher professional development and special education. Pennsylvania is a national leader in state funding for libraries; the state subsidy for public libraries increases to an all-time high of \$75.75 million. In total, funding for basic education increased by over \$525 million, to \$9.28 billion.

Higher Education: Higher education in Pennsylvania is provided through 271 degree-granting institutions, which include the fourteen universities of the State System of Higher Education, four State-related universities, community colleges and various other independent institutions. The budget proposes over \$2.1 billion for higher education institutions and students. This includes over \$386 million for student financial aid.

Public Health and Welfare: The Commonwealth provides support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with mental and physical disabilities and supports programs to prevent or reduce social, mental and physical disease and disabilities. For 2007-08, the total public health

and human services expenditures from all sources is \$25.7 billion; the amount from the General Fund will be \$10.1 billion, which is an increase of \$345 million or 3.5 percent.

The largest component of the public health and welfare expenditures is the Medical Assistance (MA) Program. In the last ten years, the program grew at an annual rate of 10.7 percent. Caseload continues to grow due to the demographics of the state, but at a slower rate than in recent years. Technological advances in medicine and general medical inflation, including increases in pharmaceutical prices, result in an increase in the projected State MA match requirement for 2007-08. In an effort to continue to contain costs and operate efficiently, while maintaining the necessary services, this budget continues 2006-07 cost containment initiatives and proposes additional revenue and cost containment strategies. The combined effect of these efforts results in a slight increase in total funding from \$14.5 billion in 2006-07 to \$14.6 billion in the proposed 2007-08 budget. State funds are anticipated to increase from \$5.09 billion in 2006-07 to \$5.12 billion in 2007-08.

Income maintenance, including cash assistance payments and child care services for families in transition to independence and self-sufficiency, totaled \$2.53 billion from all sources for 2006-07. The 2007-08 budget proposes total resources of \$2.65 billion. The Commonwealth's General Fund share is increased from \$1.1 billion to \$1.2 billion. The budget provides a total of \$753 million for childcare services. This represents an increase of 91 percent since 2000-01.

The 2007-08 budget continues the policy of supporting independence for people with mental retardation and mental health disabilities. In June 2001, the State supported 5,583 institutional beds. By June 2007, that will be reduced to 3,299, a reduction of 41 percent. Over that period, the community budgets will have grown by \$787 million in total funds, an increase of 52.1 percent.

State Correctional Institutions: The 2007-08 budget proposed for the State correctional institutions is \$1.61 billion. From 2003-04 to 2007-08, total costs have grown from nearly \$1.3 billion to over \$1.6 billion. This is due to the continuing rise in the inmate population in the State correctional institutions, which has grown from 40,817 inmates in 2003-04 to an estimated 45,596 inmates in 2007-08.

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 54 percent of total Motor License Fund revenues in 2005-06. Revenue from liquid fuels taxes has increased only slightly over the past five fiscal years. For the five-year period ending with 2005-06, liquid fuels tax revenues increased at an annual average rate of 0.1 percent. Current fiscal year-to-date liquid fuels receipts are 1.9 percent above 2005-06 levels through December 2006. For 2006-07 an increase of 3.3 percent is projected and the budget for 2007-08 projects an increase in liquid fuels tax receipts of 0.7 percent.

License and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources has also increased slowly. For the five-year period ending with 2005-06, license and fee revenues increased at an annual average of 1.9 percent. For 2006-07, an increase of 0.6 percent is projected and for 2007-08 an increase of 1.2 percent is estimated.

For the tenth year in a row, the budget for 2007-08 recommends over a billion dollars for highway maintenance. 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.

In 2006, the Transportation Funding and Reform Commission recommended additional funding to preserve and improve Pennsylvania's highways and bridges. This would be a major step to eliminate poor ride quality on major highways and to reduce the number of structurally deficient bridges. More miles of roads will be repaired and more safety enhancements will be made in all of the Commonwealth's counties. As a result, Pennsylvania's pavement condition ratings will continue to improve.

Environmental Stewardship Fund

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

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

The Growing Greener II program, enacted by the General Assembly and approved by voters in 2005, provides an additional \$625 million in bond funding to clean up rivers and streams, remediate abandoned mines and industrial sites, support advanced energy projects, preserve farmland and open space, improve parks, revitalize communities, repair fish hatcheries and dams and upgrade Game Commission habitat-related facilities. Growing Greener II bond proceeds are deposited into the Growing Greener Bond Fund.

Growing Greener II authorized the transfer of up to \$20 million in 2005-06 and up to \$30 million in 2006-07 from the Environmental Stewardship Fund to the Hazardous Sites Cleanup Fund.

This budget proposes a \$0.50 per ton increase to the municipal solid waste disposal fee dedicated to the Environmental Stewardship Fund. (This is in addition to the \$2.25 per ton fee proposed for the Hazardous Sites Cleanup Fund.) The resulting revenue, \$8.4 million in 2007-08 and \$11.2 million annually thereafter, will allow the Growing Greener programs to cover the debt service costs of the \$625 million Growing Greener II environmental bond issue.

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

Lottery Fund

The Lottery Fund is a special revenue fund that receives the proceeds of lottery sales. It provides funding for lottery prizes and for programs supporting older Pennsylvanians. These programs include property tax and rent assistance, community care programs, mass transit fare subsidies and assistance in the purchase of pharmaceuticals.

Lottery Fund revenues are expected to maintain the positive trend experienced in the 2006-07 fiscal year. In the past, the Pennsylvania State Lottery had reached a state of maturity where growth in sales revenues had slowed dramatically because of decreased participation in online games and the lower profitability factor of the popular instant games. The Lottery has joined the multi-state Powerball game, is working with retailers to expand sales, has implemented midday drawings, and has expanded advertising campaigns to promote higher levels of participation. Player Activated Terminals are being distributed more widely to locations to broaden game

accessibility. Combined, these efforts are successfully addressing the Fund's previous inability to maintain programs and are markedly increasing the viability of the Fund.

The largest program funded by the Lottery Fund is the Property Tax and Rent Rebate (PTRR) program within the Department of Revenue. This program allows older Pennsylvanians, surviving spouses over 50 and permanently disabled citizens to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 1 of Special Session No. 1 of 2006 dramatically expanded the current Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion includes increasing the household income limit from \$15,000 to \$35,000 and increasing the maximum rebate from \$500 to \$650. It is anticipated that these changes will increase the number of claimants by more than 420,000 Pennsylvanians.

The second largest program funded by the Lottery Fund is the Pharmaceutical Assistance Contract for the Elderly (PACE) Program. This program provides pharmaceutical benefits to qualified older Pennsylvanians who face a growing burden from the cost of drugs required to maintain healthy and productive lives. Act 37 of 2003 expanded the income eligibility limits of the PACE Program making more than 100,000 additional individuals eligible for enrollment. The expansion was funded through a combination of Lottery revenue enhancements and cost containment initiatives in the PACE Program.

Act 111 of 2006 created PACE Plus Medicare, which enables cardholders to take advantage of the features of both PACE and the new Federal Medicare Part D benefit. PACE Plus Medicare fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the donut hole phase of no Medicare coverage, and copayment differentials between the Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders pay the Part D premiums.

The PENNCARE Program provides home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid institutionalization. For 2007-08, \$242.9 million is provided for the PENNCARE appropriation. For additional details, see the Department of Aging presentation in Section C.

Tobacco Settlement Fund

On December 17, 1999, Pennsylvania finalized its contractual agreement with the five major tobacco companies under the Master Settlement Agreement (MSA). The MSA provides a perpetual reimbursement to states for the costs incurred as a result of tobacco use. Pennsylvania's share of the MSA funds for the first 25 years of the agreement is in excess of \$10 billion, with annual payments ranging between \$322 million and \$434 million from 1999 to 2025.

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

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

The 2005-06 budget initiated a resource redirection to take into consideration the escalating cost of long-term care services for Pennsylvania seniors and persons with disabilities. At the same time a significant new revenue stream, the Community Health Reinvestment Agreement with the Blue Cross/Blue Shield plans, became available for this fund's program of health insurance for the uninsured. The 2007-08 budget proposes reducing the percentage received by PACE in the Department of Aging from 8% to 4% to provide additional resources of 2% for the Health Venture Account and 2% for Biotechnology Commercialization in the Department of Community and Economic Development. For additional details on the programs

funded from the Tobacco Settlement Fund see the Health Investment Plan portion of the Tobacco Settlement Fund presentation in Section C. Agencies participating in Tobacco Settlement Fund programs includes Aging, Community and Economic Development, Insurance, and Public Welfare.

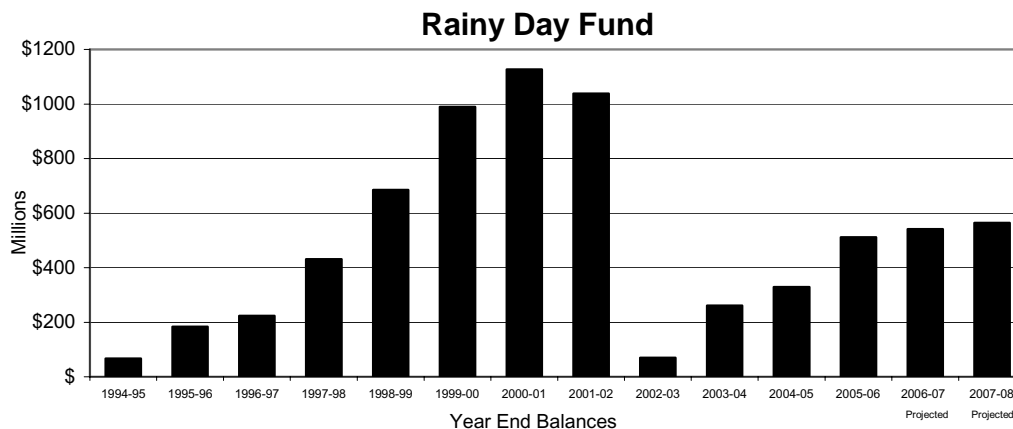
Rainy Day Fund

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

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

At the close of the 2001-02 fiscal year, the balance of the former Tax Stabilization Reserve Fund was nearly \$1.04 billion. As shown on the graph below, the fund balance had been built up substantially during the latter part of the 1990's. In order to balance the 2001-02 and 2002-03 General Fund budgets, Act 91 of 2002 repealed the Tax Stabilization Reserve Fund and by law the entire balance was transferred to the General Fund. The General Appropriation Act of 2002 transferred \$300 million from the General Fund as an initial deposit into the new Budget Stabilization Reserve Fund. Subsequently, the General Appropriation Act of 2003 repealed this transfer and the \$300 million reverted back to the General Fund. In accordance with Act 91 of 2002, 25 percent of the General Fund's 2002-03 fiscal year ending balance, or \$69.8 million, was transferred to the Rainy Day Fund after the close of the fiscal year.

The transfer from the 2003-04 General Fund balance to the Budget Stabilization Reserve Fund of \$190 million exceeded the 25% statutory minimum and increased the balance in the Fund to over \$260 million, bringing it slightly higher than the balance in 1996-97. In accordance with Act 41 of 2005, the transfer from the General Fund balance for the fiscal year 2004-05 was 15 percent of the balance; the amount transferred was \$64.4 million. In accordance with Act 91, the transfer from the General Fund balance for the fiscal year 2005-06 was 25 percent of the balance; the amount transferred was \$171.4 million. This budget projects a statutory 25 percent year-end transfer to the Fund of \$12.5 million from 2006-07 and \$1.3 million from 2007-08.

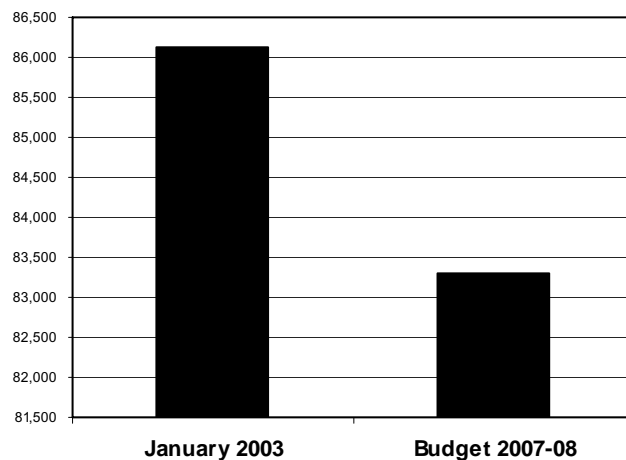


Complement

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

The Rendell Administration has reduced Commonwealth complement through disciplined complement management, without layoffs or furloughs. In 2007-08 it is projected that additional complement reductions will be achieved through this same approach. The Commonwealth's total authorized complement level was 86,125 positions when the Rendell Administration took office in January 2003. This level has been reduced thus far to 83,201 – a reduction of 2,924 positions. This budget proposes an additional reduction in the Commonwealth's current authorized FTE salaried complement level in 2007-08 of 708 positions. Additions to several agency complements in support of new initiatives will ensure the successful implementation of the Governor's plan for 2007-08, while retaining a net reduction of 2,811 positions since the Administration took office.

Authorized Complement



In conjunction with this reduction in authorized position levels, filled positions have also been declining. The number of filled salaried positions in agencies under the Governor's jurisdiction was 81,657 when the Rendell Administration took office in January 2003. As of mid-January 2007, the number of filled salary positions was 79,413. This represents a reduction of 2,244 filled positions, or a reduction of almost 3 percent.



STATEMENTS

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

Seven Year Financial Statements By Fund

The following financial statements are a summary of the General Fund and selected Special Fund revenues and expenditures for the 2005-06 actual year, 2006-07 available year, 2007-08 budget year, as well as future year estimates. Additional information on revenues and expenditures is detailed in subsequent tables and in Section C of this budget.

General Fund

(Dollar Amounts in Thousands)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance ^a	\$ 364,819	\$ 514,086	\$ 37,477	\$ 3,830	\$ 0	\$ 0	\$ 0
Revenues.....	\$ 25,854,296	\$ 26,866,200	\$ 28,392,356	\$ 29,184,250	\$ 30,117,950	\$ 30,941,350	\$ 31,947,250
Adjustments ^b	<u>-869,057</u>	<u>-1,013,500</u>	<u>-1,150,000</u>	<u>-1,200,000</u>	<u>-1,275,000</u>	<u>-1,350,000</u>	<u>-1,450,000</u>
Funds Available.....	\$ 25,350,058	\$ 26,366,786	\$ 27,279,833	\$ 27,988,080	\$ 28,842,950	\$ 29,591,350	\$ 30,497,250
Expenditures.....	<u>-24,664,610</u>	<u>-26,316,817</u>	<u>-27,274,726</u>	<u>-27,973,598</u>	<u>-28,771,228</u>	<u>-29,498,696</u>	<u>-30,380,560</u>
Closing Balance.....	\$ 685,448	\$ 49,969	\$ 5,107	\$ 14,482	\$ 71,722	\$ 92,654	\$ 116,690
Less Transfer to Budget Stabilization Reserve Fund.....	<u>-171,362</u>	<u>-12,492</u>	<u>-1,277</u>	<u>-3,621</u>	<u>-17,931</u>	<u>-23,164</u>	<u>-29,173</u>
Ending Balance ^a	<u>\$ 514,086</u>	<u>\$ 37,477</u>	<u>\$ 3,830</u>	<u>\$ 10,861</u>	<u>\$ 53,791</u>	<u>\$ 69,490</u>	<u>\$ 87,517</u>

^aEnding balance not carried forward after 2007-08.

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

Seven Year Financial Statements By Fund

Motor License Fund^a

	(Dollar Amounts in Thousands)						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 212,409	\$ 283,719	\$ 71,144	\$ 22,037	\$ 1,221	\$ 4,466	\$ 1,256
Receipts.....	2,410,498	2,351,950	3,267,980	3,286,870	3,304,580	3,321,970	3,346,550
Funds Available.....	\$ 2,622,907	\$ 2,635,669	\$ 3,339,124	\$ 3,308,907	\$ 3,305,801	\$ 3,326,436	\$ 3,347,806
Less Expenditures.....	-2,339,188	-2,564,525	-3,317,087	-3,307,686	-3,301,335	-3,325,180	-3,339,312
Ending Balance.....	<u>\$ 283,719</u>	<u>\$ 71,144</u>	<u>\$ 22,037</u>	<u>\$ 1,221</u>	<u>\$ 4,466</u>	<u>\$ 1,256</u>	<u>\$ 8,494</u>

Banking Department Fund

	(Dollar Amounts in Thousands)						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 28,125	\$ 28,648	\$ 28,862	\$ 28,530	\$ 28,423	\$ 28,638	\$ 29,084
Receipts.....	19,000	18,223	18,433	18,658	18,980	19,211	19,438
Funds Available.....	\$ 47,125	\$ 46,871	\$ 47,295	\$ 47,188	\$ 47,403	\$ 47,849	\$ 48,522
Less Expenditures.....	-18,477	-18,009	-18,765	-18,765	-18,765	-18,765	-18,765
Ending Balance.....	<u>\$ 28,648</u>	<u>\$ 28,862</u>	<u>\$ 28,530</u>	<u>\$ 28,423</u>	<u>\$ 28,638</u>	<u>\$ 29,084</u>	<u>\$ 29,757</u>

Boat Fund

	(Dollar Amounts in Thousands)						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 17,698	\$ 18,814	\$ 16,474	\$ 13,254	\$ 9,831	\$ 6,436	\$ 3,095
Receipts.....	14,432	14,565	14,074	13,871	13,899	13,953	13,928
Funds Available.....	\$ 32,130	\$ 33,379	\$ 30,548	\$ 27,125	\$ 23,730	\$ 20,389	\$ 17,023
Less Expenditures.....	-13,316	-16,905	-17,294	-17,294	-17,294	-17,294	-17,294
Ending Balance.....	<u>\$ 18,814</u>	<u>\$ 16,474</u>	<u>\$ 13,254</u>	<u>\$ 9,831</u>	<u>\$ 6,436</u>	<u>\$ 3,095</u>	<u>\$ -271</u>

^a Excludes restricted revenue.

Seven Year Financial Statements By Fund

Environmental Stewardship Fund^a

	(Dollar Amounts in Thousands)						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Beginning Balance.....	\$ 2,931	\$ 120	\$ 226	\$ 0	\$ 0	\$ 0	\$ 0
Receipts.....	89,817	88,000	95,873	98,664	98,664	98,664	98,664
Funds Available.....	\$ 92,748	\$ 88,120	\$ 96,099	\$ 98,664	\$ 98,664	\$ 98,664	\$ 98,664
Less Expenditures.....	-92,628	-87,894	-96,099	-98,664	-98,664	-98,664	-98,664
Ending Balance.....	<u>\$ 120</u>	<u>\$ 226</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Farm Products Show Fund

	(Dollar Amounts in Thousands)						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Beginning Balance.....	\$ 968	\$ 662	\$ 1,143	\$ 645	\$ 729	\$ 813	\$ 897
Receipts.....	8,670	8,715	8,881	8,881	8,881	8,881	8,881
Funds Available.....	\$ 9,638	\$ 9,377	\$ 10,024	\$ 9,526	\$ 9,610	\$ 9,694	\$ 9,778
Less Expenditures.....	-8,976	-8,234	-9,379	-8,797	-8,797	-8,797	-8,797
Ending Balance.....	<u>\$ 662</u>	<u>\$ 1,143</u>	<u>\$ 645</u>	<u>\$ 729</u>	<u>\$ 813</u>	<u>\$ 897</u>	<u>\$ 981</u>

Fish Fund

	(Dollar Amounts in Thousands)						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Beginning Balance.....	\$ 14,067	\$ 20,748	\$ 20,531	\$ 17,683	\$ 14,176	\$ 10,671	\$ 7,116
Receipts.....	38,978	36,784	35,146	33,946	33,948	33,898	33,898
Funds Available.....	\$ 53,045	\$ 57,532	\$ 55,677	\$ 51,629	\$ 48,124	\$ 44,569	\$ 41,014
Less Expenditures.....	-32,297	-37,001	-37,994	-37,453	-37,453	-37,453	-37,453
Ending Balance.....	<u>\$ 20,748</u>	<u>\$ 20,531</u>	<u>\$ 17,683</u>	<u>\$ 14,176</u>	<u>\$ 10,671</u>	<u>\$ 7,116</u>	<u>\$ 3,561</u>

^a Excludes restricted revenue.

Seven Year Financial Statements By Fund

Game Fund

	(Dollar Amounts in Thousands)						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 22,747	\$ 31,497	\$ 26,713	\$ 17,112	\$ 10,371	\$ 3,630	\$ -3,111
Receipts.....	69,717	62,596	55,778	59,775	59,775	59,775	59,775
Funds Available.....	\$ 92,464	\$ 94,093	\$ 82,491	\$ 76,887	\$ 70,146	\$ 63,405	\$ 56,664
Less Expenditures.....	-60,967	-67,380	-65,379	-66,516	-66,516	-66,516	-66,516
Ending Balance.....	<u>\$ 31,497</u>	<u>\$ 26,713</u>	<u>\$ 17,112</u>	<u>\$ 10,371</u>	<u>\$ 3,630</u>	<u>\$ -3,111</u>	<u>\$ -9,852</u>

Keystone Recreation, Park and Conservation Fund

	(Dollar Amounts in Thousands)						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 43,157	\$ 89,519	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts.....	223,876	15,789	86,389	91,689	99,289	106,989	112,389
Funds Available.....	\$ 267,033	\$ 105,308	\$ 86,389	\$ 91,689	\$ 99,289	\$ 106,989	\$ 112,389
Less Expenditures.....	-177,514	-105,308	-86,389	-91,689	-99,289	-106,989	-112,389
Ending Balance.....	<u>\$ 89,519</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Lottery Fund

	(Dollar Amounts in Thousands)						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 280,996	\$ 339,012	\$ 620,361	\$ 472,671	\$ 204,082	\$ 149,386	\$ 196,138
Add Reserve From Prior Year.....	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Receipts.....	1,495,701	1,715,048	1,673,430	1,574,459	1,875,053	2,009,859	1,866,397
Funds Available.....	\$ 1,876,697	\$ 2,154,060	\$ 2,393,791	\$ 2,147,130	\$ 2,179,135	\$ 2,259,245	\$ 2,162,535
Less Expenditures.....	-1,437,685	-1,433,699	-1,821,120	-1,843,048	-1,929,749	-1,963,107	-1,999,671
Less Reserve for Current Year.....	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000
Ending Balance.....	<u>\$ 339,012</u>	<u>\$ 620,361</u>	<u>\$ 472,671</u>	<u>\$ 204,082</u>	<u>\$ 149,386</u>	<u>\$ 196,138</u>	<u>\$ 62,864</u>

Seven Year Financial Statements By Fund

Racing Fund

(Dollar Amounts in Thousands)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 5,959	\$ 1,965	\$ 1,494	\$ 80	\$ 80	\$ 80	\$ 80
Receipts.....	16,271	17,049	18,787	18,787	18,787	18,787	18,787
Funds Available.....	\$ 22,230	\$ 19,014	\$ 20,281	\$ 18,867	\$ 18,867	\$ 18,867	\$ 18,867
Less Expenditures.....	-20,265	-17,520	-20,201	-18,787	-18,787	-18,787	-18,787
Ending Balance.....	<u>\$ 1,965</u>	<u>\$ 1,494</u>	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 80</u>

Tobacco Settlement Fund

(Dollar Amounts in Thousands)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Beginning Balance.....	\$ 398,606	\$ 397,435	\$ 391,577	\$ 410,311	\$ 410,972	\$ 416,127	\$ 443,588
Receipts.....	403,747	387,743	406,477	406,867	407,270	407,686	408,116
Funds Available.....	\$ 802,353	\$ 785,178	\$ 798,054	\$ 817,178	\$ 818,242	\$ 823,813	\$ 851,704
Less Expenditures.....	-404,918	-393,601	-387,743	-406,206	-402,115	-380,225	-380,571
Ending Balance.....	<u>\$ 397,435</u>	<u>\$ 391,577</u>	<u>\$ 410,311</u>	<u>\$ 410,972</u>	<u>\$ 416,127</u>	<u>\$ 443,588</u>	<u>\$ 471,133</u>

Overview and Summaries

Seven Year Department Summary by Fund

The following is a summary by department of 2005-06 actual expenditures, the 2006-07 amounts available, the 2007-08 amounts budgeted and future year estimates as presented in the 2007-08 Governor's Executive Budget for the General Fund and selected Special Funds.

	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Governor's Office							
General Fund.....	\$ 7,400	\$ 7,359	\$ 7,559	\$ 7,559	\$ 7,559	\$ 7,559	7,559
Executive Offices							
General Fund.....	\$ 277,018	\$ 248,848	\$ 251,927	\$ 251,986	\$ 251,870	\$ 251,853	251,936
Motor License Fund.....	17,179	21,616	27,468	27,468	27,468	27,468	27,468
Tobacco Settlement Fund.....	35,247	31,592	28,401	30,029	30,060	30,093	30,126
Department Total	\$ 329,444	\$ 302,056	\$ 307,796	\$ 309,483	\$ 309,398	\$ 309,414	309,530
Lieutenant Governor							
General Fund.....	\$ 1,363	\$ 1,388	\$ 1,523	\$ 1,523	\$ 1,523	\$ 1,523	1,523
Attorney General							
General Fund.....	\$ 86,263	\$ 95,955	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567	91,567
Auditor General							
General Fund.....	\$ 50,979	\$ 53,779	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018	53,018
Treasury							
General Fund.....	\$ 769,019	\$ 900,063	\$ 923,908	\$ 996,618	\$ 1,080,218	\$ 1,169,089	1,231,087
Lottery Fund.....	9	50	50	50	50	50	50
Racing Fund.....	0	10	10	10	10	10	10
Environmental Stewardship Fund.....	0	0	26,987	25,449	33,781	42,208	49,011
Motor License Fund.....	32,819	35,188	37,030	36,629	36,278	35,123	34,255
Game Fund.....	0	5	5	5	5	5	5
Fish Fund.....	0	5	5	5	5	5	5
Banking Department Fund.....	3	5	5	5	5	5	5
Farm Products Show Fund.....	0	5	5	5	5	5	5
Boat Fund.....	0	5	5	5	5	5	5
Department Total	\$ 801,850	\$ 935,336	\$ 988,010	\$ 1,058,781	\$ 1,150,362	\$ 1,246,505	1,314,438
Aging							
General Fund.....	\$ 20,223	\$ 19,950	\$ 250	\$ 250	\$ 250	\$ 250	250
Lottery Fund.....	627,094	443,651	552,068	568,064	590,951	615,796	643,896
Tobacco Settlement Fund.....	49,837	45,701	34,688	36,795	36,836	36,878	36,920
Department Total	\$ 697,154	\$ 509,302	\$ 587,006	\$ 605,109	\$ 628,037	\$ 652,924	681,066
Agriculture							
General Fund.....	\$ 79,155	\$ 85,399	\$ 78,787	\$ 78,787	\$ 78,787	\$ 78,787	78,787
Racing Fund.....	20,030	17,275	19,952	18,538	18,538	18,538	18,538
Environmental Stewardship Fund.....	10,749	8,568	10,229	10,836	9,603	8,355	7,349
Motor License Fund.....	0	0	2,627	2,627	2,627	2,627	2,627
Farm Products Show Fund.....	5,976	5,229	6,374	5,792	5,792	5,792	5,792
Department Total	\$ 115,910	\$ 116,471	\$ 117,969	\$ 116,580	\$ 115,347	\$ 114,099	113,093
Banking							
Banking Department Fund.....	\$ 18,120	\$ 18,004	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760	18,760
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)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Community and Economic Development							
General Fund.....	\$ 521,412	\$ 663,670	\$ 500,510	\$ 522,608	\$ 521,827	\$ 521,051	\$ 520,267
Tobacco Settlement Fund.....	0	3,000	16,396	17,210	17,224	17,240	17,258
Department Total	\$ 521,412	\$ 666,670	\$ 516,906	\$ 539,818	\$ 539,051	\$ 538,291	\$ 537,525
Conservation and Natural Resources							
General Fund.....	\$ 97,979	\$ 105,983	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076
Environmental Stewardship Fund.....	17,504	13,952	16,656	17,645	15,637	13,606	11,966
Motor License Fund.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund.....	128,952	67,665	56,153	59,598	64,538	69,543	73,053
Department Total	\$ 245,435	\$ 188,600	\$ 182,885	\$ 187,319	\$ 190,251	\$ 193,225	\$ 195,095
Corrections							
General Fund.....	\$ 1,357,581	\$ 1,420,259	\$ 1,605,731	\$ 1,627,681	\$ 1,637,945	\$ 1,648,209	\$ 1,658,473
Education							
General Fund.....	\$ 9,687,340	\$ 10,441,241	\$ 10,985,560	\$ 11,019,896	\$ 11,003,631	\$ 11,010,627	\$ 10,963,243
Motor License Fund.....	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Keystone Recreation, Park and Conservation Fund.....	26,554	24,110	19,006	20,171	21,843	23,537	24,725
Department Total	\$ 9,715,124	\$ 10,466,581	\$ 11,005,796	\$ 11,041,297	\$ 11,026,704	\$ 11,035,394	\$ 10,989,198
Emergency Management Agency							
General Fund.....	\$ 51,097	\$ 28,308	\$ 31,888	\$ 31,888	\$ 22,388	\$ 22,388	\$ 22,388
Motor License Fund.....	12,500	0	0	0	0	0	0
Department Total	\$ 63,597	\$ 28,308	\$ 31,888	\$ 31,888	\$ 22,388	\$ 22,388	\$ 22,388
Environmental Protection							
General Fund.....	\$ 192,099	\$ 206,056	\$ 201,867	\$ 201,867	\$ 201,867	\$ 201,867	\$ 201,867
Environmental Stewardship Fund.....	47,161	51,652	25,848	27,382	24,266	21,115	18,570
Motor License Fund.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Department Total	\$ 243,260	\$ 261,708	\$ 231,715	\$ 233,249	\$ 230,133	\$ 226,982	\$ 224,437
Fish and Boat Commission							
General Fund.....	\$ 14	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
Fish Fund.....	24,738	27,514	29,748	29,748	29,748	29,748	29,748
Boat Fund.....	10,510	13,425	13,729	13,729	13,729	13,729	13,729
Department Total	\$ 35,262	\$ 40,955	\$ 43,493	\$ 43,493	\$ 43,493	\$ 43,493	\$ 43,493
Game Commission							
Game Fund.....	\$ 49,339	\$ 53,432	\$ 54,125	\$ 54,125	\$ 54,125	\$ 54,125	\$ 54,125
General Services							
General Fund.....	\$ 108,423	\$ 116,081	\$ 119,315	\$ 119,474	\$ 119,315	\$ 119,474	\$ 119,315
Motor License Fund.....	20,235	20,227	20,246	20,246	20,246	20,246	20,246
Banking Department Fund.....	354	0	0	0	0	0	0
Department Total	\$ 129,012	\$ 136,308	\$ 139,561	\$ 139,720	\$ 139,561	\$ 139,720	\$ 139,561

Overview and Summaries

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Health							
General Fund.....	\$ 259,951	\$ 282,958	\$ 275,357	\$ 266,591	\$ 267,750	\$ 267,750	\$ 267,750
Tobacco Settlement Fund.....	102,546	94,143	93,767	99,463	99,573	99,686	99,801
Department Total	\$ 362,497	\$ 377,101	\$ 369,124	\$ 366,054	\$ 367,323	\$ 367,436	\$ 367,551
Higher Education Assistance Agency							
General Fund.....	\$ 428,741	\$ 451,647	\$ 451,347	\$ 451,347	\$ 451,347	\$ 451,347	\$ 451,347
Historical and Museum Commission							
General Fund.....	\$ 33,352	\$ 36,929	\$ 31,889	\$ 31,889	\$ 31,889	\$ 31,889	\$ 31,889
Keystone Recreation, Park and Conservation Fund.....	22,008	13,533	11,230	11,920	12,908	13,909	14,611
Department Total	\$ 55,360	\$ 50,462	\$ 43,119	\$ 43,809	\$ 44,797	\$ 45,798	\$ 46,500
Infrastructure Investment Authority							
Environmental Stewardship Fund.....	\$ 17,214	\$ 13,722	\$ 16,379	\$ 17,352	\$ 15,377	\$ 13,380	\$ 11,768
Insurance							
General Fund.....	\$ 80,586	\$ 81,630	\$ 99,158	\$ 116,515	\$ 130,222	\$ 149,795	\$ 174,399
Tobacco Settlement Fund.....	74,293	61,597	59,820	67,517	65,095	44,359	36,403
Department Total	\$ 154,879	\$ 143,227	\$ 158,978	\$ 184,032	\$ 195,317	\$ 194,154	\$ 210,802
Labor and Industry							
General Fund.....	\$ 115,210	\$ 136,773	\$ 107,270	\$ 107,270	\$ 107,270	\$ 107,270	\$ 107,270
Military and Veterans Affairs							
General Fund.....	\$ 121,736	\$ 126,552	\$ 135,254	\$ 136,376	\$ 137,376	\$ 138,376	\$ 138,376
Probation and Parole							
General Fund.....	\$ 99,954	\$ 97,610	\$ 110,741	\$ 112,007	\$ 111,883	\$ 111,997	\$ 112,117
Public Television Network							
General Fund.....	\$ 12,150	\$ 13,951	\$ 12,273	\$ 11,484	\$ 11,299	\$ 11,299	\$ 11,299
Public Welfare							
General Fund.....	\$ 8,917,527	\$ 9,359,718	\$ 9,726,848	\$ 10,263,074	\$ 10,976,378	\$ 11,581,849	\$ 12,413,068
Lottery Fund.....	0	248,771	248,771	248,771	248,771	248,771	248,771
Tobacco Settlement Fund.....	142,995	157,568	154,671	155,192	153,327	151,969	160,063
Department Total	\$ 9,060,522	\$ 9,766,057	\$ 10,130,290	\$ 10,667,037	\$ 11,378,476	\$ 11,982,589	\$ 12,821,902
Revenue							
General Fund.....	\$ 173,055	\$ 179,864	\$ 198,778	\$ 200,422	\$ 202,148	\$ 203,961	\$ 205,864
Lottery Fund.....	670,147	588,935	863,311	869,243	933,057	941,570	949,934
Racing Fund.....	235	235	239	239	239	239	239
Motor License Fund.....	24,808	25,108	25,802	25,802	25,802	25,802	25,802
Department Total	\$ 868,245	\$ 794,142	\$ 1,088,130	\$ 1,095,706	\$ 1,161,246	\$ 1,171,572	\$ 1,181,839
Securities Commission							
General Fund.....	\$ 2,300	\$ 2,321	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354

Overview and Summaries

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
State							
General Fund.....	\$ 5,434	\$ 12,055	\$ 21,071	\$ 20,571	\$ 20,571	\$ 14,571	\$ 14,571
State Employees' Retirement System							
General Fund.....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
State Police							
General Fund.....	\$ 157,416	\$ 190,326	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043
Motor License Fund.....	430,752	514,108	499,183	499,183	499,183	499,183	499,183
Department Total	\$ 588,168	\$ 704,434	\$ 682,226	\$ 682,226	\$ 682,226	\$ 682,226	\$ 682,226
Tax Equalization Board							
General Fund.....	\$ 1,330	\$ 1,338	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409
Transportation							
General Fund.....	\$ 325,182	\$ 334,351	\$ 331,051	\$ 331,051	\$ 331,051	\$ 331,051	\$ 331,051
Lottery Fund.....	140,435	152,292	156,920	156,920	156,920	156,920	156,920
Motor License Fund.....	1,794,665	1,942,048	2,698,501	2,689,501	2,683,501	2,708,501	2,723,501
Department Total	\$ 2,260,282	\$ 2,428,691	\$ 3,186,472	\$ 3,177,472	\$ 3,171,472	\$ 3,196,472	\$ 3,211,472
Legislature							
General Fund.....	\$ 348,193	\$ 341,516	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800
Judiciary							
General Fund.....	\$ 275,123	\$ 282,918	\$ 288,576	\$ 288,576	\$ 288,576	\$ 288,576	\$ 288,576
COMMONWEALTH TOTALS:							
General Fund	\$ 24,664,610	\$ 26,326,817	\$ 27,274,726	\$ 27,973,598	\$ 28,771,228	\$ 29,498,696	\$ 30,380,560
Lottery Fund	1,437,685	1,433,699	1,821,120	1,843,048	1,929,749	1,963,107	1,999,571
Racing Fund	20,265	17,520	20,201	18,787	18,787	18,787	18,787
Motor License Fund	2,339,188	2,564,525	3,317,087	3,307,686	3,301,335	3,325,180	3,339,312
Game Fund	49,339	53,437	54,130	54,130	54,130	54,130	54,130
Fish Fund	24,738	27,519	29,753	29,753	29,753	29,753	29,753
Banking Department Fund	18,477	18,009	18,765	18,765	18,765	18,765	18,765
Farm Products Show Fund	5,976	5,234	6,379	5,797	5,797	5,797	5,797
Boat Fund	10,510	13,430	13,734	13,734	13,734	13,734	13,734
Keystone Recreation, Park and Conservation Fund .	177,514	105,308	86,389	91,689	99,289	106,989	112,389
Tobacco Settlement Fund.....	404,918	393,601	387,743	406,206	402,115	380,225	380,571
Environmental Stewardship Fund.....	92,628	87,894	96,099	98,664	98,664	98,664	98,664
GRAND TOTAL	\$ 29,245,848	\$ 31,046,993	\$ 33,126,126	\$ 33,861,857	\$ 34,743,346	\$ 35,513,827	\$ 36,452,033

General and Special Funds

This table shows a summary by Commonwealth Programs of 2005-06 expenditures, the 2006-07 amounts available, the 2007-08 amounts budgeted and future year estimates as presented in the Governor's 2007-08 Executive Budget for the General Fund and selected Special Funds.

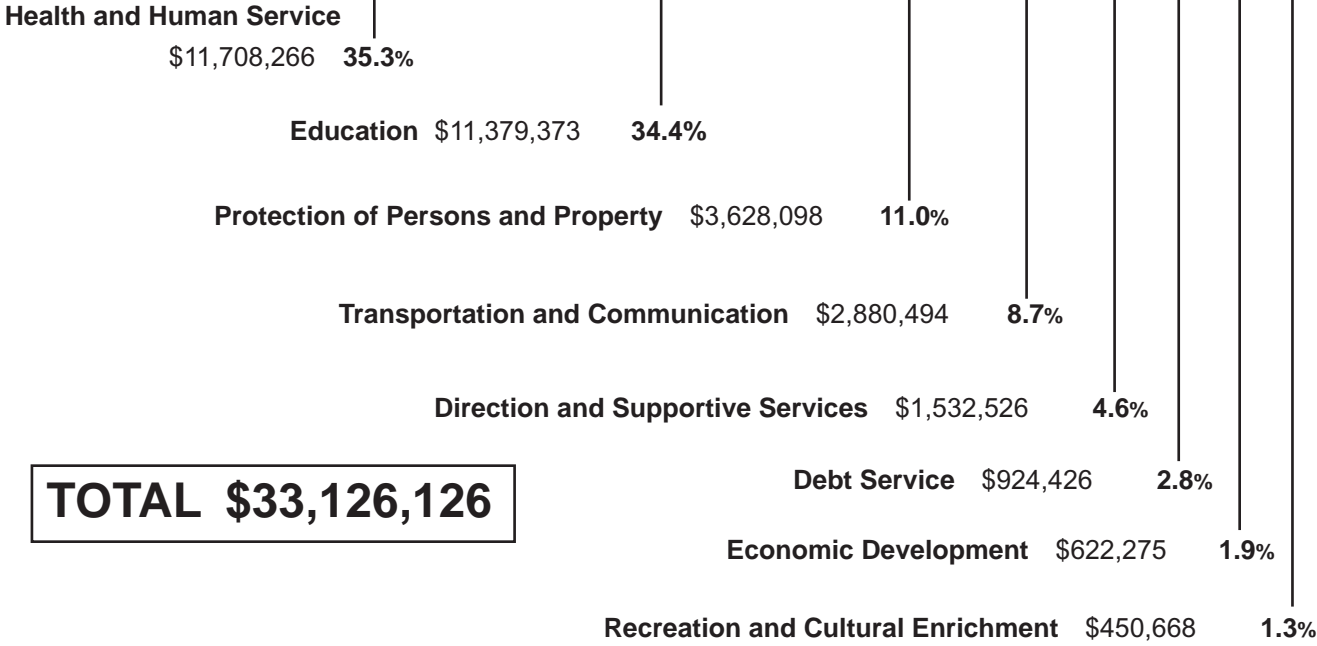
Seven Year Commonwealth Program Summary

Commonwealth Program	(Dollar amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Direction and Supportive Services.....	\$ 1,539,141	\$ 1,422,255	\$ 1,532,526	\$ 1,540,036	\$ 1,546,122	\$ 1,553,109	\$ 1,560,213
Protection of Persons and Property....	3,253,480	3,452,487	3,628,098	3,676,013	3,683,589	3,682,405	3,705,886
Education.....	10,073,685	10,839,176	11,379,373	11,415,615	11,401,719	11,411,153	11,365,845
Health and Human Services.....	10,519,188	11,069,631	11,708,266	12,261,436	13,055,556	13,687,370	14,556,157
Economic Development.....	636,997	800,223	622,275	646,851	644,834	642,838	641,259
Transportation and Communication....	1,981,227	2,129,310	2,880,494	2,871,494	2,865,494	2,890,494	2,905,494
Recreation and Cultural Enrichment...	507,000	462,336	450,668	455,215	459,254	463,537	466,325
Debt Service.....	735,130	871,575	924,426	995,197	1,086,778	1,182,921	1,250,854
GENERAL FUND AND SPECIAL							
FUNDS TOTAL.....	<u>\$ 29,245,848</u>	<u>\$ 31,046,993</u>	<u>\$ 33,126,126</u>	<u>\$ 33,861,857</u>	<u>\$ 34,743,346</u>	<u>\$ 35,513,827</u>	<u>\$ 36,452,033</u>

Distribution of the Commonwealth Dollar

**GENERAL FUND AND
SPECIAL FUNDS**

2007-08 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 2005-06 expenditures, the 2006-07 amounts available, the 2007-08 amounts budgeted and future year estimates as presented in the Governor's 2007-08 Executive Budget for the General Fund.

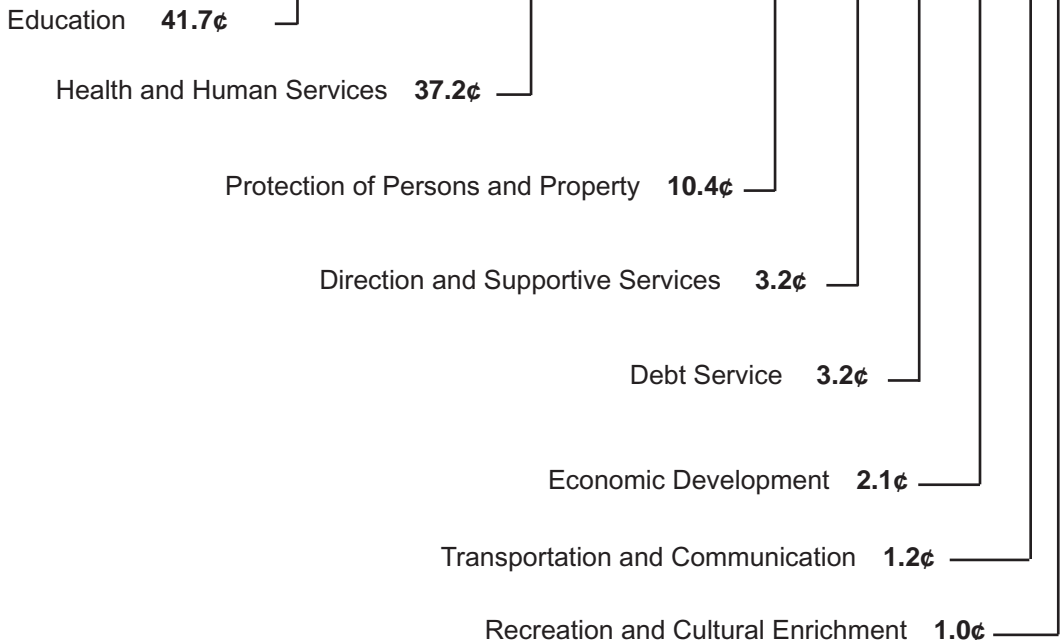
Seven Year Commonwealth Program Summary

	(Dollar amounts in Thousands)						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Commonwealth Program							
Direction and Supportive Services.....	\$ 885,026	\$ 852,152	\$ 879,131	\$ 879,349	\$ 879,074	\$ 879,216	\$ 879,140
Protection of Persons and Property....	2,503,941	2,633,795	2,837,777	2,877,850	2,892,197	2,916,148	2,951,136
Education.....	10,054,496	10,818,000	11,362,593	11,397,882	11,382,618	11,390,666	11,344,386
Health and Human Services.....	9,332,081	9,797,505	10,142,469	10,671,051	11,386,514	11,992,985	12,824,204
Economic Development.....	619,783	783,501	589,500	612,289	612,233	612,218	612,233
Transportation and Communication...	312,520	325,521	325,521	325,521	325,521	325,521	325,521
Recreation and Cultural Enrichment...	244,354	267,651	264,571	263,782	263,597	263,597	263,597
Debt Service.....	712,409	848,692	873,164	945,874	1,029,474	1,118,345	1,180,343
GENERAL FUND TOTAL.....	<u>\$ 24,664,610</u>	<u>\$ 26,326,817</u>	<u>\$ 27,274,726</u>	<u>\$ 27,973,598</u>	<u>\$ 28,771,228</u>	<u>\$ 29,498,696</u>	<u>\$ 30,380,560</u>

Distribution of the Commonwealth Dollar

GENERAL FUND

2007-08 Fiscal Year



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

General Fund

The following is a summary by Commonwealth Program of the 2006-07 amounts available and the 2007-08 amounts budgeted and the percent each program represents of the General Fund total as presented in the 2007-08 Governor's Executive Budget.

Program Summary

(Dollar Amounts in Thousands)

	2006-07		2007-08	
Commonwealth Program				
Direction and Supportive Services.....	\$ 852,152	3.2%	\$ 879,131	3.2%
Protection of Persons and Property.....	2,633,795	10.0%	2,837,777	10.4%
Education.....	10,818,000	41.1%	11,362,593	41.7%
Health and Human Services.....	9,797,505	37.2%	10,142,469	37.2%
Economic Development.....	783,501	3.0%	589,500	2.1%
Transportation and Communication.....	325,521	1.3%	325,521	1.2%
Recreation and Cultural Enrichment.....	267,651	1.0%	264,571	1.0%
Debt Service.....	848,692	3.2%	873,164	3.2%
GENERAL FUND TOTAL.....	\$ 26,326,817	100.0%	\$ 27,274,726	100.0%

GENERAL FUND

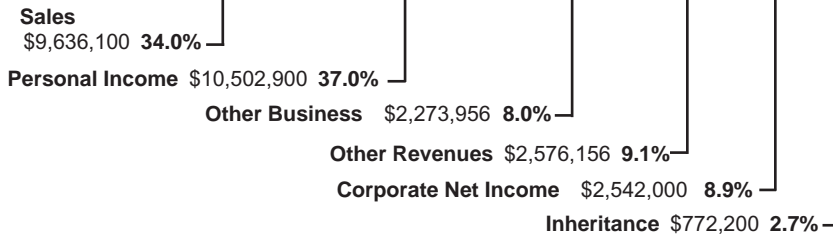
2007-08 Fiscal Year



Income

(Dollar Amounts in Thousands)

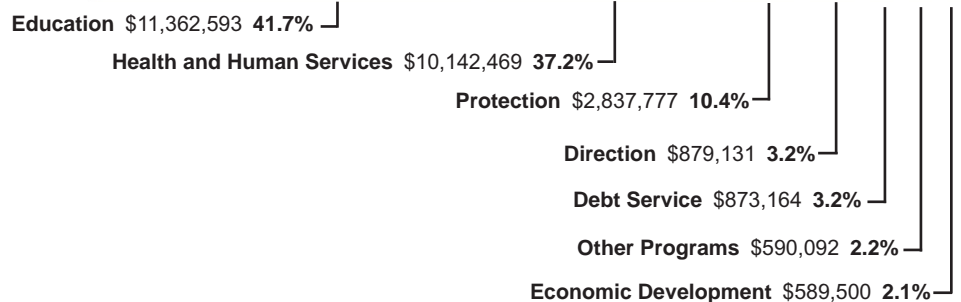
TOTAL INCOME	\$28,392,356
Refunds	-1,150,000
Beginning Balance.....	37,477
<hr/>	
TOTAL	\$27,279,833



Outgo

(Dollar Amounts in Thousands)

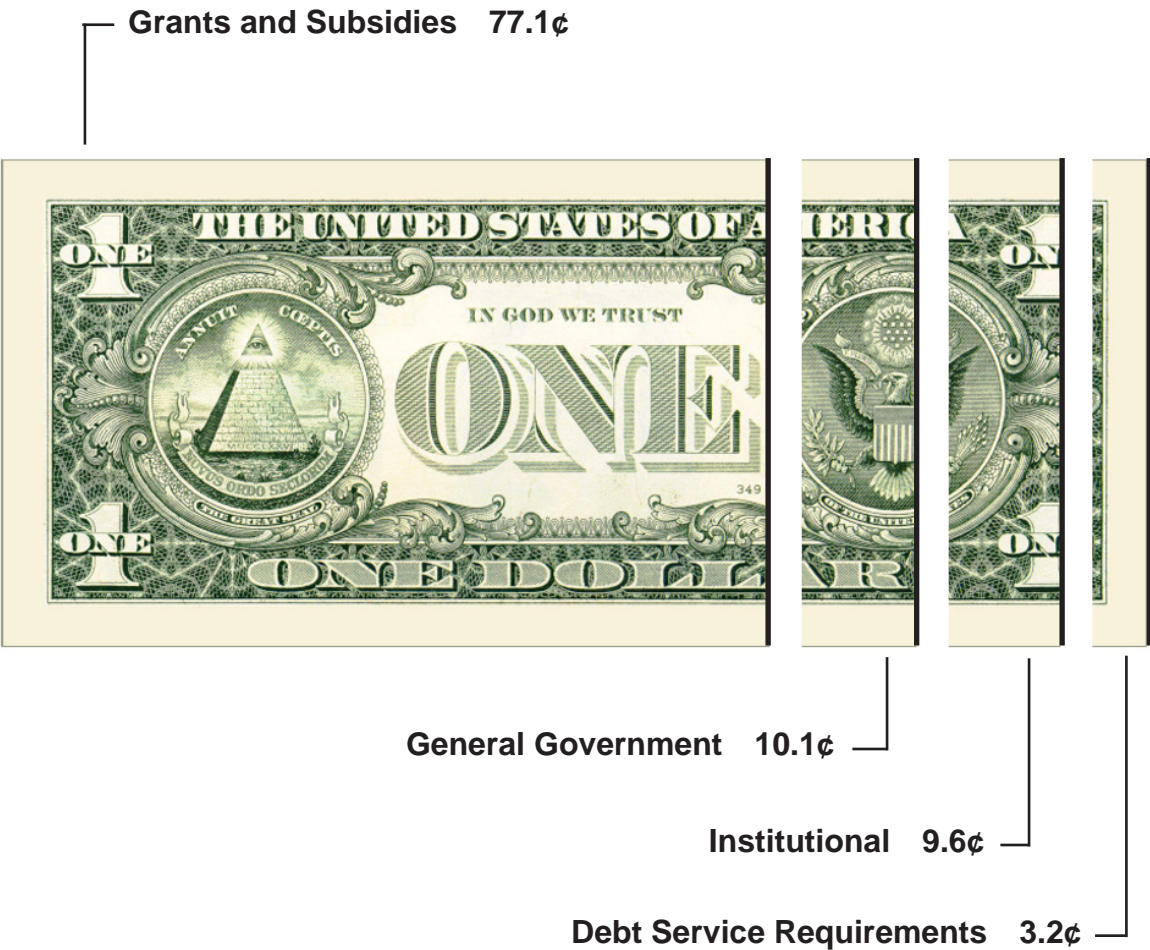
TOTAL OUTGO	\$ 27,274,726
Budget Stabilization	
Reserve Fund	1,277
Plus Ending Surplus	3,830
<hr/>	
TOTAL	\$ 27,279,833



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

2007-08 Fiscal Year



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



2007-08 FISCAL AND PROGRAM POLICY DIRECTION AND BUDGET THEMES

The 2007-08 Fiscal and Program Policy Direction section immediately following this page presents the fiscal and program policies that guided the development of the Governor's Executive Budget. The revenue and expenditure recommendations included in this Budget seek to provide a solid fiscal foundation for the Governor to successfully address his vision, goals and program priorities for Pennsylvania.

This section summarizes the Governor's recommended budget initiatives within the following budget theme presentations: Building on Our Progress; Making Government Work Smarter; Pennsylvania's Tax Structure Works for Pennsylvania's Businesses; Making Pennsylvania More Competitive; Pennsylvania's Transportation System – Transit, Bridges and Highways in Crisis; Prescription for Pennsylvania; Education – Investing in Our Children to Prepare Them for the Future; Caring for All Pennsylvanians; and Public Safety – A Commonwealth Priority. Theme topics may vary from year to year based on the funding priorities established by the Governor and the recommended budget initiatives proposed in the Budget. Themes may include Program Revision budget recommendations. If so, detailed Program Revision presentations, including discussion of the Program Revision and its associated program measures, funding recommendations and costs by appropriation can be found in Section E. Department Presentations within the agency responsible for leading the Program Revision implementation.

2007-08 Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2007-08 Governor's Executive Budget. The commonwealth faces significant financial challenges in the current fiscal year, and these challenges are expected to continue in 2007-08. Two key budget development policy documents were issued by the Governor's Budget Office in August 2006 to assist agencies develop their 2007-08 budget requests – the annual Budget Instructions and a special budget policy guidance memorandum.

The 2007-08 Budget Instructions directed agencies to prepare budget requests consistent with the Governor's policy guidance and seek responses to the specific issues that the Governor wished to address in his Executive Budget. Agencies were to develop plans and policies designed to make government more efficient and effective. In addition, agency requests were to reflect each agency's ongoing critical evaluation of its current programs and activities, and include proposed reductions, revisions, reorganizations and expansions in programs consistent with that critical evaluation. Agencies were to prepare 2007-08 budget requests building upon the administrative spending constraints and operational efficiencies initiated during the past four budget cycles, and to make every effort to eliminate nonessential spending and deliver essential services at reduced cost.

Special budget policy guidance was provided to agencies in August 2006 as part of the budget planning process. The August guidance noted that the commonwealth must continue to be cautious and conservative in making projections regarding revenue growth and cost inflation. While our state and national economies have strengthened over the past few years with relatively little resulting inflationary growth, the latest projections called for more moderate economic growth and a significant risk of higher inflation in 2006-07 and particularly in 2007-08. In the best case, growth in state revenues would be slower but would continue to be positive, while the costs borne for external goods and services would grow only moderately.

Even so, it appeared likely that Commonwealth revenue growth would continue to be significantly outpaced by growth in state health care costs and in the size of vulnerable state populations such as low-income seniors, displaced workers, people with mental and physical disabilities, abused and neglected children, and former welfare recipients seeking to enter the labor force. Moreover, physical and behavioral health care costs, the largest single component of state social service spending, were expected to continue to grow at rates that are multiples of our annual state revenue growth. The guidance noted that even with moderate economic growth, increases in Medical Assistance programs would limit program growth in most program areas. But, because Pennsylvania cannot have a positive future without continued significant investments in education and economic development, the 2006-07 budget would include the Governor's education and economic development priorities.

The commonwealth's current major collective bargaining agreements weighted a considerable portion of the contract costs to 2006-07, the last year of the agreements. These contracts provided for an 8 percent wage increase in 2006-07, the cost of which needs to be fully annualized during the 2007-08 fiscal year. The significant 2006-07 salary increases mandated by the agreements, coupled with required increases in employee healthcare and pension contributions, will place additional constraints on agency operating appropriations and the commonwealth's General Fund.

The Budget Instructions and August guidance directed agencies to submit budget proposals to manage operations as efficiently as possible and reallocate positions within existing filled complement levels to support critical activities, rather than request resources to permit complement expansion. Agencies were to request operating budget appropriations at levels that did not exceed enacted 2006-07 budget levels except for increases necessary to fully annualize the costs of contractual wage increases provided in 2006-07. Employee furloughs were to be avoided -- agencies were expected to develop a proactive complement management plan to ensure that no furloughs would be required and, if necessary, be ready to immediately implement that complement management plan in order to meet the 2007-08 budget guidance. In addition, agencies were to strengthen the multi-year planning component of budget requests to realistically reflect future year consequences of actions proposed in their budget submissions. Expected

trends in eligible populations served, mandated service levels and improved program efficiencies were among the factors agencies were to consider when preparing multi-year projections.

The August guidance stated that no significant new General Fund funding requests would be considered unless the proposed new or expanded program was required as part of a legislative or judicial mandate; or had been authorized in advance; or was accompanied by an “efficiency” proposal resulting in an offsetting reduction in agency expenditures. If a new or expanded program was proposed in response to a legislative or judicial mandate, the agency still was required to submit a dollar-for-dollar offsetting “efficiency” proposal. Agencies were not to propose new information technology projects unless the projects were approved through the “Community of Practice” process managed by the Office for Information Technology.

In addition, the August guidance recognized that in order to implement cost saving projects, agencies must often invest up front in order to realize subsequent savings. To pursue efficiency improvements that required upfront expenditures in technology, training or other expenses, agencies were directed to work with the Office of Management and Productivity to access Commonwealth Productivity Bank funds that would be loaned to agencies to implement productivity-enhancing projects. Agencies would then repay loans out of savings realized from implementing the efficiency project.

The 2007-08 budget planning process continued the Rendell Administration’s efforts to emphasize performance measurement goal-setting as the core component of budget planning. Agencies were expected to continue to refine and improve program performance measures so that the agency, the Governor’s Budget Office, and the Governor’s Policy Office could better assess agency program effectiveness, agency efficiency and agency base activity levels. The primary goal of the budget review process was to evaluate the impact of each agency’s proposed expenditure levels on the achievement of its mission and programmatic goals, utilizing the most efficient methods possible.

The Budget Instructions provided detailed direction on the continued development and submission of program performance measurements in agency budget requests. Agencies were to reexamine all current program performance measures and modify measures as appropriate. Agencies were directed to provide performance measures that would measure levels of organizational activity; qualitative and quantitative outcomes resulting from program activities; and the efficiency with which resources are used to produce program outcomes. All program measures were to be based on realistic, achievable results. The Program Performance Measurement submission is the foundation for a more comprehensive Performance Reporting, Monitoring and Accountability process that the Office of Budget and the Office of Administration is implementing to monitor agency performance and hold agencies accountable for program results throughout the fiscal year. Agency results-based plans and program performance data will be considered as decisions are made about statewide spending priorities and resource allocation between various agency budgets.

The reader is referred to the Overview of Program and Financial Goals and Policies in this section for a summary of Governor Rendell’s vision and goals for Pennsylvania. Specific budget recommendations for each program appropriation can be found in the agency Program Presentations in Section E. Department Presentations. The reader is also referred to the 2007-08 Budget in Brief, a separate booklet, for summary information on the Governor’s 2007-08 Executive Budget, including recommended program changes and funding levels in pursuit of the administration’s mission and goals for the commonwealth.

Investing in a Better Future

Building on Our Progress

Pennsylvania Is Moving to the Head of the Class

Since he took office in January 2003, Governor Rendell has put into place a series of strategic state investments designed to increase Pennsylvania's competitive position in education, environmental stewardship and economic development. He has also implemented improved, business-oriented procedures for the operation of state agencies that have dramatically reduced the cost of operating Pennsylvania government and delivered a greater return on every dollar provided by Pennsylvania's taxpayers. The initiatives the Governor has put in place, in partnership with the Pennsylvania General Assembly, are improving the lives of Pennsylvania's citizens, the health of Pennsylvania's economy and the future of the Commonwealth's children.

The evidence is substantial that the investments Pennsylvania has made in the past four years in efficiency, educational attainment, environmental improvement and economic growth are paying off. This can be seen most clearly by examining recent improvements to the commonwealth's competitive economic position, as compared to the other states:

- **A 2006 study by IBM Business Consulting Services – Plant Location International**, one of the leaders in the business of private industry site selection, recognized Pennsylvania as the number one destination for new projects in 2005 and the top location for manufacturing projects in all of the U.S. and Canada.
- **Growing New Firms** – Pennsylvania ranks 5th in change in new companies according to the Corporation for Enterprise Development, a direct result of the growing number of new firms opening their doors in Pennsylvania. This trend bodes well for moving the state job growth even higher as these new firms grow and expand employment opportunities in Pennsylvania.
- **Pennsylvania ranks 4th in the nation for new manufacturing facilities** according to *Site Selection* magazine. The number of Pennsylvania projects nearly tripled from 2002 to 2005.
- According to an *Industrial Resource Center* survey, **88 percent of Pennsylvania manufacturers said they were profitable last year**, and 71 percent reported increased sales over the past two years.

Job Growth Still Going Strong

Pennsylvania has also shown strong improvement in job growth as well as business investment. When Governor Rendell took office, the commonwealth ranked 47th among all states in job growth. While the commonwealth still needs to improve its performance even more in job creation, we are moving in the right direction, with Pennsylvania's 2005 ranking having risen to 33rd among the states in developing and retaining jobs.

- Last year (2006) marked the third consecutive year in which Pennsylvania added 50,000 or more jobs. Pennsylvania's economy has experienced a net gain of more than 162,000 jobs since January 2003.
- In December 2006 the statewide job count climbed for the ninth consecutive month, to a new record of 5,787,600 jobs. December also marked the eighth time in the past 70 months that the state added 10,000 or more jobs in a month.
- Pennsylvania's unemployment rate was 4.6 percent in December, only fractionally higher than the December U.S. unemployment rate of 4.5 percent. Last year Pennsylvania had eight months in which the state unemployment rate was even with, or below, the national rate. The state's December jobless rate was 1.1 percentage points below the 5.7 percent jobless rate in January 2003, when Governor Rendell first took office.

Fighting Poverty By Helping More Families Find and Keep Work

All Pennsylvanians are benefiting from the state's economic recovery. Since 2003, the unemployment rate has dropped by 19 percent for African-American Pennsylvanians and by 25 percent for Hispanic Pennsylvanians. With

the enactment of the minimum wage increase, more than 420,000 Pennsylvanians will see their income rise, including 51,000 African-American workers and 21,000 Hispanic workers.

Pennsylvania is also making great progress in helping single parents build their employment skills and leave welfare. Approximately 8,000 welfare recipients leave the welfare rolls each month. As of July 2006, 292,000 fewer families are receiving welfare in Pennsylvania than when the Temporary Assistance for Needy Families (TANF) program was enacted. That figure represents a 54 percent reduction in the number of TANF recipients in the state. The number of Pennsylvania families who receive welfare and work has been steadily improving, with 50 percent of those receiving TANF engaged in work at least 35 hours per week.

Governor Rendell recognizes that single parents cannot make the transition from welfare to work without access to an efficient, high-quality, affordable child care system. The Governor also recognizes that education is the key to breaking the cycle of poverty in the commonwealth. To these ends, he has instituted a set of reforms aimed at creating the nation's highest-quality early childhood education system. In the past four years, the Governor has funded initiatives to train early childhood staff, provided incentives to promote program quality, made the first-ever state investment in Head Start and put in place funds for pre-K and full-day kindergarten. As a result, Pennsylvania is now a nationally recognized leader in providing the type of early childhood education in every setting that helps children start school ready to learn.

Getting Our Taxes in Line

Income growth, job gains and new job opportunities have made it possible for the Governor to enact \$1.6 billion in tax cuts for Pennsylvania's families and businesses. As a result, the tax burden for Pennsylvania's businesses and families is in the mid-range of all states and compares very favorably with the tax burdens experienced by taxpayers in other states.

- In 2005, Pennsylvania improved its ranking to 22nd in the nation for lowest taxes per capita.
- At 6.6 percent, the commonwealth's ratio of total taxes as a percent of total personal income places Pennsylvania 32nd among all states.
- In 2004, Pennsylvania ranked 24th for per capita property tax burden. Three of our six neighboring states (New Jersey, New York and Maryland) have a higher burden.

Under the Governor's leadership, working families have seen their hard-earned dollars go further due to the expansion of the Tax Forgiveness program. In addition, nearly all families can benefit from newly created tax-free methods of saving for college or for health care expenditures now being implemented by the Rendell Administration.

More than \$1.2 billion in business tax changes were enacted during the Governor's first term, making Pennsylvania's business tax environment even more competitive. Pennsylvania's business tax climate is the 16th most competitive in the nation, according to the nonpartisan Tax Foundation. Among Northeast and Mid-Atlantic states, only New Hampshire and Delaware score higher.

In addition to the tax cuts made possible by economic growth, the Governor's plan for the limited expansion of gaming has been enacted and is now generating substantial funding that will be used to support property tax cuts. In 2007-08, the state's successful Property Tax/Rent Rebate program will expand to offer an additional 400,000 senior citizen homeowners property tax rebates due to the advent of limited gaming. Moreover, for all seniors eligible for the program, the maximum property tax rebate will grow to \$650, an increase from \$500. Including the enhanced Property Tax/Rent Rebate program, the Governor's 2007-08 budget proposal provides for \$900 million in new property tax relief this year, one year earlier than previously anticipated.

Strategic Investments Grow the Economy

The Governor's economic stimulus program has proven to be one of the most successful state economic development strategies in the nation. The \$2.8 billion economic stimulus program has benefited each of the commonwealth's 67 counties. Nearly \$1.8 billion has been allocated to 3,000 projects estimated to create at least 193,000 new jobs and retain at least 17,731 additional jobs. State investment in these projects has attracted seven times as much in new private investment capital to the commonwealth.

A critical sector Governor Rendell identified for strategic new investments is agriculture. The Governor has made \$100 million available to the farming sector since taking office, \$44.7 million of which has been invested in agricultural economic development projects. Furthermore, the Governor has expanded traditional state economic

development programs so they now include farmers, and he has provided increased direct state support to boost agricultural imports, food products promotion and farm profitability efforts.

Energizing the State's Energy Production and Conservation Sectors

In addition to targeting resources toward agriculture, Governor Rendell has also increased the amount of state resources invested in companies and projects that will ensure Pennsylvania's place at the top of the nation's alternative energy sector. Today, alternative energy sources are generating enough electricity to power about 5,000 Pennsylvania homes. Since 2003, Pennsylvania has funded alternative fuel development that is projected to displace 44,000 barrels of oil, more than 340,000 gallons of gasoline and more than 1.5 million gallons of diesel each year. Through the PennSecurity Fuels initiative, the commonwealth will replace nearly a billion gallons of oil with homegrown Pennsylvania fuel over the next ten years.

The state's renewable energy purchases have increased four-fold, now accounting for 20 percent of state government's total energy use. Forty percent of the state's alternative energy purchases are from wind power. Because of these efforts, Pennsylvania is the only state on the federal Environmental Protection Agency's Green Power Partners Top 25 list, ranking 12th in the nation.

Moving Pennsylvania to the Head of the Class

One of Governor Rendell's most important accomplishments in his first four years in office was increased, targeted, strategic investment in public education, to ensure that the state's residents will be well-prepared to meet the challenges of the 21st-century global marketplace. The Governor's forward-thinking education investments have boosted student achievement across the commonwealth, with math and reading scores improving across all grade levels since 2002-03.

- Pennsylvania is one of only seven states where schoolchildren have made significant progress from 2003 to 2005 in 4th grade reading and math on the National Assessment of Educational Progress.
- Pennsylvania's 8th graders are performing better today than they did as 5th graders in every student subgroup. The percentage of this year's 8th graders scoring proficient or advanced improved by 6 percentage points in math and 13 percentage points in reading since their 5th grade scores in 2003.

These gains in large part result from a \$1.8 billion increase in state PreK-12 funding since 2002-03. Included in these investments is the state Accountability Block Grant program, created in 2003, which gives school districts new resources to invest in targeted education programs that have been proven to boost student achievement. Nearly 70 percent of Accountability Block Grant funds are being used for early childhood education programs. As a result, for the first time, more than 55 percent of the state's kindergarten students are in full-day kindergarten programs. The Governor also began investing state funds to augment the federal Head Start program in Pennsylvania. As a result, there are an additional 5,800 youngsters in Head Start programs today across the commonwealth.

In 2005-06, Governor Rendell accelerated Pennsylvania's efforts to close the financial gap between districts with healthy tax bases and those districts that struggle to raise sufficient funds to provide an adequate education by making important revisions to the statewide education aid distribution formula. Two years later, 86 percent of Pennsylvania school districts that were spending less than \$8,500 per student per year despite moderate to heavy local school tax effort are now able to invest at least \$8,500 per pupil.

Keeping Pennsylvania's Colleges Affordable

Higher Education has also benefited from targeted investments provided by Governor Rendell. As a result of the Governor's determined efforts to increase state financial assistance for higher education and his equally determined efforts to hold down tuition increases at the fourteen schools of the State System of Higher Education, it now costs less for many students from middle and low-income families to attend a public university in Pennsylvania than when the Rendell Administration took office:

- In 2002-03, SSHE tuition was \$4,378, and the average PHEAA grant was \$2,215 – for a net cost of \$2,163.
- In 2006-07, SSHE tuition is \$5,038, and the average PHEAA grant is \$3,063 – for a net cost of \$1,975.
- The net cost difference between 2002-03 and 2006-07 represents a savings of \$188, or 9 percent.

The State System of Higher Education's total tuition increases of 15 percent since 2002-03 is lower than many other state university systems across the country.

System	Tuition Increase –2002-03 to 2006-07
<i>University of Georgia</i>	39%
<i>University of Maryland – College Park</i>	34%
<i>University of Michigan</i>	27%
<i>University of North Carolina – Chapel Hill</i>	23%
<i>University of Illinois</i>	17%
<i>State System of Higher Education - Pennsylvania</i>	15%

Total funding for higher education in the commonwealth has increased by \$163 million, or 8.7 percent, since 2002-03. State funding for PHEAA grants to students has increased by \$38.3 million, or 11.0 percent, over the same period of time. State funding for community colleges has increased by 26 percent during this period — the largest increase in 15 years.

Securing our Communities

Pennsylvanians have also benefited from significant improvements in public safety programs since Governor Rendell took office. The number of deployed state troopers is now at its highest level ever. The state has provided the State Police with sufficient funds to increase the number of troopers by 400 positions since 2003. Recognizing the urgent needs of Pennsylvania's local police forces and the burden imposed on municipal police forces by recent cutbacks in federal funding, Governor Rendell provided the first ever grants to police departments across Pennsylvania this year to hire additional officers under the new Police on Patrol program. Under Police on Patrol, commonwealth municipalities can receive up to \$50,000 per officer for three years.

Criminal justice agencies also have received more funding and benefited from better tools with which to fight crime since Governor Rendell took office. The Governor supported the passage of legislation to improve Megan's Law and to strengthen the state's Amber Alert system. In addition, the Governor has led the charge to enact laws that increased sentences for sex offenders, those who commit domestic abuse, and criminals who use a gun in the commission of a crime.

Governor Rendell has also led the effort to defend the commonwealth against a terrorist attack. The Homeland Security and Emergency Preparedness Executive Cabinet was created, and a Homeland Security Preparedness Organizational Structure was established to oversee preparedness planning and to coordinate activities among all the various levels of government in Pennsylvania. The commonwealth also created nine regional counterterrorism task forces and distributed more than \$5 million in federal funds to ensure that first responders have the tools and training they need to respond, regardless of the nature of the emergency.

The Governor held a Pandemic Preparedness Planning Summit in March of 2006 to ensure that federal, state and local partners are working together to prepare and protect commonwealth residents in the event of a human influenza event. That summit led to regional summits attended by more than 2,500 local elected officials, law enforcement personnel and first responders having a critical role in public safety in cities and towns across the state.

Maintaining our Environment and Quality of Outdoor Life

Governor Rendell wants to ensure that we make the best use of one of the commonwealth's most treasured assets: its land and natural resources. As a result, under the Governor's leadership, Pennsylvania dramatically increased state resources for the protection of farmland and open space. Since January 2003, more than 810 farms

totaling 81,252 acres have been preserved. In 2006, the Governor requested and received approval for an additional \$100 million for the purchase of conservation easements via the Growing Greener II program, the Governor's landmark environmental initiative. Combined with a record level of county and municipal matching funds, 2006 will be the biggest single year for the state's farmland preservation in the program's history. Growing Greener II alone will allow Pennsylvania to preserve an additional 320 farms and nearly 40,000 total acres of farmland and open space.

Growing Greener II has already provided critical funding for 236 other land and environmental improvement projects, including:

- \$40.6 million for 63 community park, recreation, state park and state forest improvement projects;
- \$26.1 million to preserve 13,214 acres of open space; and
- \$10.3 million for numerous mine remediation projects.

Keeping Pennsylvania Moving – Improving our Transportation Systems

Pennsylvania's communities are linked by one of the nation's most expansive highway systems. Numerous regions across the state also have extraordinary mass transit networks. State and federal funding have made it possible to invest an additional \$2 billion in transportation over the last four years – including highways, bridges, public transportation, rail freight and aviation. While there remain substantial unmet needs, Pennsylvania has made a significant investment in improving the state transportation system over the past four years.

Highways and Bridges: State funding increases have made it possible to invest an additional \$1.5 billion in highways and bridges over the last four years compared to 2002-03 funding levels. This funding enabled PennDOT to improve more than 19,000 miles of roadway over the last three years. In 2005, road conditions on Pennsylvania's interstate highways were the best they have been in the 20-plus years the state has been tracking progress with the International Roughness Index (IRI). Pennsylvania's road condition score is now above the national median. The next pressing challenge is to make comparable improvements in the condition of the commonwealth's bridges.

Public Transportation: Over the last four years, mass transit has received \$537 million in additional resources – representing 15.3 percent more revenue than would have been available for public transportation had there been no increases in state transit funding and no state use of federal flex funding to keep Pennsylvania's transit agencies in operation until a permanent long-term solution can be found to adequately fund Pennsylvania's public transit agencies.

Making Health Care Affordable and Accessible for Businesses and Consumers

Pennsylvania's economy is enriched by the presence of numerous world-class health research institutions and health care institutions across the commonwealth. But when Governor Rendell took office, the health care sector in Pennsylvania was facing enormous strain due to the skyrocketing cost of medical malpractice insurance. Even before he was sworn in, Governor Rendell put forward a bold plan to help medical professionals cover their insurance obligations so that Pennsylvania would not experience any disruption in the provision of vital health care services.

As a result of earlier reforms enacted by the legislature in 2001 and enactment in 2003 of the Governor's plan to help health care providers afford the cost of malpractice insurance, the Pennsylvania health care sector is now substantially more stable today than it was four years ago. Since 2003, the commonwealth has provided \$850 million in public funds to defray the potentially crippling impact of malpractice insurance increases on Pennsylvania's health care professionals. As a result, the number of physicians has remained steady in Pennsylvania. And in 2005, for the first time in five years, insurers requested no increase in the average cost for the primary layer of malpractice insurance (first \$500,000). Then, in 2006, two of the three major medical malpractice insurance writers in the commonwealth did not increase their rates for a second year.

Before Governor Rendell took office, Pennsylvania's health care sector was also burdened with ever-increasing numbers of uninsured children and adults. To address this issue, the Governor expanded the resources available for private health insurance, subsidized in part with state resources. Faced with the same crushing burden of rising caseloads and double digit increases in health care costs for state Medical Assistance (MA) programs, Governor Rendell broke ranks with his counterparts in other states, many of whom responded to the MA funding crisis simply by cutting eligibility for state-funded health insurance to relieve state budget constraints. The more targeted strategy employed by the Governor gave 370,000 additional Pennsylvanians access to health insurance, while reducing

costs and holding the line on essential health care coverage. With enactment of Cover All Kids in 2006, an additional 133,000 Pennsylvania children will now be eligible to receive health insurance.

The commonwealth has also expanded and revamped its well-known PACE and PACENET programs, which provide pharmaceutical assistance to Pennsylvania's seniors, to make the programs compatible with and complementary to the new Medicare prescription drug program. In 2007-08, the average number of Pennsylvania seniors covered by PACE, PACENET or PACE Plus Medicare will rise to 357,725. This represents an increase of 60 percent over the 223,119 seniors who received state-aided pharmaceutical assistance in 2002-03.

The commonwealth's role in addressing the health care needs of the poor, frail and elderly is just one of the ways in which the commonwealth cares for those in need. In spite of losing more than \$1.5 billion in federal funds for critical social service programs over the past four years, the commonwealth has found innovative ways to contain half a billion in costs and expand access to "safety net" services to the poor and ill in our communities.

One of the best examples of how Pennsylvania is doing a better job meeting the needs of its citizens while containing costs is the expansion of home and community-based long-term living services. Most Pennsylvanians who need long-term care would prefer to stay in their homes and live in their community rather than enter a nursing home. Since 2003, the commonwealth has increased by 92 percent the number of disabled people who can receive care at home. The number of seniors served at home and in community settings has doubled. This approach to caring for the elderly and disabled also saves the commonwealth money because the cost of serving people in their homes is almost half of the cost of nursing home care.

Containing Growth in State Spending

Increased funding for economic development and for key investments in education, environmental programs, transportation systems, and the commonwealth's social safety net is made possible in part by the Governor's leadership in cutting the cost of delivering government services. By the end of 2006, Pennsylvania reduced ongoing costs for government administration by \$1 billion, freeing up dollars that were previously spent to operate state government to pay for critical services provided to commonwealth taxpayers.

Examples of the efforts made to increase the efficiency of the government are: a reduction of 2,300 government positions; reductions in the number of vehicles in the state fleet; removal of hundreds of redundant phone lines; shifting payments to an electronic benefits transfer system; computerizing traditional government programs; consolidating warehouses; smarter bidding for office supplies and other key government supplies in bulk; conservation of energy use; and strong controls on employee health benefits.

Because of these initiatives, the quality of government services has improved, and state administrative spending is still below 2002-03 levels. Excluding increases for education, welfare and debt service programs, the General Fund budget for all other programs increased by only 12.7 percent from 2002-03 to 2006-07. While overall General Fund expenditures grew by 28 percent from 2002-03 to 2006-07, neighboring states saw much greater expansion in the size of their governments, as may be seen by the state spending growth rates for those states over the same time period:

- Delaware: 42%
- Virginia: 39%
- New York: 37%
- West Virginia: 34%
- Maryland: 31%
- New Jersey: 28%
- *Pennsylvania*: 28%
- Ohio: 16%

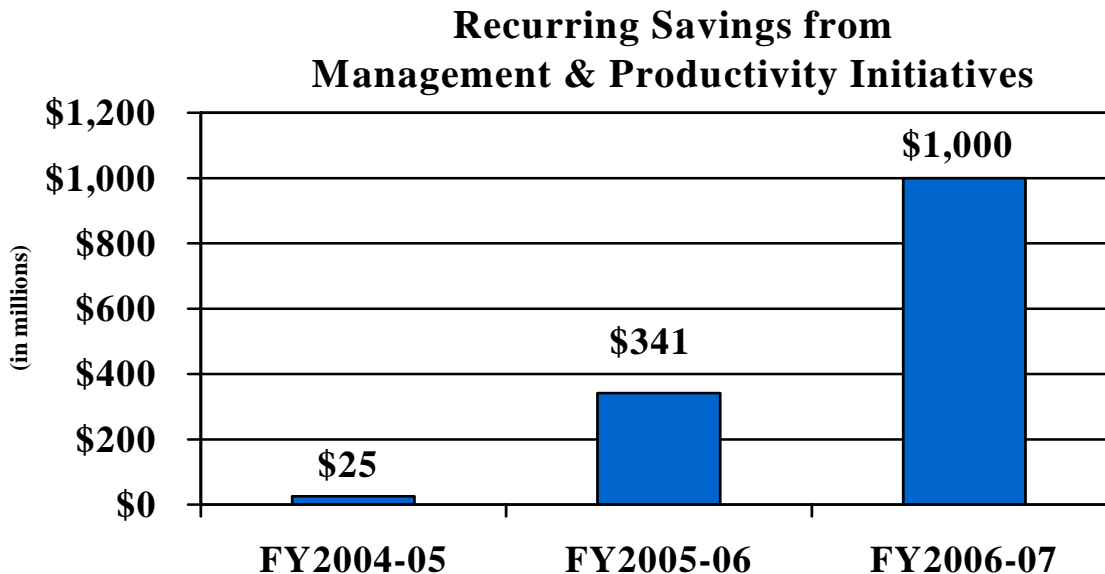
Ensuring Pennsylvania's Position at the Head of the Class

Every day, Pennsylvanians across the state are the beneficiaries of the progress Governor Rendell has made in the last four years, in partnership with the Pennsylvania General Assembly. But there is more we can and must do. We can and must continue to invest in a better future, so Pennsylvania can remain at the head of the class. The budget themes that follow provide a guide to how we can achieve this better Pennsylvania.

Investing In a Better Future

Making Government Work Smarter

When he took office, Governor Rendell pledged to cut the cost of government and change the way commonwealth government works. The results of those efforts are impressive. In four years, by focusing on transforming the commonwealth's business practices, this administration has kept the Governor's pledge and generated recurring annual savings totaling more than \$1 billion.



In addition to generating recurring cost savings, every day Governor Rendell's initiatives provide government services to the taxpayers of Pennsylvania more efficiently and effectively. For example, expanding the use of the Internet has made it easier and less expensive for Pennsylvanians to renew their driver's licenses and vehicle registrations, file their taxes and receive tax refunds. It has also made it less costly to provide benefits to Pennsylvanians in need, with much greater ability on the part of the commonwealth to detect and prevent fraud and abuse. Increasing operational efficiencies, changing the commonwealth's purchasing habits, and controlling ongoing operating costs have made hundreds of millions of dollars available for necessary investment in education programs and programs that assist Pennsylvania's most vulnerable residents.

The savings generated over the last four years are only the beginning. Building on the progress already made, the Governor's Office of Management and Productivity, along with all commonwealth agencies, will redouble their efforts this year to improve the way each agency operates. Over the next four years, Governor Rendell has asked his Cabinet to find ways to cut another \$500 million from the cost of government. The Administration's efforts to cut costs and increase efficiency will target new areas where savings can be achieved. For instance, the commonwealth will seek to generate additional savings by encouraging agencies to share services such as document scanning, production-level printing and information technology expertise. Renewed management and productivity efforts will also expand upon gains made in many successful past initiatives. For example, the Department of General Services will apply strategic sourcing – a program that consolidated the commonwealth's buying power and expertise -- to the purchase of additional goods and services and to new or renewed supplier contract negotiations. As the initiatives highlighted below demonstrate, much has been achieved, and there are also many opportunities to build on the successes of the past four years.

Controlling Costs and Increasing Operational Efficiencies

When Governor Rendell took office in January 2003, he was determined that his Administration would do everything in its power to reduce the administrative cost of operating state government. By implementing initiatives designed to generate savings across the commonwealth – eliminating unused phone lines, consolidating warehouses, reducing the size of the fleet, and managing the employee complement – the administration has been able to reduce agency operating budgets by an average of 2 percent through 2007-08. This reduction over a five-

year period is even more impressive when considering that contractually mandated salary costs and necessary spending for benefits grew over the same period of time. Some significant cost-reduction efforts over the last four years have included:

- Reducing pharmacy-related costs at the Department of Public Welfare by \$86 million through the implementation of a preferred drug list and renegotiation of pharmacy reimbursement agreements.
- Saving more than \$180 million on goods and services purchased by the commonwealth through the Department of General Services' Strategic Sourcing initiative.
- Managing the size of the vehicle fleet and increasing the mileage life of fleet vehicles to yield one-time savings of more than \$33 million and recurring annual savings of nearly \$7 million.
- Using energy-efficient materials in construction projects through the Guaranteed Energy Savings Contracts program to offset construction costs. These improvements pay for themselves in energy savings, and the savings continue even after the improvement costs are repaid. In the last year alone, after paying for improvements, these projects have saved the commonwealth approximately \$2 million in energy costs.
- As part of the commonwealth's efforts to hold inmates financially accountable for their actions, the Department of Corrections may collect up to 50 percent of an inmate's account balance and monthly income toward court-ordered restitution, fees, fines and costs. Through this program, the commonwealth receives approximately \$3 million a year, offsetting various institutional administrative costs.
- Consolidating programs and operations and moving to more efficient locations have yielded savings of almost \$15 million a year at the Department of Public Welfare and the Department of Corrections.

These results are only a sampling of the cost-control initiatives undertaken to reach \$1 billion in recurring savings. While the savings realized to date are exceptional, this administration is committed to expanding its efforts to generate additional savings over the next four years. Some expected areas for potential further savings include:

Ongoing Operational Costs

The Office of Management and Productivity is examining a number of areas in which the commonwealth expends significant funds on day-to-day operational costs, including mail, production-level printing, cell phones, call-center staffing, and office printers. Initiatives to reduce costs in these areas are expected to generate \$20 million in annual savings.

- **Size of Government**

Since January 2003, the total number of filled salaried positions in the commonwealth workforce has been reduced through attrition by more than 2,300. The Rendell Administration's efforts to reduce the number of commonwealth employees, through attrition, are saving Pennsylvania taxpayers \$135 million.

- **Buying Smarter**

The Department of General Services will continue its strategic sourcing initiatives through the next generation of new and renewed material and service contracts. It will continue to stress an approach to service contracts that includes gathering detailed costing information and negotiating costs intensively with vendors so the commonwealth pays the appropriate price for the services. These efforts will save the commonwealth an additional \$60 million to \$100 million over the next four years. The Department of General Services is now implementing SAP's "Supplier Relationship Management" module, which will standardize internal procurement processes and reduce commonwealth costs by providing enhanced supplier internet portal capabilities.

- **Fleet**

The Department of General Services and the Office of Management and Productivity will seek to reduce overall fuel consumption and explore the use of alternative fuels. In addition, when

cost effective, employees may be provided with a fleet pool vehicle instead of reimbursement for personal auto miles. These initiatives are expected to save another \$2 million to \$3 million a year.

Taking Advantage of Technology

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

- Issuing child support payments electronically instead of by paper check, thereby saving the Department of Public Welfare more than \$2 million a year in printing costs.
- Producing newsletters and promotional materials online instead of on paper, which has saved the Department of Environmental Protection \$240,000 a year since 2004-05.
- Increasing the number of unemployment compensation claims filed online by 7 percent since 2003, which has saved the Department of Labor and Industry more than \$200,000 a year.
- Implementing improved software to make commonwealth employee travel arrangements easier and more cost-effective, while increasing the commonwealth's ability to collect travel-related commissions – expected to total more than \$1 million in savings a year.

There are public benefits to be realized from technology beyond saving taxpayer money. For instance, thanks to technology improvements that have reduced wait times for driver's license customers, the Department of Transportation now serves 97 percent of its customers within 30 minutes.

The administration will seek to further leverage its investments in technology to increase efficiencies and provide more timely services to Pennsylvania taxpayers. Projects that promise to generate efficiencies and savings through the next term include bringing vital records online, managing health records electronically, and upgrading major applications at the Department of Labor and Industry.

In addition, the Office of Information Technology will re-evaluate how the commonwealth purchases technology infrastructure and provides agencies with technology support services. Agencies should see an increased level of service and lower technology infrastructure costs once the commonwealth redesigns the provisioning of technology services. While still in an early stage of development, these efforts could yield millions of dollars of savings in technology-associated costs over the next four years.

Generating New Revenues

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

- **Lottery Revenues**

During the past four years, the Pennsylvania Lottery significantly increased its annual revenues. By developing new games, expanding traditional game opportunities, and increasing the number of retailers, the Pennsylvania Lottery has been able to exceed the prior administration's net revenue projections for 2006-07 by \$193 million.

The Pennsylvania Lottery's growth has made it one of the preeminent lotteries in the country, noted in particular for its innovative products and programs. For example, the Pennsylvania Lottery was the first in the nation to introduce \$2 online games. The Lottery has also expanded its groundbreaking Millionaire Raffle game and increased the prize structures for instant games. A renewed focus on retailer recruiting has increased the number of Pennsylvania Lottery retailers from 6,900 in 2003 to 8,500 today – a 23 percent gain. The Pennsylvania Lottery's successes have provided a valuable increase in funding available for programs that support older Pennsylvanians.

- **Liquor Sales Revenues**

The Pennsylvania Liquor Control Board's consumer-oriented initiatives continue to generate significant new revenues. The Sunday sales program, which began as a pilot program in February 2003, now includes 159 stores that generated gross revenues of \$52 million. Since 2005-06 the board has opened 20 "One Stop Shops" – liquor stores located in grocery stores – across the commonwealth. These stores are complemented by seven new strategically placed outlet stores designed to attract customers who may have previously purchased out-of-state, along with more than 70 Premium Collection facilities that provide customers with the broader wine selections they have been seeking for years. The board has also launched a full-service e-commerce web site at www.pawineandspirits.com where customers can pre-purchase stock or rare items. Purchases through the website generated \$1.3 million in tax revenue last year. In addition to generating new revenues, the board has focused on reducing unnecessary costs by closing eight stores in the last year that were no longer serving their markets, resulting in a cost savings of more than \$2 million.

During its first term Governor Rendell's administration achieved \$1 billion in recurring savings and, in so doing, fundamentally changed the way the commonwealth operates for the better. Building on that success, the administration will renew its efforts to provide Pennsylvania taxpayers with additional savings and more efficient government services.

Investing In a Better Future

Pennsylvania's Tax Structure Works for Pennsylvania's Businesses

Over the last four years, the commonwealth has enacted \$2.5 billion of tax relief – including \$1.2 billion in business tax cuts, \$393 million in savings for Pennsylvania families and \$1 billion in projected property tax relief for the commonwealth's homeowners. Even before factoring in the next phase of the ongoing, multi-year phase-out of the Capital Stock and Franchise Tax, businesses will save \$776 million dollars in business taxes in 2007-08 based on tax cuts already enacted during the Rendell administration.

The Governor's 2007-08 budget continues to improve Pennsylvania's business tax competitiveness by continuing the phase-out of the Capital Stock and Franchise Tax, reducing the tax rate by another mill and thereby generating an additional \$215 million in savings to Pennsylvania businesses in 2007-08. Nearly \$2.2 billion in cumulative business tax cuts will be realized by the end of 2007-08.

Along with the multi-year tax reductions, an unprecedented effort to streamline the way state government does business has also benefited taxpayers. Today, state government is leaner and more efficient than ever – with \$1 billion in savings realized through smarter government operations.

Governor Rendell recognizes that Pennsylvania must continue to modernize its tax structure to make it more competitive with other states while still enabling vital investments in critical services needed by Pennsylvania's citizens.

Pennsylvania is Moving in the Right Direction

The multi-billion-dollar tax cuts of the last four years have been targeted to the areas where they will be most effective in improving the commonwealth's competitiveness, creating jobs and helping families.

By virtually any measure, the level of taxes in Pennsylvania is in line with – and in many cases is better than – the tax climate in neighboring and competitor states, as may be seen by the following:

- Pennsylvania's Personal Income Tax is the 2nd lowest of all states with a Personal Income Tax.
- The non-partisan, business-funded Tax Foundation rates the commonwealth's business tax climate as more favorable than all of our neighboring states except Delaware, and Pennsylvania's ranking has moved up six places (to 22nd) since 2003.
- In 2005, Pennsylvania ranked 22nd best in the nation in annual per-capita taxes – just \$3.48 above the national average of \$2,190. The commonwealth's per capita tax burden is lower than that of Delaware, New Jersey, New York, Maryland and West Virginia.
- Pennsylvania ranked 32nd best of all the states in 2005 in total taxes as a percent of personal income – better than West Virginia, Delaware, New York and Ohio.
- In 2004, even before state-provided property tax relief had gone into effect, Pennsylvania ranked 24th best of all the states in annual per capita property taxes. The commonwealth had a better ranking than neighboring states New Jersey, New York and Maryland.

The reforms of the last four years have positioned Pennsylvania well for continued modernization of our tax structure and the potential delivery of additional tax relief and restructuring in future years.

Delivering Urgent Tax Reform and Property Tax Relief

Pennsylvania can become even more competitive in attracting businesses and residents by taking action in 2007-08 on two pressing tax challenges: further decreasing the property tax burden for homeowners and enacting the Governor's business tax reform agenda.

\$900 million in property tax relief. The 2007-08 budget builds on the historic property tax relief enacted last year. The budget increases the sales tax by one percent, with half of this revenue dedicated to reducing property taxes and the other half set aside for critical public services. The 2006 Taxpayer Relief Act – also known as Special Session Act 1 – put in place a delivery system for property tax relief. New sales tax revenue can therefore be added

Overview and Summaries

to gaming revenue and distributed using the same formula approved by the legislature last June. When fully in place, this tax shift will cut property taxes by more than \$750 million each year, above and beyond gaming revenues. Using the sales tax to further reduce property taxes will make it possible to deliver the first Pennsylvania property tax cuts (and wage tax reductions in Philadelphia) in 2007-08 – a year sooner than previously estimated. These property tax cuts will average close to \$170 for Pennsylvania every household. In just the first year, \$900 million in total tax relief is possible, resulting in a decrease in property taxes of nearly 9 percent. In two years, when property tax relief is estimated to reach \$1.4 billion, statewide property taxes could drop by as much as 12 percent.

Estimated Property Tax Relief

Type of Tax Relief	Amount of Tax Relief in 2007-08	Amount of Tax Relief in 2008-09	Amount of Tax Relief in 2009-10
Property tax relief for all homeowners from gaming revenue and the new sales tax shift (wage tax relief in Philadelphia)	\$643 million	\$652 million	\$1,192 million
Enhanced property tax rebates of up to \$650 for senior citizens earning up to \$35,000 a year	\$199 million	\$ 198 million	\$194 million
Higher rebates for senior citizens with a high tax burden or those living in cities with a high tax burden	\$58 million	\$58 million	\$58 million
TOTAL	\$900 million	\$908 million	\$1,444 million

Although Pennsylvania's sales tax rate will increase to seven percent, Pennsylvania residents will continue to pay far less per person in sales tax than residents of at least 19 other states – including Florida, California, Connecticut and Michigan. Unlike many other states with sales taxes, Pennsylvania does not tax essential purchases such as food, clothing and prescription drugs. This makes the sales tax more fair, and it is the reason that currently Pennsylvanians pay 10 percent less in sales tax per person than the average American.

Leveling the playing field for Pennsylvania businesses. In 2004, Governor Rendell convened a Business Tax Reform Commission to evaluate the commonwealth's business tax structure and make recommendations. The commission called for reducing the 9.99 percent Corporate Net Income (CNI) tax to 7.90 percent and paying for this dramatic tax cut by requiring mandatory combined reporting to close the Delaware Loophole, in order to ensure that all businesses are paying their fair share of taxes. Under the current system, more than 7 in 10 businesses in Pennsylvania pay no CNI tax. If all businesses do their part, the tax rate can come down for everyone – moving Pennsylvania's CNI tax below the rates of neighboring states like New Jersey, West Virginia and Delaware. In addition, this change would enable the commonwealth to improve the business tax climate in other ways, including full elimination of the cap on Net Operating Losses and moving to a single sales factor for CNI tax apportionment.

Bringing Down the Cost of Health Care for Businesses

Pennsylvania has some of the finest hospitals and most-renowned health care professionals in the world. However, the state's health care system is in crisis, with soaring costs putting pressure on business and families, thousands of people lacking insurance, and limited access to care for too many of Pennsylvania's residents. Successfully reforming our health care system will not only resolve these and other problems but will also strengthen the commonwealth's ability to attract and retain new businesses.

Prescription for Pennsylvania is the commonwealth's health care system reform plan designed to increase access to affordable health care for all Pennsylvanians, improve the quality of care delivered throughout the commonwealth, and help bring health care costs under control for employers and employees. Cover All Pennsylvanians, which will provide a new and affordable basic health insurance to the uninsured, is a critical component of Prescription for Pennsylvania.

Many small businesses that cannot currently afford to provide health insurance to their employees would be eligible to participate in Cover All Pennsylvanians. And all businesses will benefit from a vigorous focus on cost containment that will result in smaller premium increases and – at last – give all Pennsylvanians control over the

skyrocketing cost of health care. In addition, by making it possible for the approximately 767,000 uninsured adults to purchase affordable health insurance, Prescription for Pennsylvania will ratchet down the 6.5 percent of health insurance premium costs that currently go to cover the cost of caring for the uninsured.

The 2007-08 budget provides a total of \$255.3 million to implement Prescription for Pennsylvania. Funding for the program comes from the following funding sources:

- Increasing the tax on cigarettes by 10 cents per pack. Pennsylvania's cigarette tax is currently lower than 11 other states. After this adjustment, Pennsylvania will move up one spot, but its cigarette tax will still be lower than 10 other states – including New Jersey, Michigan, Massachusetts and New York.
- Introducing a tax on other tobacco products, such as cigars and loose tobacco. Every other state except Pennsylvania already taxes these products.
- Levying a “fair share assessment” on businesses that fail to offer health insurance to their employees. Right now, businesses that do provide health insurance are paying for their competitors who are not, through higher premiums and skyrocketing health care costs.
- Drawing down additional federal matching funds.

Please see the Making Pennsylvania More Competitive theme in this section for additional information on Prescription for Pennsylvania.

Investing in Job Growth In the Renewable Energy Economy

Pennsylvania is already home to some of the world's preeminent renewable energy companies and the thousands of jobs that are associated with these companies. It is time to build on that competitive advantage by making the commonwealth the nation's indisputable leader in the Renewable Energy Economy – and helping move the nation closer to energy independence at the same time. To make this progress possible, the 2007-08 budget asks all Pennsylvanians to make a small investment in the future of our economy, security and environment by enacting a Systems Benefit Charge of 1/20th cent per kilowatt-hour of electricity consumption to support the Energy Independence Fund. The average Pennsylvanian will pay just \$0.45 per month – and this investment will generate enormous returns in economic growth and energy independence.

Addressing Pennsylvania's Transportation Crisis

Pennsylvania has public transportation systems in every county of the commonwealth, and they provide an essential service for thousands of businesses and workers. This vital economic tool is in desperate need of adequate resources, as the independent Transportation Funding and Reform Commission recently concluded. The 2007-08 budget recommends a special oil company tax that will enable the companies that benefit most from the use of our transportation system to help support Pennsylvania's highways, bridges and public transportation systems

Please see the Making Pennsylvania More Competitive theme in this section for additional information on the funding plan for preserving Pennsylvania's transportation infrastructure.

Building a Stronger Pennsylvania

The tax changes in the 2007-08 budget will improve our commonwealth's competitive standing and the well-being of our residents. These adjustments will make it possible for Pennsylvania to provide hundreds of millions of dollars in additional property tax relief, bring down the cost of health care for employers and employees, level the playing field for Pennsylvania companies by increasing tax fairness among Pennsylvania's businesses, meet the urgent transportation needs of Pennsylvania's employers and workers, and bring many new jobs to our state by giving Pennsylvania a leadership role in the Renewable Energy Economy.

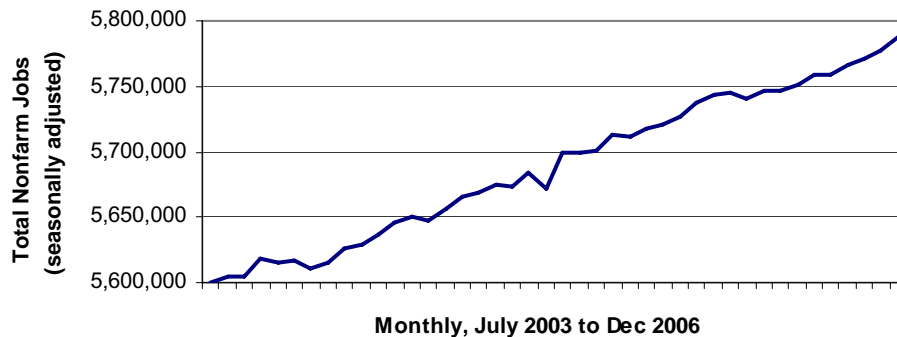
Investing In a Better Future

Making Pennsylvania More Competitive

Pennsylvania's economy has turned a corner. In January 2003, Pennsylvania's economy was under-performing severely and labor force growth was stagnant. The commonwealth's total employment and labor force were both in dramatic decline, and there were more Pennsylvanians unemployed than at any time in the previous eight years.

Through strategic investments in job growth, coordinated economic and community development initiatives, and targeted business tax cuts over the past four years, the commonwealth is now consistently setting new records for job creation. Per-capita income is on the rise – with income growth in Pennsylvania outpacing that of our major industrial competitors. And the communities where Pennsylvanians live and work are more vibrant, thanks to renewed investment in downtowns and residential neighborhoods.

Job Growth Reaches New High

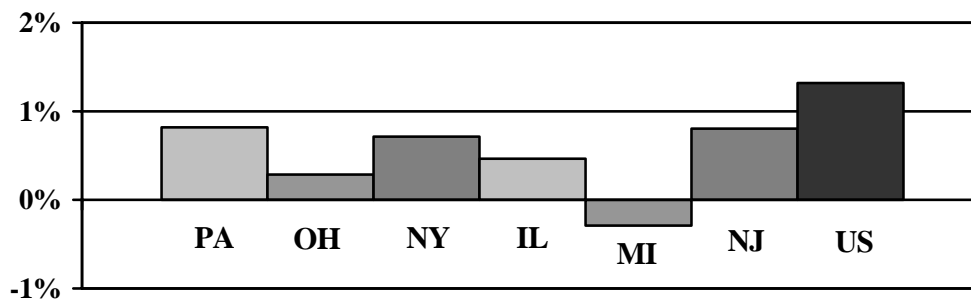


Pennsylvania's improved competitive position is readily apparent in how well the commonwealth's business tax structure and job performance compare with other states. In the 2007 State Business Tax Climate Index, the non-partisan, business-funded Tax Foundation ranked Pennsylvania's tax structure 22nd best among the 50 states for the second straight year – and higher than its 28th position ranking in 2003. In the 2007 rankings, the Tax Foundation praised the commonwealth for its personal income tax and property tax systems and cited Pennsylvania as one of the states most likely to raise its ranking steadily over the next few years – making the commonwealth even more appealing to businesses. The Tax Foundation also ranked Pennsylvania's taxing system for Personal Income Tax among the best in the nation and noted that the Capital Stock and Franchise Tax is on schedule to be phased out completely by 2011, further increasing Pennsylvania's competitive position.

Pennsylvania's business sector has achieved an above average level of vitality and is ranked 4th in industrial diversity, thereby insulating it from the boom and bust cycles that hinder less diverse economies (especially true in many of our competitor states). Pennsylvania ranks 6th in the nation for new and expanded corporate facilities, according to Site Selection magazine. In that survey, Pennsylvania outranked every state in the Northeast for the first time since 1999. Pennsylvania also further demonstrated its competitive position with an above average grade (B) in "innovation assets" and high levels of investment in research and development (R&D) – 12th in academic R&D, 14th in federal R&D and 16th in private R&D – coupled with an above average number of scientists and engineers relative to other states.

Two-Year (2004-2005) Average Annual Job Growth Rate

Pennsylvania had a higher average job growth rate than Ohio, New York, Illinois, Michigan and New Jersey



Success in the business sector translates into successful levels of employment and Pennsylvania has routinely been outperforming neighboring states in terms of new jobs. In 2004 and 2005, Pennsylvania had a higher average job growth rate than Ohio, New York, Illinois, Michigan and New Jersey. More recently, Pennsylvania added 10,300 jobs in December 2006, the largest one-month job gain in 2006. December was the eighth month in the last 70 months when the commonwealth has added 10,000 or more jobs in one month. And 2006 was the third straight year that the state added 50,000 or more jobs. Since January 2003, the state's economy has experienced a net gain of more than 162,000 jobs.

Now the commonwealth has a choice: Pennsylvanians can be content with the improvements of the last four years, or we can create new momentum for an even stronger future for Pennsylvania businesses, workers and families. Governor Rendell believes the choice is clear: Now is the time to build on Pennsylvania's progress.

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

Pennsylvania's \$2.8 billion economic stimulus package, plus \$200 million for Hometown Streets, has invested \$2.18 billion to date and has created new opportunities for economic success across the commonwealth. Nearly 3,000 development projects have already been funded with these resources – enough to create a projected 193,000 new jobs. The good news is that the rapid pace of investment through the economic stimulus programs has led to dramatic results. With approximately \$2 out of every \$3 of planned stimulus funding already dedicated to community and economic development projects, now is the time to launch the next round of investment in Pennsylvania's future, so this growth continues.

The 2007-08 budget includes a number of strategic increases in several of the most critical components of the economic stimulus package.

Economic and Community Development Infrastructure

- **Infrastructure Facilities Improvement Program** (\$7.5 million increase in 2007-08). Every \$10 million of funding for this program creates approximately 20,000 new jobs, but the current pipeline of eligible projects is far greater than the supply of available resources. Without new funds, the program – which provides multi-year grants for debt service to pay the costs of infrastructure and facilities improvements – will be unable to assist any new projects.
- **Housing and Redevelopment Assistance** (\$5 million increase in 2007-08). This successful program has grown from \$15 million a year to \$30 million a year as a result of the economic stimulus package. To enable more bricks-and-mortar revitalization projects in Pennsylvania's core communities, the level of resources must grow even further.
- **Municipal Rightsizing Fund** (\$1.9 million increase to Land Use Planning and Technical Assistance appropriation and \$5 million new Community Action Team appropriation in 2007-08). These new resources will provide planning funding for core communities seeking downtown revitalization projects, with special planning funding for communities considering mergers or consolidation.

Business, Capital and Financial Assistance:

- **Keystone Innovation Zones (KIZ)** (\$2.5 million increase in 2007-08). The KIZ program provides technical support to early-stage companies located in specific growth areas. To date, the commonwealth has created 21 Keystone Innovation Zones. By providing additional resources, another four to six economic growth zones could be created.
- **Film Production Grant Program** (\$10 million increase in 2007-08). Film production is a growth industry in Pennsylvania, with a nearly 160 percent increase in economic activity in just three years. More production companies are considering Pennsylvania – but the grant program must be replenished and enhanced in order to meet the demand. As a result, this budget recommends a total of \$20 million in funding in 2007-08. Each dollar invested by the commonwealth in this program generates \$7.50 of economic impact for Pennsylvania.

The economic stimulus program is leading to new jobs and spurring economic growth. Pennsylvania cannot afford to allow this proven engine of opportunity to run out of steam.

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

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

The 2007-08 budget provides accelerated funding of approximately \$500 million through the Jonas Salk Legacy Fund for biosciences research, as well as providing additional resources for biotechnology commercialization and investment capital in early stage. Fully funded by a portion of Pennsylvania's Tobacco Settlement Fund revenues, the investments made possible by the Jonas Salk Legacy Fund will solidify Pennsylvania's life sciences future. The Salk Fund approach allows the commonwealth to dramatically accelerate the pace of new investment without adversely affecting the commonwealth's General Fund.

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

- **Starter Kits** will provide grants to renovate, furnish and equip research facilities, including the acquisition of equipment and advanced instrumentation, to assist in attracting highly rated research faculty to Pennsylvania. These Starter Kits are modest but flexible grants that create an incentive for world-class researchers to relocate to the commonwealth's leading colleges, universities and academic medical centers by providing them with the necessary instrumentation and facility additions or modifications to further grow the life sciences industry in Pennsylvania.
- **Bricks and Mortar Grant Financing** - Facility infrastructure awards would cover activities designed to expand, remodel, renovate, alter or construct biomedical research facilities, including but not limited to wet, dry and special-function laboratories.

The 2007-08 budget proposes to augment and complement the investments made through the Jonas Salk Legacy Fund by redirecting 4 percent of the tobacco revenue currently used to support the PACE program to provide additional resources for biotechnology commercialization through the Life Science Greenhouses (2 percent) and for additional funding for the Health Venture Account to be utilized for investment in life-sciences-focused venture capital funds (2 percent). (These changes can be made without adversely affecting the financial viability of the PACE program, because of the changes that were made to the design of PACE in 2006-07 that enable PACE to realize savings by "wrapping around" and complementing the new federal Medicare prescription drug program.)

Increased Support for Biotechnology Commercialization in Pennsylvania

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

Increased Funding for Health Venture Investments in Pennsylvania

The Health Venture Account will provide additional capital for investments in private venture firms that extend financial resources to early-stage startups and emerging life sciences companies in Pennsylvania. Four private venture firms have been selected by the Tobacco Settlement Investment Board to manage and leverage an initial appropriation of \$60 million. These investments are creating a pool of available capital at a rate of 3:1 to the invested Health Venture funds providing the opportunity to turn Pennsylvania-based research and development into viable Pennsylvania companies and high-wage jobs. This additional investment proposed in the 2007-08 budget will further enhance the successes achieved to date by the four Health Venture funds. This proposal also reinvests the returns of the Health Venture Account back into the program in order to sustain investment well into the future.

Together, these proposals address the continuum of investments needed to build life sciences companies in Pennsylvania and directly support the kinds of medical innovations and breakthroughs that can save lives. The Jonas Salk Legacy Fund will accelerate investments in research facilities and will lead to projected employment of over 12,000 people.

Energy Independence: Leading the Way in the Renewable Energy Economy

Pennsylvania's economy is growing "green." Strategic investments in the alternative energy sector over the last four years have helped the commonwealth become a leader in renewable energy production and use. As a result, Pennsylvania is home to some of the world's leading renewable energy companies and is on track to produce 18 percent of all energy sold in the state from clean renewable sources by 2021. Along the way, the commonwealth has proven that investment in renewable energy is an economic development strategy as well as a major step on the road towards energy independence.

It is time to expand Pennsylvania's leadership in this vital emerging sector of the global economy. The 2007-08 budget launches the \$850 million Governor's Energy Independence Initiative to bring new clean energy companies and investment to Pennsylvania – creating new jobs and making the commonwealth more environmentally sustainable. The Energy Independence Initiative targets biofuels, solar energy, renewable energy sources, clean coal technologies, energy efficiency and emerging technologies.

The Energy Independence Fund

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

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

Governor Rendell re-established Pennsylvania Energy Development Authority (PEDA) in 2004. With \$300 million in new resources through this initiative, PEDA will be able to offer low-interest Clean Energy Loans of up to \$25 million and Clean Energy Grants to stimulate the development of innovative clean energy projects and companies.

The Energy Site Preparation program (\$150 million) will stimulate the development of highly efficient, advanced energy business sites for clean energy companies and other businesses by offering grants and low-interest financing to prepare the infrastructure. As a result, businesses, local governments and economic development organizations will be able to undertake clean energy projects.

The Energy Capital Assistance Program (ECAP) (\$50 million) will provide grant funding for the acquisition, construction and improvement of regional energy projects that will create new jobs and a cleaner environment. Applicants will have to raise half of the necessary funds from other sources – leveraging the power of the private market to support Pennsylvania's clean energy economy.

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

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

To fund these essential investments in Pennsylvania's economy and energy security, the Pennsylvania Energy Development Authority will issue \$850 million in bonds. Funding will come from a Systems Benefit Charge of 1/20th

cent per kilowatt-hour of electricity consumption to support the Energy Independence Fund. For a cost of \$0.45 per month for the average household, Pennsylvania will raise \$75 million to invest in a “green” economic future.

Preserving the Hazardous Sites Cleanup Program to Protect Pennsylvanians

The responsible stewardship of Pennsylvania’s air, land and water resources requires more than a strong focus on the clean energy and technology opportunities of tomorrow. It also requires a swift and effective response to today’s immediate threats to public safety and the environment. The Hazardous Sites Cleanup program is the Department of Environmental Protection’s most important tool to respond quickly and eliminate any danger when toxic chemicals or hazardous substances are spilled, leaked or otherwise found in the environment. Prior to Governor Rendell’s Growing Greener II initiative, enacted in July 2005, the Hazardous Sites Cleanup program was heading toward bankruptcy. With that impending crisis, DEP stopped new public protection projects and was forced to delay or forgo some ongoing cleanups.

The successful enactment of Growing Greener II provided \$50 million to the program over the subsequent two years. Unfortunately, this short-term infusion of reduced, stopgap funding did not address the future financial challenges facing the program. Without the identification of a new and stable revenue source for the Hazardous Sites Cleanup Fund, all major program operations will cease in early 2007-08.

A predictable and stable funding stream is a necessity for the continuation of this irreplaceable program. This budget proposes a new \$2.25 per ton fee on the disposal of municipal solid waste to provide sufficient revenue (\$37.7 million in 2007-08 and \$50.2 million annually thereafter) to ensure that current and future site cleanups and hazardous material responses will continue.

Growing Greener II is Making a Difference

Improving Pennsylvania’s environment has been a major priority of Governor Rendell since he took office in 2003. To implement this vision and address some of Pennsylvania’s most critical environmental concerns, Governor Rendell proposed the Growing Greener II plan. This plan was enacted by the General Assembly and approved by the voters in 2005. The \$625 million, six-year Growing Greener II program is providing:

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

Growing Greener II has already provided critical funding for 236 other land and environmental improvement projects, including: \$40.6 million for 63 community park, recreation, state park and state forest improvement projects, \$26.1 million to preserve 13,214 acres of open space and \$10.3 million for 5 abandoned mine reclamation, acid mine drainage abatement and innovative treatment of deep mine discharge projects.

The Growing Greener II County Environmental Initiative Program also allows counties to set their own priorities based on their own situations. Counties have designated projects ranging from stream bank stabilizations to water and sewer infrastructure improvements to local park and playground improvements to the cleanup of acid mine drainage. Since November 2005, 45 counties have requested more than \$41 million of the \$90 million in available Growing Greener II funds for County Environmental Initiative Projects. Of that total, \$5 million is for the Department of Agriculture’s Farmland Preservation Program, \$2 million is for the Department of Community and Economic Development’s Community Revitalization Program, \$14 million is for the Department of Conservation and Natural Resource’s Community Conservation Partnership Program, and \$20 million is for the Department of Environmental Protection’s Watershed Protection and other environmental programs.

Overview and Summaries

To ensure the continued success of Growing Greener, additional funding is necessary to maintain expenditure levels. This budget proposes a \$0.50 per ton increase to the municipal solid waste disposal fee dedicated to the Environmental Stewardship Fund. This is in addition to the \$2.25 per ton fee proposed for the Hazardous Sites Cleanup Fund. The resulting revenue (\$8.4 million in 2007-08 and \$11.2 million annually thereafter) will allow the Growing Greener programs to cover the debt service costs of the \$625 million Growing Greener II environmental bond issue. No Environmental Stewardship Fund dollars have been used so far to help defray the costs of the bond, even though Act 45 of 2005 specifically allows this option. This proposal will permit full funding for the Growing Greener II bond issue without requiring any reduction in ongoing programs that are funded from the Environmental Stewardship Fund.

Investing In a Better Future

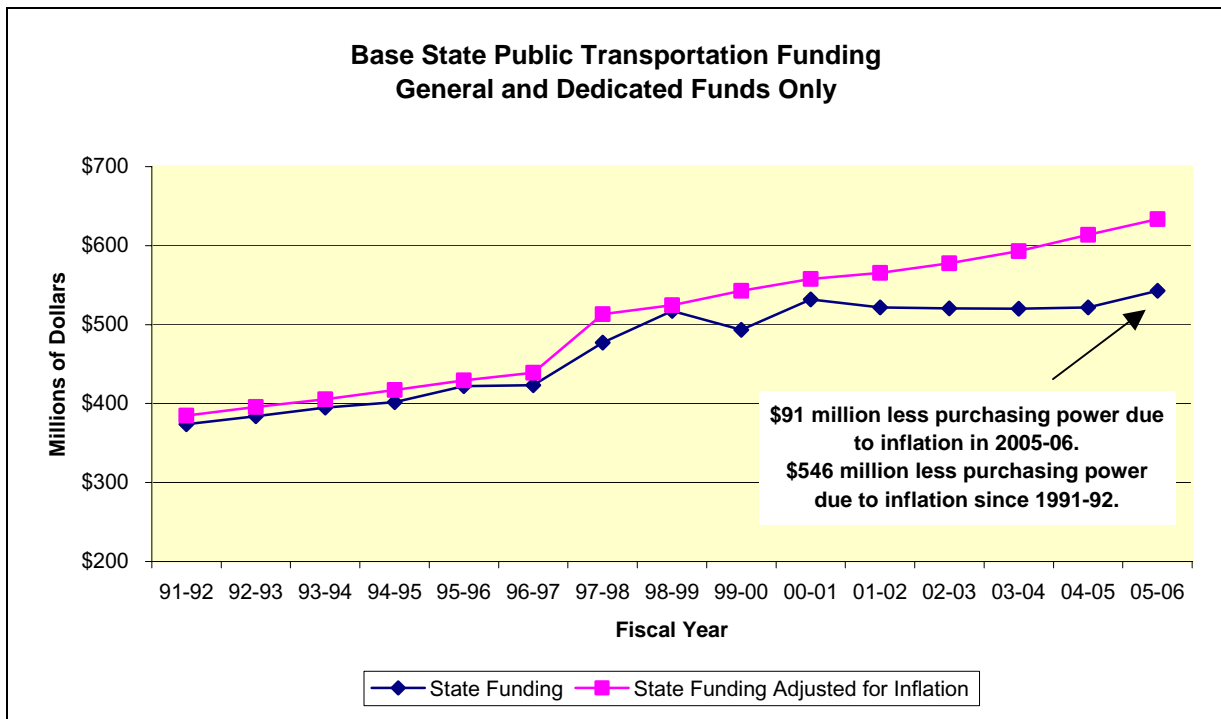
Pennsylvania's Transportation System – Transit, Bridges and Highways in Crisis

Because of Pennsylvania's mid-Atlantic location, transportation is an especially important segment of the commonwealth's economy. Governor Rendell is committed to increasing the quality and safety of each part of the transportation network and investing resources wisely across the state. This year, the commonwealth faces difficult choices about the investments needed to restore and revive its public transportation, bridge and highway systems. Without new investments in our transportation system, Pennsylvania's competitiveness will be in jeopardy because a viable transportation infrastructure is one of the key components of a vibrant economy.

Restoring and Enhancing Investment in Public Transportation

The commonwealth's 77 public transit systems provide more than 400 million rides a year, giving Pennsylvanians access to education, jobs, health care and other basic needs. It is estimated that more than half of these trips are work-related. Public transit is particularly important to the commonwealth's senior citizen population, the third largest in the nation. It is also key to the mobility of students, people with disabilities and those living in poverty.

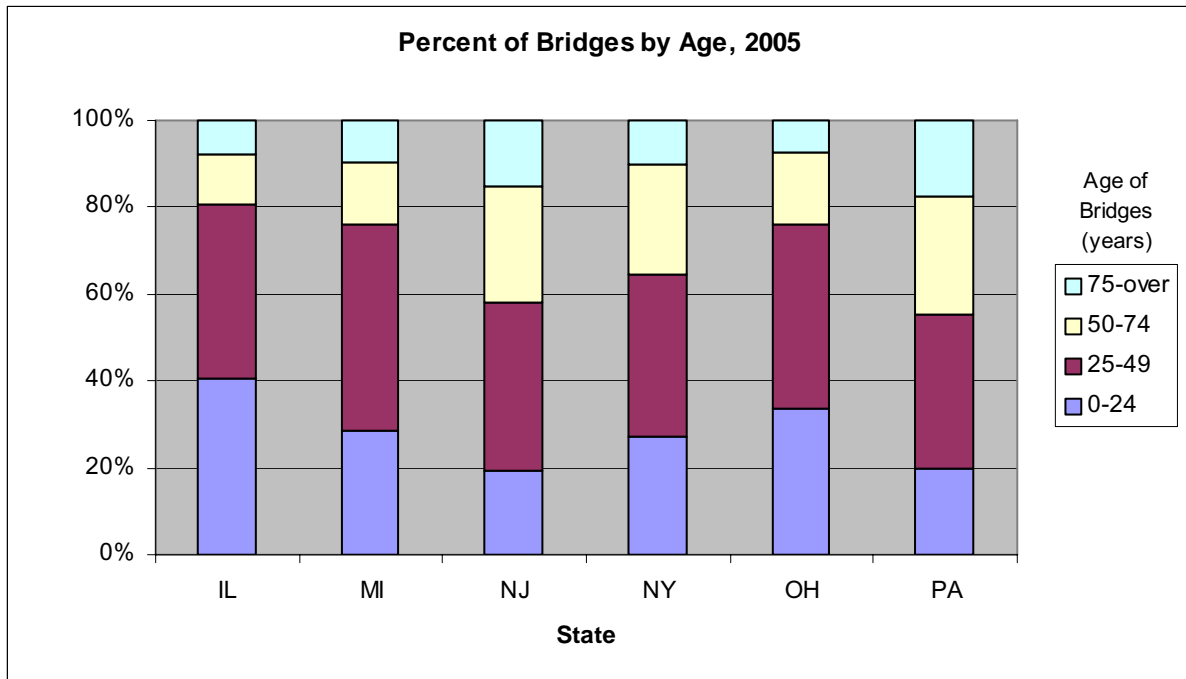
But transit agencies in the commonwealth, like other systems nationwide, face a continuing funding challenge. While Pennsylvania provides a larger percentage of transit funding than most other states do, it has not established a predictable, growing source of financing. Attempts to create reliable funding streams in the past have been unsuccessful because the new sources of revenue either had a declining tax base or imposed arbitrarily low caps on the amount of revenue provided. Because of the lack of a dedicated, adequate, predictable funding source, and years of relatively modest growth in General Fund Mass Transportation Assistance transit funding, Pennsylvania funding for public transit has not kept pace with inflation.



At the same time, transit agencies face a number of costs that are growing faster than inflation, including employee health care, pension costs, and fuel costs. Faced with these pressures, along with the loss of \$830 million in federal aid to transit systems between 1995 and 2005, transit managers have repeatedly relied on capital funds to help "paper over" shortfalls in operating funding. This practice has limited transit agencies' ability to make critical repairs and technology investments, which in turn has hurt operations and led to declining ridership and revenues.

Preserving and Improving Pennsylvania's Highways and Bridges

The commonwealth maintains a system of 25,000 bridges – the third largest bridge system in the nation. Compared to other states with similar weather, geography and long-established bridge systems, Pennsylvania has relatively older bridges, with an average age of about 50 years – the standard useful life of a bridge. Twenty-one percent of the state's bridges are considered structurally deficient, compared with the national average of 11 percent. The state closed 64 bridges and posted weight restrictions on 735 bridges last year, eliminating or limiting the mobility of people, goods and public safety vehicles in the affected communities.



Source: *Investing in Transportation: A Benchmarking Study of Transportation Funding and Policy*, October 2006. The Pennsylvania Economy League, Inc.

Because of the state's strategic mid-Atlantic location, commercial traffic makes up a sizable share of the cars and trucks on Pennsylvania's highways. Commercial traffic accounts for 21 percent of the vehicles on interstate highways in the commonwealth. Overall, traffic on the state's highways grew 63 percent in the past 20 years, while truck traffic grew 82 percent during the same period. While Pennsylvania ranks 22nd among the states for pavement quality on major roads, it ranks lower (31st) in the condition of low-volume roads. As is the case with bridges, highway maintenance efforts are not keeping pace with investment needs as a result of infrastructure size, age and the escalating cost of raw materials. Since the last increase in highway and bridge funding in 1997, the commonwealth has seen a loss of \$350 million in total purchasing power.

The Transportation Funding and Reform Commission

In 2005, following two years of transit funding crises and the emergency transfer of flexible federal funds to cover transit agency deficits, Governor Rendell appointed a Transportation Funding and Reform Commission, asking representatives from the General Assembly, private industry and labor to undertake a comprehensive review of the commonwealth's highway, bridge and transit needs. In November 2006, the commission recommended \$576 million in annual new state dollars for transit (with agencies implementing \$60 million in new efficiency measures), matched by \$184 million in new local funds – a total of \$760 million in annual transit funding. The Commission also recommended \$900 million in yearly support for state-owned highways and bridges and \$65 million for county and municipal highways and bridges – estimates that assume \$120 million in new savings initiatives.

This increased funding would stabilize transit and community transportation systems, bring systems to a state of good repair within 12 years, and expand service in targeted areas, including providing new rail service to some

areas. On Pennsylvania's roads and bridges, the additional funding would eliminate poor ride quality on major highways while reducing the percentage of structurally deficient bridges to the national average in 17 years.

In addition to new funding accompanied by cost reductions, the commission called for several transit reforms, such as a streamlined program linked to transit agency need and performance, route restructuring and fare policies that keep pace with inflation. For the highway and bridge program, the commission recommended that the commonwealth establish more appropriate asset maintenance schedules, deliver projects that fit communities better and are completed faster – including through public-private partnerships – and link transportation to land use planning.

Consequences of Inaction

After years of not investing in public transportation, the commonwealth must establish an adequate source of funding that will remain viable in the future. If state leaders fail to act, transit agencies estimate they will need to increase fares 20 to 25 percent while making major service reductions. Statewide, the number of rides provided would fall from about 412 million in 2006-07 to about 304 million by 2011-12, a 26 percent decrease. In addition to severely limiting Pennsylvania's economic competitiveness, these reductions in mass transit service would almost certainly worsen traffic congestion and air quality. For the highway and bridge program, the number of structurally deficient bridges and secondary roads in poor condition would be expected to remain about the same but would not improve.

Options Available for Solving the Transportation Crisis

Because of the importance of transportation to the citizens of the commonwealth, Governor Rendell directed his staff to develop four options to provide the amount of funding for roads, bridges and transit recommended by the Transportation Funding and Reform Commission.

Option 1: Adopt Commission Funding Structure Recommendations

(Millions of Dollars)

Transit		Roads and Bridges	
Realty Transfer Tax 0.9% Increase	\$576	Oil Company Franchise Tax equal to 12.5¢/gal	\$815
Local Contribution @ 25%	\$184	PennDOT Fees	\$150
Totals	\$760	Totals	\$965

This option uses the funding recommendations identified by the Transportation Funding and Reform Commission. This scenario generates the funds necessary to meet the commonwealth's transportation funding needs. However, this option places a significant financial burden on Pennsylvania's local governments and requires Pennsylvania residents to pay higher fees, a higher gas tax, and higher real estate transfer taxes. Other methods for closing the funding gap have less impact on Pennsylvania's residents and local governments.

Option 2: Leverage The Value of the Pennsylvania Turnpike, Limit the Proposed RTT Increase

(Millions of Dollars)

Transit		Roads and Bridges	
Realty Transfer Tax 0.5% Increase	\$286	PA Turnpike Leveraging	\$965
PennDOT Fees	\$100		
New Sales Tax	\$190		
Local Contribution @ 25%	\$184		
Totals	\$760	Totals	\$965

Overview and Summaries

Other jurisdictions, such as the city of Chicago and the state of Indiana, have succeeded in generating significant revenue by leasing highways to the private sector under specified terms and conditions that protect the public's investment in these important public assets. In December 2006, the commonwealth solicited expressions of interest from private firms to determine the potential value of leasing or privatizing the Pennsylvania Turnpike. Although it is difficult to gauge the ultimate value of a turnpike lease, preliminary estimates suggest the commonwealth could generate as much as \$965 million a year for transportation funding purposes by leasing the turnpike to a private company.

If the amounts estimated from leasing the turnpike are realized, the commonwealth could fully fund its road and bridge needs. Because the commonwealth would need to generate much more revenue from the lease in order to also provide sufficient funds from this source to support transit's funding needs, a proposition that is unlikely, additional revenue sources need to be included in order to also meet transit's funding needs. This option would still impose a significant burden on local governments and Pennsylvania residents.

Option 3: Leverage Pennsylvania Turnpike, Introduce Additional Tolls

(Millions of Dollars)

Transit		Roads and Bridges	
Introduce Interstate Tolls	\$300	PA Turnpike Leveraging	\$965
Realty Transfer Tax 0.5% Increase	\$286		
PennDOT Fees	\$174		
Totals	\$760		\$965

In recent years, the federal government has made it easier for states to collect tolls on existing interstate highways. As a result, another funding option could be for the commonwealth to institute toll collection on some of the major interstates that pass through the state. This could be an attractive scenario for a state such as Pennsylvania due to the commonwealth's high level of "pass-through" traffic.

For purposes of this option it is assumed that 14 toll barriers would be erected on Interstate Highways 78, 79, 80, 81 and 95. Tolls would be set at the rate currently in effect on the Pennsylvania Turnpike –approximately 6 cents a mile for passenger cars. With the revenues generated by these tolls and the commonwealth funds currently allocated for maintenance and reconstruction of these roadways, an estimated \$300 million a year could be made available for transit funding.

Although such a toll plan would significantly reduce the need to raise public transit funds in other ways, it would still require another \$460 million a year to be raised from other sources, to meet the \$760 million in annual funding needed for transit.

Option 4: Leverage Pennsylvania Turnpike, Apply State Tax To All Oil Company Profits

(Millions of Dollars)

Transit		Roads and Bridges	
Oil Company Gross Profits Tax	\$760	PA Turnpike Leveraging	\$965
Totals	\$760		\$965

Because of high gasoline prices at the pump, the nation's oil companies have recently enjoyed record profits. Chevron earned a third-quarter 2006 profit of \$5 billion, the highest in the company's 127-year history. Exxon Mobil's profit during the same period was \$10.5 billion, nearly matching its own record for America's highest-ever profit. Pennsylvania residents and businesses helped to create these profits, yet due to the creative tax accounting methods they employ, oil companies have been able to shelter much of their profits from Pennsylvania taxes.

Subjecting oil companies to a tax collected on the basis of what is called "combined reporting" could eliminate this inequity. Using a combined reporting method, each firm's total profits are examined, and the portion of those

profits attributable to activity in Pennsylvania is subjected to Pennsylvania tax. Seventeen states currently use combined reporting in one form or another.

In this option, oil companies would be subject to a new Oil Company Gross Profits tax at a rate of 6.17 percent; these companies would then be exempted from the commonwealth's 9.99 percent Corporate Net Income tax. Transferring these companies to this new tax, one that incorporates a lower rate and a tax base calculated through combined reporting, is estimated to yield the commonwealth a net revenue increase of \$760 million per year.

Recommended Action

This budget proposes to implement Option 4, because it generates the amounts required to meet the commonwealth's transportation investment needs with the lowest likely impact on Pennsylvania residents. Pennsylvanians can expect to see dramatic results if this critical initiative is implemented. Our transit agencies will be able to provide 135 million additional rides every year, with 452,000 more passengers served on Amtrak's Keystone Corridor. On our highways and bridges, millions of dollars in new funding will be allocated for preservation, capacity expansion and operations and safety. Through this plan we can reduce by more than half the percentage of the non-interstate highway system in Pennsylvania that is in poor condition, increase the number of bridges repaired or replaced annually by 37 percent, and resurface 906 more miles and restore 163 more miles of state-maintained highways.

Investing In a Better Future

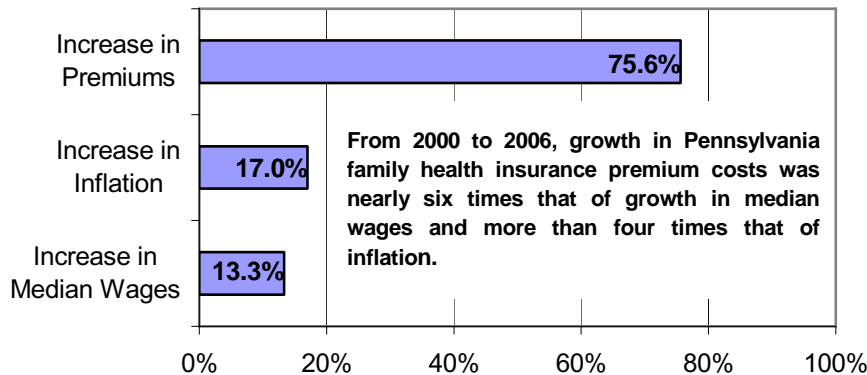
Prescription for Pennsylvania

Pennsylvania has some of the finest hospitals and most-renowned health care professionals in the world. However, there are significant inefficiencies in Pennsylvania's health care system that need to be addressed. Successfully reforming our health care system will make Pennsylvanians healthier at lower cost. It will also dramatically strengthen the commonwealth's economic competitiveness.

Prescription for Pennsylvania is the commonwealth's health care system reform plan to increase access to affordable health care for all Pennsylvanians, expand the availability of health care, improve the quality of care delivered throughout the commonwealth, and help bring health care costs under control for employers and employees.

Hospital charges for care of the uninsured and for inadequate and inappropriate health care cost \$21 million a day – or \$7.6 billion a year. An estimated 6.5 percent of insurance premiums for businesses and families go just to cover the costs of health care for the uninsured. Because of this, every Pennsylvanian with insurance ends up paying a "free-rider tax" because some employers do not offer health insurance.

At the same time, paying for health care for their employees and their families is extraordinarily challenging for Pennsylvania's employers – the engines of the commonwealth's economy. Pennsylvania spends 11 percent more per person on health care than the U.S. average, and our health care costs are increasing twice as fast as average wages. Given the rate of growth in health care costs it is perhaps not surprising that only slightly more than half of Pennsylvania's small businesses offer health insurance to their employees.



Because the federal government has failed to lead America towards a national health care solution, Pennsylvania businesses suffer a competitive disadvantage when they compete in the global marketplace against companies from countries where health care costs less and is universally available. With the stakes so high, Pennsylvania cannot afford to wait any longer for action from Washington, D.C. Pennsylvania must take immediate action to implement health care reform and ensure that the state's competitive business environment is not compromised.

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

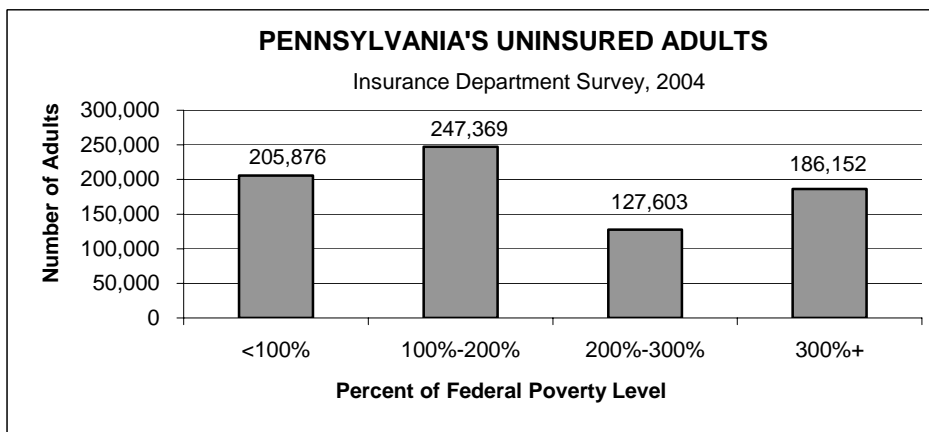
Prescription for Pennsylvania will protect our economic competitiveness and the well-being of Pennsylvania families by making health care affordable for all, expanding access and improving the quality of our health care system. The plan will be funded by assessing "free-rider" businesses that do not offer health insurance and thus pass the health care costs of their employees and their families on to everyone else. The plan will also be funded by increasing the cigarette tax, establishing a tax on smokeless tobacco products, using existing funding from the adultBasic program and obtaining significant new matching funds from the federal government.

Guaranteeing affordable health care to Pennsylvania businesses and individuals

For the thousands of uninsured adults in this state, Prescription for Pennsylvania will ease the very real fear that a sudden illness could lead to unnecessary personal suffering and possibly even bankruptcy. And for the businesses and individuals struggling to make ends meet while continuing to pay hefty insurance premiums, the commonwealth's plan will provide urgently needed reforms to control skyrocketing health care costs.

Prescription for Pennsylvania includes the following components:

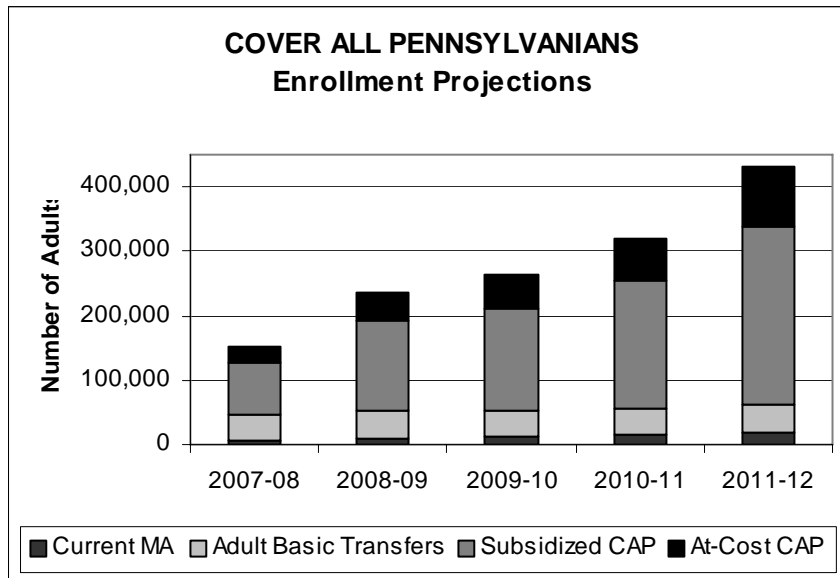
- **Launching “Cover All Pennsylvanians” to offer an affordable basic health insurance plan for small businesses and uninsured individuals.** According to a recent survey commissioned by the Insurance Department, there are approximately 767,000 uninsured adults in Pennsylvania. Cover All Pennsylvanians, a critical component of Prescription for Pennsylvania, focuses on the people and small businesses that need help the most. The survey found that: the vast majority of Pennsylvania's uninsured adults are employed, most of the working uninsured have full-time jobs and many are employed by small businesses. Most earn low wages and do not have access to health insurance because of the high cost for both businesses and individuals.



Cover All Pennsylvanians will be supported by the state and offered through private insurance companies. Employers can participate if they have not offered health care coverage to their employees for at least 6 months, if they have 50 or fewer employees and if, on average, these employees earn less than the state average wage. All uninsured Pennsylvanians – no matter what their employment status or income level – will be able to purchase affordable health insurance through this program. A family of four that earns up to \$62,000 a year will receive help from the state in paying part of their premiums.

Uninsured adults who earn more than 300 percent of the federal poverty level (\$62,000 for a family of four) can participate in Cover All Pennsylvanians by paying the full cost of the premium. In addition to premiums, there will be co-payments for certain health care services. These co-payments will vary depending on family income. To ensure that businesses and individuals do not drop current health care coverage to participate in Cover All Pennsylvanians, eligibility will be limited to those who have been uninsured prior to enrollment for 90 days or 180 days, depending upon family income.

Through an extensive outreach effort, Cover All Pennsylvanians expects to enroll 153,600 adults in 2007-08, the initial year of the program, growing to an enrollment of 431,300 in 2011-12. While the majority of the uninsured will enroll in the subsidized component of Cover All Pennsylvanians, including those transferring from the existing Adult Basic program, some will be eligible instead for the commonwealth's existing Medical Assistance program. Others will purchase health care coverage through Cover All Pennsylvanians at the same affordable premium rate that the commonwealth pays.



The health care premium and administrative costs of Cover All Pennsylvanians will total approximately \$302.2 million in 2007-08. These costs will be covered by a variety of revenue sources, including existing state funds currently used for the Adult Basic program, federal Medicaid matching funds, enrollee and small employer cost-sharing, and a 3 percent Fair Share Assessment levied on the payrolls of businesses that do not offer health care coverage to their employees.

Cover All Pennsylvanians FY2007-08 Funding Sources	
Existing State Funds - Tobacco Settlement Fund	\$31.3 million
Existing State Funds - Community Health Reinvestment	\$52.2 million
Federal Funds - Medicaid	\$104.0 million
Cost Sharing - Small Employers	\$0.7 million
Cost Sharing - Enrollees	\$68.0 million
New Revenue - Fair Share Assessment	\$60.4 million
Total Revenue	\$316.6 million

Cover All Pennsylvanians FY2007-08 Projected Expenditures	
Medical Assistance Benefits for Currently Eligible Adults	\$10.1 million
Subsidized Premiums – Cover All Pennsylvanians	\$206.3 million
At-Cost Premiums – Cover All Pennsylvanians	\$44.9 million
Plan Administration	\$40.9 million
Total Expenditures	\$302.2 million

Cover All Pennsylvanians will begin providing health care coverage for uninsured adults in early 2008, assuming timely passage of state legislation to implement the program and prompt approval by the federal government of the proposal to use federal funds to cover individuals with incomes under 300 percent of the federal poverty level who currently are not eligible for Medical Assistance.

- Protecting small businesses from extraordinary spikes in health care premium costs through more effective regulation of the small group insurance market.** Prescription for Pennsylvania will strengthen oversight of health insurance companies and health maintenance organizations. This strengthened oversight will create a level playing field for employers by limiting premium increases

and establishing a standard basic health care package for individuals and small businesses and by prohibiting insurance companies from driving up the cost of insurance based on certain demographic characteristics. Insurers will be required to use at least 85 percent of the premiums they collect from small businesses to pay for health care. This budget includes \$268,000 to expand the commonwealth's premium rate review authority to all insurers providing coverage in the individual and small-employer market.

- **Providing more appropriate sites for health conditions that do not need emergency room care.** Pennsylvanians are the highest users of emergency rooms in the nation, and our rate of increase is growing twice as fast as the U.S. average. In 2007, half of emergency room visits are projected to be for conditions that do not require immediate treatment. By redirecting these visits to more appropriate sites, the potential cost savings could be as much as \$232 million. Prescription for Pennsylvania will require hospitals to immediately screen and redirect patients who go to emergency rooms but do not need emergency care to a more appropriate level of health care within the hospital.
- **Ensuring that health system capital expenditures increase quality and access to care and are not an economic burden to health care purchasers.** Pennsylvania currently has no way of controlling additional, duplicative and expensive health care capital expenditures made by health systems and has no means of determining whether those expenditures are affordable. Some new technology and additional facilities are beneficial and necessary in certain regions of Pennsylvania, while others are duplicative and are not an efficient use of resources. Prescription for Pennsylvania will develop a process to ensure that large capital health investments meet regional health care needs and can be afforded by the health care purchasers in the region. The budget includes \$120,000 to develop recommendations and criteria for the review and approval of health care services and facility planning.
- **Ensuring that general acute-care hospitals receiving tax exemptions and other benefits as charitable institutions meet their community-benefit requirements.** Pennsylvania's 138 not-for-profit hospitals receive income, sales and other tax exemptions; can borrow money in the tax-exempt bond market; and receive tax-exempt charitable contributions from donors. In exchange for this preferential status, the state requires these institutions to provide a substantial "community benefit". However, there is no uniform method of assessing whether a hospital has met this obligation. This budget includes \$810,000 to develop standardized policies and reporting and auditing procedures for non-profit hospitals required to meet community benefit obligations.
- **Ensuring that general acute-care hospitals have uniform admission criteria and fair billing and collection practices to increase access to affordable health care for the uninsured and underinsured.** The current hospital admission system for the uninsured is on a case-by-case basis, with some patients denied admission unless they pay a large deposit against their bill. Pennsylvania's general acute-care hospitals have no uniform fair billing and debt collection practices designed to fairly charge uninsured and underinsured patients. Prescription for Pennsylvania provides \$510,000 to develop and enforce standardized hospital admission criteria and fair billing and collection procedures for uninsured and underinsured patients.

Expanding access to the right kind of care, at the right time and place, and for the right cost.

Many Pennsylvanians go without health care or rely on emergency rooms for primary care that could be provided in more appropriate and cost-effective settings. Expanding access to appropriate care will improve the quality of care that Pennsylvanians receive and will drive down the cost of health care for employers and families.

Prescription for Pennsylvania includes:

- **Ensuring that all licensed health care providers – including nurses, advanced nurse practitioners, midwives, physician assistants, pharmacists and dental hygienists – can practice to the fullest extent of their training.** Pennsylvania consistently lags behind other states in fully utilizing health care providers who are not physicians. Prescription for Pennsylvania will seek to eliminate the barriers in existing laws, regulations and insurance reimbursement policies that limit the ability of health care providers to practice to the fullest extent allowed by their training and education.
- **Addressing the needs of areas where there are shortages of primary care providers.** Prescription for Pennsylvania will increase access to primary care by providing start-up resources for

federally qualified health centers and nurse-managed care centers that can provide ongoing, routine health care, particularly in areas where there is a shortage of health care providers. When Pennsylvanians are treated early and effectively, costs go down. This budget includes \$5.4 million to increase access to primary health care in underserved rural areas through community health centers, advance-practice nurses, mobile wellness clinics and a physician loan-forgiveness program.

- **Expanding the ability of Pennsylvanians to have access to health care on weekends and in the evenings.** Because illnesses are not confined to the business day, both the insured and uninsured sometimes require care during evenings and weekends. Without access to sites open at those times, patients have no choice but to turn to emergency rooms. Prescription for Pennsylvania will provide incentives to increase the number of care centers that offer services in the evening and on weekends.

Improving the quality of care that Pennsylvanians receive

Improving quality goes hand in hand with bringing costs under control for businesses and families struggling to pay their own health care premiums. In health care, practices that help people achieve healthier lives also generate enormous savings. Last year, for example, Pennsylvania had nearly 20,000 cases of hospital-acquired infections – infections that are contracted in the hospital and that are unrelated to the reason the person was initially admitted. These avoidable infections contributed to nearly 2,500 deaths, increased the average hospital stay by more than 16 days and resulted in \$3.5 billion in hospital charges. Eliminating these infections saves lives and money.

Prescription for Pennsylvania includes:

- **Eliminating hospital-acquired infections, medical errors and unnecessary and ineffective care.** In addition to the injuries and deaths that result from hospital-acquired infections, every hospital patient in America is subjected to an average of at least one medication error per day. Prescription for Pennsylvania will require hospitals to adopt and implement quality management and error reduction systems and electronic medical records. In addition, this budget includes \$2.3 million to standardize identification and reporting of hospital-acquired infections by hospitals and to provide training in infection-control best practices. Over time, the commonwealth will cease paying health care providers for care associated with hospital-acquired infections and medical errors.
- **Changing the way we do business to pay for “wellness” – not just sickness.** The health care system has too many of the “wrong” incentives that focus on sickness, not wellness. To fix this system, the commonwealth will lead a coalition of other health care purchasers from the private sector to align provider payments with our expectations for quality care and wellness, while making state government more efficient and effective by introducing pay-for-performance into state-funded health care programs.
- **Establishing payment systems that encourage the effective prevention and treatment of chronic diseases like heart disease, diabetes and asthma.** Pennsylvania has some of the worst hospitalization rates in the nation for chronic diseases because these patients do not receive appropriate outpatient care. As a result, \$1.7 billion a year in hospital charges is for hospitalizations that could have been avoided with effective chronic disease management in the community. Prescription for Pennsylvania will promote the use of a nationally recognized and proven chronic care model and align payments to support the use of the model. To improve health outcomes and quality of life, this budget includes \$2.5 million to develop a chronic care information system that tracks patient health information for use by primary care providers and establishes regional collaboratives to promote the use of a comprehensive, evidence-based care model for people with chronic disease.
- **Improving health literacy.** Half of all adults have difficulty understanding and acting on health information. This budget includes \$719,000 to enhance the delivery of health-promotion and risk-reduction messages through an integrated and coordinated approach to health literacy.
- **Eliminating disparities in health care.** Racial and ethnic minorities tend to receive lower-quality health care than others, even when insurance status, income, age and severity of condition are comparable. This budget includes \$1 million to reduce health disparities by increasing the number of health professionals equipped to address the needs of racial and ethnic minorities.

In addition to these strategies, **Prescription for Pennsylvania** will promote wellness for the commonwealth’s residents. Wellness starts with making all Pennsylvania workplaces, restaurants and bars smoke-free and

implementing consumer incentives that reward healthy lifestyles. In Pennsylvania, the health care costs related to tobacco use and adult obesity totaled more than \$9 billion in 2004, an enormous economic burden.

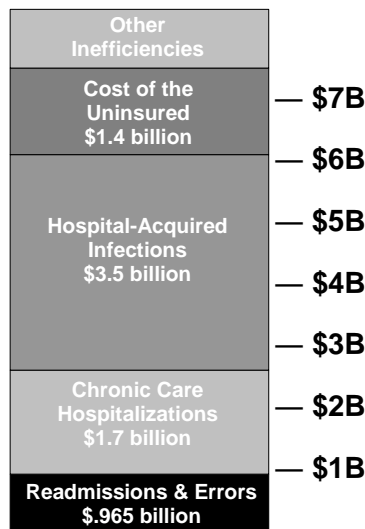
Promoting wellness also includes ensuring that school children have better access to nutritious foods throughout the school day and that more Pennsylvania children can eat breakfast at school – getting the nourishment they need to succeed in class. Despite overwhelming evidence that access to breakfast increases children’s health and their reading and math skills, Pennsylvania lags behind the nation in the availability of breakfast in our schools.

This budget includes \$6.5 million to increase the number of school breakfasts served to students and provide incentives for schools that adopt best-practice nutritional guidelines.

To assist elementary school teachers integrate healthy living concepts into lesson plans, \$30,000 is also provided so that students can learn critical health information and health risks while participating in physical and health education classes.

By addressing affordability, access and quality as part of a unified health care reform plan, **Prescription for Pennsylvania** presents a sound, realistic approach to building a better health care system on behalf of Pennsylvania’s businesses and families – increasing the well-being of Pennsylvanians and the economic competitiveness of the commonwealth.

Pennsylvania businesses,
consumers and taxpayers pay
at least \$7.6 billion a year for
unnecessary and avoidable
health care costs.



Overview and Summaries

Below is a summary of the **Prescription for Pennsylvania** initiatives, by agency and initiative/appropriation, totaling approximately \$255.3 million in 2007-08.

(Dollar Amounts in Thousands)

Agency and Initiative/Appropriation	<u>State Funds</u>	<u>Federal Funds</u>
Education		
Rx for PA – Improving School Food Services	\$6,543	\$430
Rx for PA – Improving Physical and Health Education	30	
Department of Health		
Rx for PA – Improving Primary Care Access	\$5,400	
Rx for PA – Implementing Health Equity Strategies	1,000	
Rx for PA – Strengthening Hospital Community Benefit Standards	810	
Rx for PA – Improving Health Literacy	719	
Rx for PA – Developing Uniform Hospital Admission Criteria	510	
Rx for PA – Coordinating Health Services Planning	120	
Department of Public Welfare		
Cover All Pennsylvania Initial Implementation	\$2,400	
Cover All Pennsylvanians – Information Systems	423	
Cover All Pennsylvanians - Statewide	2,802	
Cover All Pennsylvanians – County Assistance	236	
Cover All Pennsylvanians – Inpatient	511	\$600
Cover All Pennsylvanians - Outpatient	1,424	1,309
Cover All Pennsylvanians - Capitation	4,197	3,546
Governor’s Office of Health Care Reform		
Rx for PA – Implementing the Plan	\$1,200	
Rx for PA – Improving Chronic Care Management	2,450	
Rx for PA – Reducing Hospital-Acquired Infections	300	
Insurance Department		
Rx for PA – Strengthening Small Business Regulation	\$268	
Cover All Pennsylvanians – Initial Implementation	5,525	
Cover All Pennsylvanians Administration	5,500	
Cover All Pennsylvanians	511	\$98,550
Cover All Pennsylvanians – Tobacco Fund Transfer	31,331	
Cover All Pennsylvanians – Community Health Reinvestment	52,167	
Pennsylvania Health Care Cost Containment Council		
Rx for PA – Reducing Hospital-Acquired Infections	\$2,000	
Labor and Industry		
Cover All Pennsylvanians Initial Implementation	\$20,000	
Cover All Pennsylvanians Administration	2,500	
Total	<u>\$150,877</u>	<u>\$104,435</u>

Investing in a Better Future

Education - Investing in Our Children to Prepare Them for the Future

Pennsylvania is making important progress in preparing the next generation of leaders, entrepreneurs and innovators – and we cannot afford to lose momentum now.

Over the last four years, the commonwealth increased its investment in PreK-12 education by \$1.8 billion and student achievement has shown a parallel boost. From 2003 to 2005, Pennsylvania was one of only seven states to make progress on elementary school reading and math. Today, two out of three students in Pennsylvania are on grade level in these core subjects – and we are building the support system needed to help every child in our commonwealth to succeed.

Looking to the future, Pennsylvania faces two essential challenges that it must meet in order to ensure that our students are prepared to compete in the global economy.

First, every child – regardless of family income, background or any other factor – needs to master the early literacy and math skills that serve as a portal to future achievement in school and in life. Early childhood education, starting with high-quality pre-kindergarten, is the proven strategy for reaching this goal.

Second, our schools need to continue transforming with the times so that when Pennsylvania students graduate from high school, they are ready for the high-tech, high-skills economy that will await them. That is why the commonwealth must provide the leadership and resources needed to ensure that a Pennsylvania high school diploma is a ticket to postsecondary opportunity.

Early Childhood Education: The Foundation for Student Success

Study after study proves what tens of thousands of Pennsylvania parents already know to be true: Quality pre-kindergarten gives children the early skills that are building blocks for future achievement. Providing commonwealth resources for early childhood education is a sound educational and financial investment. A report published just last year found that every dollar invested in Pennsylvania pre-kindergarten results in \$1.68 of benefits for taxpayers. Another recent study found that investing in pre-kindergarten has long-term returns that are as profitable as traditional economic development strategies.

The commonwealth made its first investments in state-wide pre-kindergarten in the 2004-05 fiscal year with the creation of the Accountability Block Grant – a new resource to help school districts invest in proven programs that improve educational achievement, and with the establishment of the Head Start Supplemental Assistance Program – Pennsylvania's first-ever use of state funding to expand the federal Head Start program. As of 2006-07, the Commonwealth is investing nearly \$56 million for pre-kindergarten through these programs – providing quality early learning experiences to more than 10,000 additional children. Now is the time for Pennsylvania to build on that investment.

Pennsylvania Pre-K Counts

The 2007-08 budget launches the \$75 million Pennsylvania Pre-K Counts program as a new component of the Accountability Block Grant so that 11,100 more children can get a vital early start to learning. School districts, Head Start programs and other community providers with proven track records of success will be able to apply for these resources. Children from every part of the commonwealth will have new opportunities for early learning as a result of this investment – with the greatest focus on children who are at risk of future academic failure. This program grows out of a successful public-private partnership of the same name supported by corporate, foundation and public sector leaders.

Head Start Supplemental Assistance Program

For the last three years, Pennsylvania has supplemented federal Head Start funding so the successful program can reach more families. In 2007-08, the commonwealth will maintain its \$40 million funding level for the Head Start Supplemental Assistance Program – making it possible to enroll 5,790 three and four year olds.

Early Intervention

The Early Intervention program serves children from birth through age five who have a disability or developmental delay. Please see the narrative on Expanding the Availability of Quality Early Childhood Services in the Caring for All Pennsylvanians theme in this section for additional information on Early Intervention funding.

The commonwealth's commitment to early childhood education as an economic development and education strategy will be strengthened in 2007-08 through the leadership of the Office of Child Development and Early Learning, a joint office sponsored by the departments of Education and Public Welfare that will enable more efficient coordination of the commonwealth's efforts to deliver effective, streamlined early childhood services to Pennsylvania's families.

Moving at the Speed of Success... From High School to High-Skill Careers

The national movement to transform America's high schools is being driven by the needs of our emerging high-skills economy. Pennsylvania has responded to this challenge by becoming a national leader in expanding college- and career-prep opportunities for high school students over the past several years. The commonwealth's efforts range from increasing the rigor of the courses that high school students take to improving the quality of the career counseling they receive to increasing their chances to earn college credit before they even graduate from high school. With the 2007-08 budget, the commonwealth continues to respond to the need to reform high school education.

Making the High School Diploma Count

Pennsylvania is currently investing \$39 million in strategies that will transform the commonwealth's high schools. This year, the blue-ribbon Commission on College and Career Success brought renewed urgency to these efforts with its call for swift reforms to ensure that all students demonstrate mastery of college- and career-readiness skills before they graduate from high school. The 2007-08 budget keeps moving Pennsylvania in this direction:

- Creating Classrooms for the Future: The budget includes \$90 million to continue changing the way teachers teach and students learn in Pennsylvania high schools by putting a laptop on every student's desk and using the power of the Internet to engage the Technology Generation and make learning come alive. This budget adds to the 103 high schools that are already building Classrooms for the Future.
- Expanding Project 720: Project 720 high schools are leading the way in transforming their academic programs to ensure that all students take a rigorous high school curriculum. This budget provides an additional \$3 million to enable up to 30 more schools to participate. In addition, the 2007-08 budget maintains the commonwealth's \$3 million investment in developing college and career counseling programs that will serve as models for the rest of the state.
- Helping More High School Students Earn College Credit: Pennsylvania high school students are taking nearly 10,000 college credit courses this year as a result of the Commonwealth's \$8 million investment in Dual Enrollment. The 2007-08 budget adds \$2 million to this program to further increase the number of college courses that high school students are taking. This increase will ensure that low-income students – who otherwise might never even visit a college campus – are not “priced out” of an experience that can change their lives.

Opening Doors to High-Skill Technical Careers

Two years ago, Pennsylvania established a new way of funding community colleges that guarantees adequate resources and puts a clear focus on providing education and training to prepare students for the 21st-century workforce. This investment is now paying off – but only for students who are fortunate enough to have access to a community college. The 2007-08 budget provides \$2 million to create new opportunities for postsecondary education and training in underserved regions in high-demand technical fields by launching the state's first two Technical Colleges. The Technical Colleges will be located in parts of the state where students do not currently have access to affordable certificate and associate degree programs to prepare for high-skill technical occupations like engineering.

Continuing to Invest in Achievement

Investing in academic strategies that research proves are effective has been a hallmark of this administration. The 2007-08 budget builds on the commonwealth's commitment to increasing student achievement by providing additional targeted funding for proven programs:

Science: It's Elementary

In 2000, a group of school districts in Southwestern Pennsylvania proved that American students can compete in science against anyone in the world if they are taught effectively starting in elementary school. Students from these districts and their university partners not only out-scored the rest of the U.S. in eighth-grade science, but they did as well as or better than students from every other nation in the world. Last year, the commonwealth launched Science: It's Elementary to bring the same strategies for hands-on learning and intensive teacher training to other school districts across Pennsylvania. The 2007-08 budget provides an additional \$5 million to help nearly 50,000 more students in 85 new school districts become active science explorers.

Expanding the Accountability Block Grant

Every day in every Pennsylvania school district, the Accountability Block Grant is boosting achievement for the commonwealth's students. As a result of these resources, for the first time ever more than half of Pennsylvania kindergartners are in full-day programs. The 2007-08 budget builds on this success by providing an additional \$25 million for school districts to invest in full-day kindergarten programs by launching or expanding these essential early educational experiences in school districts across the commonwealth.

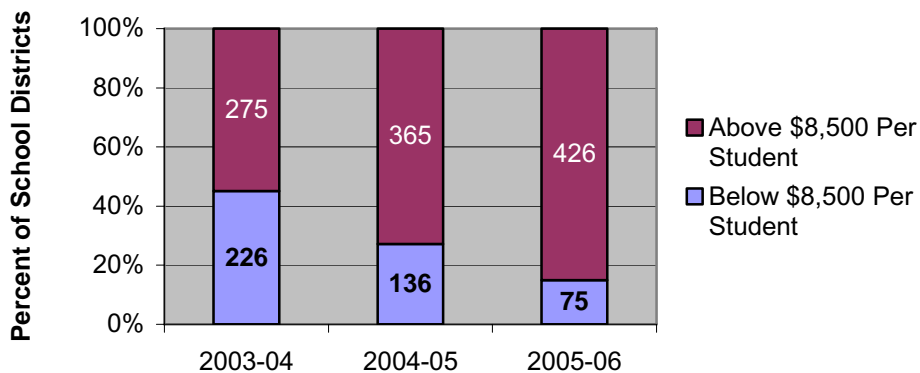
Building a Fairer School Funding System

Just as targeted investment in proven educational strategies is imperative to increasing student achievement, so is a school funding formula that ensures adequate resources in every Pennsylvania community. For more than a decade, the commonwealth had no method of determining whether school districts had sufficient resources to help students graduate with the skills they need to succeed. But since 2005-06, Governor Rendell's Foundation Funding has provided dedicated resources to move school districts towards an adequate funding level.

Foundation Funding sets a per-student funding target and helps school districts reach that goal. Over the last two years, Pennsylvania has invested a total of \$86 million to boost resources for low-resource school districts through this strategy. The 2007-08 budget increases the per-pupil target once again and dedicates more than one-third of the basic education subsidy increase to helping districts reach school funding adequacy.

Governor Rendell's approach is working. Over the last three years, the number of school districts spending less than \$8,500 per student – the first Foundation Funding target – has dropped by 67%:

Foundation Funding has helped move 30% of the state's school districts above \$8,500 per student



School districts also face a fiscal strain as they strive to provide quality special education services to students with disabilities. The 2007-08 budget increases special education by 3.0 percent – which is above the rate of inflation.

Making Every Dollar Count for Kids

Across the commonwealth, pockets of school districts are turning to their neighbors to find ways to work together on behalf of their students and taxpayers. These school districts collaborate to improve quality and save taxpayers money by sharing services such as back-office operations, special education programs, and instructional offerings such as courses where one school district might not have high enough enrollment but three or four coming together would. The 2007-08 budget provides \$1 million so that groups of school districts can engage a consultant to make non-binding recommendations on ways to better serve students and the public through shared services.

The Administration is also committed to achieving cost savings on behalf of students and taxpayers by implementing Governor Rendell's proposal for a statewide school employee health benefits system. Combining the purchasing power of all 501 school districts to purchase health care for teachers and other staff members will slow the skyrocketing costs of health insurance while protecting the health care of those who serve in our public schools.

Better Nutrition Leads to More Learning

Despite overwhelming evidence that access to breakfast increases children's health and their reading and math skills, Pennsylvania lags behind the nation in the availability of breakfast in our schools. The 2007-08 budget moves the commonwealth in the right direction by making it standard operating procedure to offer breakfast in many of our schools and by implementing new strategies for creating a more nutritious school environment.

Starting with the 2007-08 school year, any school where at least 20 percent of students are eligible for free or reduced-price lunch will be expected to offer breakfast to their students – a strategy similar to what is in place in the majority of states. To ensure that school districts do not face an unfunded mandate, a school board can receive a waiver if it can show that its costs would exceed the new revenue. Children in more than 400 additional schools will have access to breakfast once all eligible schools participate.

The 2007-08 budget also creates an incentive for school districts to make smart decisions about the health quality of the food they offer in cafeterias and vending machines. Any school district that adopts the Department of Education's best-practice nutritional guidelines will receive a higher reimbursement rate from the state for all the breakfasts and lunches it serves.

Investing in Our Children is Investing in Our Future

The 2007-08 budget represents a fifth year of historic investment in boosting achievement throughout Pennsylvania's public education system. The budget creates new opportunities for hundreds of thousands of students from the first day of pre-kindergarten to the last day of high school – and beyond.

Investing in a Better Future

Caring for All Pennsylvanians

Protecting Pennsylvania's Most Vulnerable Citizens

The commonwealth faces increasing challenges in the coming year in meeting its responsibilities to its most vulnerable citizens. Federal budget cuts mean that state government is responsible for an increasing share of the resources required to provide needed services to Pennsylvanians who need the help and support of their fellow citizens. Given rising health care costs and growing numbers of individuals who require assistance due to disability, age, mental retardation, mental health, developmental delay, abuse, neglect, and other causes, it would be reasonable to assume that federal funding would be increasing to help the states meet their shared federal-state responsibilities. Unfortunately, the opposite is the case. It currently appears that the commonwealth will lose at least \$220.8 million in federal funding in 2007-08, including: \$109.1 million in federal nursing home funding, \$44.1 million in federal matching funds for Medical Assistance, \$32.3 million in provider assessment funds, \$27.8 million in federal child welfare funding and \$7.5 million in federal matching funds for child support programs.

In addition to replacing this absolute reduction in funding, the commonwealth must also bear the burden of state and federal statutory mandates that impose requirements without providing the funds to implement them. For example, federal rules limit the ability of the commonwealth to control eligibility and utilization of the Medical Assistance program, increasing state costs by more than \$300 million. State statutes put further pressure on public welfare spending by requiring the commonwealth to fund child welfare and other services at increasing levels without guaranteeing a growing source of revenue. The cumulative effect of these state and federal mandates accounts for \$693 million of the increase in recommended state spending for social services in the 2007-08 state budget.

THE IMPACT OF FEDERAL BUDGET CUTS AND

STATE AND FEDERAL MANDATES ON THE PENNSYLVANIA STATE BUDGET, 2007-08

	In Millions
<u>Lost Federal Revenues</u>	
Reduced federal funds for nursing homes	\$109.1
Reduced federal Medicaid match rate	\$44.1
Reduced provider assessment rate	\$32.3
Child welfare funding reductions	\$27.8
<u>Reduced federal child support matching funds</u>	<u>\$7.5</u>
Total Lost Federal Revenues	\$220.8
<u>State and Federal Mandates</u>	
Medical Assistance	\$302.5
Long Term Living	\$49.4
<u>Child Welfare, Child Care, and Other</u>	<u>\$120.3</u>
Total State and Federal Mandates	\$472.2
Grand Total	\$693

Overview and Summaries

The commonwealth has also stepped in where federal policy has failed to address critical health care needs. For example, the commonwealth is making a \$172.6 million investment to fill the Medicare Part D “doughnut hole” so that older Pennsylvania can afford the prescription drugs they need. Pennsylvania is also spending \$105 million in 2007-08 to make certain that every child in Pennsylvania has health insurance and is spending \$85.8 million more on child care because Congress failed to increase funding for the Child Care Block Grant. Since 2003, Pennsylvania has lost a total of \$62 million in federal funding for child welfare costs and has had to offset these reductions in funding by increasing General Fund support of these vital programs.

In spite of this growing challenge, the 2007-08 budget continues to adhere to the same principles concerning its public assistance programs that Governor Rendell set forth two years ago:

- No one currently receiving services in Pennsylvania will lose eligibility;
- Children will not experience any reduction in services; and
- Pennsylvania will provide coverage for the growing number of vulnerable individuals and families who require our assistance.

The Commonwealth Provides Vital Services to More than 3 Million People		
PROGRAM	PEOPLE SERVED 2006-07	PEOPLE SERVED 2007-08
Medical Assistance	1,905,529	1,967,750
Child Welfare System	286,847	290,620
Child Care	221,186	221,585
Community Mental Retardation and Autism Services	45,965	49,485
Children’s Health Insurance Program	158,711	174,531
Uninsured Adults*	52,406	147,939
PACE Plus Medicare (average enrollments)	325,735	357,725
*2006-07 AdultBasic; 2007-08 includes Cover All Pennsylvanians		

To meet these continued commitments, this budget provides an increase of \$568 million in General Fund resources to expand care for Pennsylvanians in need in 2007-08, representing a 6.2 percent increase from the 2006-07 appropriated level of state funds. This additional funding will provide a broad array of health and human services to more than 3 million Pennsylvania residents in 2007-08.

In 2007-08, the commonwealth will not just be spending more for health and human service programs. The commonwealth will also be making these needed investments in a more efficient manner. The safety net reform measures instituted as part of the last two budgets have resulted in systemic and fundamental improvements in Pennsylvania’s Medical Assistance program and other state-administered health and human service programs. This budget builds upon those successes, proposing several new initiatives that not only will improve the quality, efficiency and integrity of the Medical Assistance program but also will save \$194.5 million in 2007-08. These improvements will enable additional investments to be made in programs that support Pennsylvania’s children, adults and families in need.

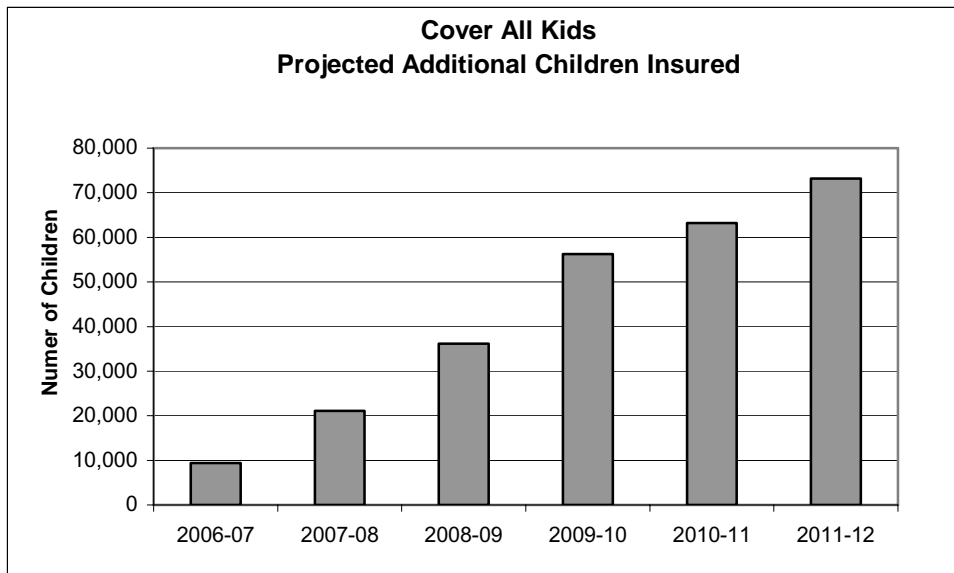
Cover All Kids

In 2006, the legislature passed and Governor Rendell signed into law his Cover All Kids initiative, an innovative program that ensures that all Pennsylvania children have access to health care coverage.

Cover All Kids:

- Provides comprehensive health care coverage, including visits to doctors, hospitalization, prescription drugs, mental health and substance abuse services, vision, dental and home health care.
- Subsidizes coverage for children in families whose annual income does not exceed 300 percent of the federal poverty level (\$62,000 for a family of four). Family premiums will range, on average, between \$38 and \$60 per month per child.
- Offers at-cost coverage for children in families whose income exceeds 300 percent of poverty (on average, \$150 per month per child).

An estimated 21,000 children will be enrolled in Cover All Kids in 2007-08, with more than 73,000 uninsured children enrolled by 2011-12.



Prescription for Pennsylvania

Governor Rendell recently unveiled a bold, sweeping “Prescription for Pennsylvania” that will increase access to affordable health care coverage for all Pennsylvanians, improve the quality of care delivered throughout the commonwealth, and help bring health care costs under control for employers and employees. This historic initiative is designed to address a variety of crucial health care issues facing the commonwealth, including: the 767,000 adults without health insurance; the pressure on businesses and employees from skyrocketing health care costs; the limited access too many residents have to basic health care services; the threats to patient safety from hospital-acquired infections and medical errors; and the avoidable increases in health care costs that result. Prescription for Pennsylvania will be paid for with a three percent assessment on the payrolls of businesses that do not provide employee health insurance, an increase in the cigarette tax, a new tax on smokeless tobacco products, the redirection of existing adultBasic program funds, and federal matching funds. In addition, enrollees and employers will pay a portion of premium costs.

Please see the Prescription for Pennsylvania theme in this section for additional information on this initiative.

PACE Plus Medicare

The federal Medicare Part D prescription drug plan was implemented in 2006, creating new challenges for older Pennsylvanians attempting to find affordable drug coverage. Governor Rendell responded to this challenge by asking the General Assembly to create and pass legislation establishing PACE Plus Medicare, which enhances the commonwealth's PACE and PACENET programs to provide, along with the new Medicare Part D prescription benefit, seamless pharmaceutical coverage to help Pennsylvania seniors. Through PACE Plus, Pennsylvania guarantees that eligible seniors will not incur more costs than they otherwise would have paid when their prescriptions were covered by PACE/PACENET. In addition, PACE Plus Medicare provides savings that enable the commonwealth to enroll more people. In 2007-08, the average number of Pennsylvania seniors covered by PACE, PACENET or PACE Plus will rise to 357,725, an increase of 10 percent. This budget includes \$276.4 million in state funds to continue these successful programs.

Services for Pennsylvania Seniors and Persons with Disabilities

Pennsylvania has the third oldest population of any state, and the fastest growing segment of this population is over age 85. According to a recent analysis, Pennsylvania is currently experiencing the kinds of demographic changes that other states will not experience for another 10 to 15 years. The demand for services is expected to continue to grow over the next several years until the 85+ cohort stabilizes in 2011. In addition, an estimated 162,000 adult Pennsylvanians under the age of 60 need some level of long-term living support. As a result, the commonwealth must build a robust continuum of medical and non-medical long-term living services to meet the needs of the growing 85+ population and younger people with disabilities.

Pennsylvania residents overwhelmingly say that they would prefer to receive long-term living services in a home or community-based setting rather than in an institutional setting. Toward that end, the commonwealth has made a significant investment in home and community-based services, greatly expanding the number of people who can be served in their homes. As the Baby Boomer generation begins to reach retirement age, this preference likely will continue, resulting in increased need for additional home and community-based and other alternative service options.

The commonwealth's plan to address its changing demographic trends and consumer preferences is based on three key principles:

- Consumers should have a choice of where they receive their care and support services, and these services should meet the highest quality standards.
- The long-term living system should be balanced so both institutional and home and community-based services are accessible and available, with the goal of achieving a balance of 50 percent institutional care to 50 percent home and community-based care over the next five years.
- State and federal funds should be prudently managed and leveraged, and individual assets should be optimized to ensure that the commonwealth is able to meet the future needs of Pennsylvania's aging population and continue to support people with disabilities to maintain their independence and dignity.

To prepare to meet this challenge, this budget includes \$17.2 million in state funds to expand the continuum of long-term living options and build a management infrastructure to support a high-quality long-term living system. This multi-faceted strategy is a cooperative effort by the Department of Public Welfare, the Department of Aging and the Governor's Office of Health Care Reform. Collectively, these initiatives represent a strategic and focused effort to create a balanced system that uses resources efficiently, offers consumers choice as to where they receive long-term living services and ensures high-quality care in the most clinically appropriate and most cost-effective setting.

Making the Appropriate Options Available for Long-Term Living

Continuing the investment in home and-community based services is essential, and this budget provides \$12.7 million in state funds to serve an additional 2,200 individuals over age 60 and 1,000 persons with disabilities under age 60 in Medicaid waiver programs. These programs provide necessary services to allow people who are eligible for a nursing home to remain in their homes or a community-based setting rather than moving to a nursing home. This cost will be partially offset by a reduction in nursing home funding because these additional options will reduce the number of people who choose to reside in nursing homes.

Nursing Home Transition

Pennsylvania is recognized as a leader in the national effort to assist nursing home residents to return to their homes and communities. Since January 2004, the Nursing Home Transition program in Pennsylvania has helped more than 600 people regain their independence. The Nursing Home Transition program reduces unnecessary stays in nursing homes by ensuring that nursing home residents and their families or caregivers are fully informed and have ready access to home and community-based services. The 2007-08 budget includes \$3.8 million in state funds to build upon the current, successful Nursing Home Transition program by continuing to fund long-term living counseling and transition support services for individuals who are able to be served safely and appropriately in a home or community-based setting.

Helping Pennsylvanians Plan for the Future

In a recent survey, more than 75 percent of Pennsylvanians did not know the cost of long-term living services. Lacking realistic knowledge of the high costs of services, individuals and families cannot adequately plan for long-term care needs. Lack of planning can have drastic consequences for both an individual, who may become impoverished by the high cost of long-term care, and ultimately for the state, when these individuals turn to the publicly financed system to assume their costs. The 2007-08 budget provides \$1.5 million in state funds to implement a comprehensive public education and information campaign to help Pennsylvanians make informed decisions about their long-term care needs.

The **Long-Term Care Partnership** program is a public-private partnership between states and private insurance companies that encourages people to buy long-term care insurance. The program allows those who buy qualifying insurance policies to keep some of their assets even if they eventually need publicly funded long-term care services. Initially limited to four states, the program was recently made available to all states. The 2007-08 budget includes funds to begin a Long-Term Care Partnership program for Pennsylvania, which will encourage Pennsylvanians to buy long-term care insurance so they can pay for long-term care without impoverishing themselves or relying on the public system to pay for their services.

Building a Balanced Continuum of Services

A well-balanced long-term living system includes a continuum of service options designed to meet the diverse service needs of consumers. The 2007-08 budget includes \$3.7 million for the development of domiciliary care homes – a homelike living arrangement in the community for adults age 18 and older who need assistance with activities of daily living; Living Independently for Elders or LIFE programs – all-inclusive care programs for those eligible for both Medicare and Medical Assistance; and other residential options in support of the commonwealth's goals of providing balanced long-term care. In addition, the commonwealth will continue to increase the supply of affordable, accessible housing for people with disabilities and older Pennsylvanians, to allow more Pennsylvanians to return to or remain safely in their own homes. This budget provides \$400,000 in additional resources to provide housing and to strengthen the home modification program for those who need these long-term living services.

As the commonwealth seeks to build a continuum of care that reflects consumers' preference to receive long-term living services in home and community-based settings, the supply of nursing home beds must be better aligned with the demand for such care. The 2007-08 budget provides \$4.7 million to strategically encourage the appropriate distribution of nursing home beds while developing alternative service delivery options to meet the diverse long-term living needs of Pennsylvania citizens.

Improving Access to Needed Services

Currently Pennsylvania has two aging and disability resource center pilot sites - the Allegheny and Cumberland Links. These are 'one-stop centers' intended to make it easier for people to access the long-term living system. The Links provide information and guidance about long-term living planning, counseling to help individuals and their families make informed choices about their long-term care options, and access to services and supports. Consistent with the commonwealth's rebalancing goals, the 2007-08 budget includes \$1.5 million in state funds to create a network of agencies in another Link site, expanding upon this pilot for those seeking long-term living services.

Increasing Efficiency and Integrity

While Pennsylvania seeks to expand the range of long-term living services, it also must continue to build quality into the long-term living system, to assure the health and safety of consumers and support the development of a strong provider network. The 2007-08 budget provides \$433,000 to establish a centralized quality management structure that coordinates activities across the commonwealth's Medicaid waiver programs. This new management structure will eliminate duplication of efforts between departments, reduce the administrative burden on provider agencies and foster continuous improvement in the home and community-based system. This budget also includes \$1 million in state funds to implement an automated tool that simplifies the process for assessing and planning to meet the consumer's needs and speeds the connection to appropriate services, while ensuring consistency and accuracy in the system. In addition, the budget provides \$325,000 to improve data analytic capacity to allow more efficient program analysis and performance tracking.

Building Capacity at the State and Local Levels

The long-term living system is complex, with a broad variety of program designs and eligibility criteria, regulations and policies, and tracking and reporting requirements. Education and technical assistance is essential for state and local agencies to build system capacity and improve quality. The 2007-08 budget includes \$3.0 million in state funds for education to help all employees working in the system perform efficiently in the changing long-term living environment. Through regular education, technical assistance and communication, the commonwealth can more efficiently deliver better services through a more cohesive long-term living network.

Coordination and Strategic Alignment

Pennsylvania's long-term living system has been operated in a bifurcated manner by both the Department of Public Welfare and the Department of Aging. At times the overlapping responsibilities have presented each agency with fiscal and operational challenges. The establishment of the Long Term Living Council and the appointment of an executive director to coordinate activities among the departments has been an important first step in addressing this management challenge.

This budget proposes to build upon that success by further strengthening coordination between the Department of Public Welfare and the Department of Aging, through the creation of a joint office charged with oversight of the fiscal, policy and program operations of the long-term living system for the elderly and for adults over age 18 with physical disabilities. The Office of Long Term Living's coordinated work will result in a more efficient, higher quality system and will promote long-term living system reform. This plan represents a strategic and focused effort to address the changing long-term living needs and preferences of Pennsylvania residents by creating a long-term living system based on the principle of consumer choice that is balanced and uses resources efficiently. Governor Rendell's goal is to offer Pennsylvanians choice in where they receive long-term living services, providing high-quality care in the most clinically appropriate, cost-effective environment. This budget provides the funding and strategic direction to achieve this goal while preparing Pennsylvania to meet the challenges of the future.

Expanding the Availability of Quality Early Childhood Services

Quality early childhood programs not only support families in their quest for self-sufficiency, they also promote and support the development of children and their preparation for school and life success. In 2007-08, the commonwealth will expand its commitment to vulnerable children and their families by expanding high-quality child and family services. The 2007-08 budget includes a \$29.8 million initiative to maintain Keystone STARS quality early learning experiences for 176,000 children and assures that more than 220,000 low-income working families, Temporary Assistance for Needy Families (TANF) recipients, and former TANF families who are now fully employed continue to have monthly access to quality school-readiness services through the child care system.

The Nurse Family Partnership is a proven approach to supporting first-time, at-risk parents and promoting their children's healthy development. This budget includes \$587,000 and expands the number of families participating in the Nurse Family Partnership program. As a result, 184 additional families, or a total of 4,400 at-risk families, will receive services in 2007-08.

Infants, toddlers and pre-schoolers who are experiencing developmental delays participate in the Early Intervention program, which will serve nearly 4,300 additional children in 2007-08. Program services are intended to minimize developmental delay and the need for special education and related services and to assist families in

meeting the special needs of their children. The 2007-08 budget includes an additional \$45.4 million for early intervention services in 2007-08.

In addition to these program improvements, the Departments of Education and Public Welfare have launched a unique collaboration to create the Office of Child Development and Early Learning (OCDEL) to advance the Governor's vision for early childhood education and care. OCDEL improves the quality of services for children by creating a cohesive unit that will implement a comprehensive, integrated early childhood education strategy to increase school readiness for Pennsylvania's children. Prior to creating OCDEL, the Department of Public Welfare worked to ensure that children and families have access to strong early childhood programs while the Department of Education worked on behalf of students entering pre-kindergarten and kindergarten. By bringing these two together, the state will now be able to offer an improved, consistent and more effective system for Pennsylvania's children and their families.

Protecting Children and Preserving Families

Providing services to children and families in their homes and communities improves parenting skills and builds the long-term ability of the family to cope with stressful life circumstances. Under Governor Rendell's leadership, Pennsylvania has maintained a consistent focus on the safety, family stability and well-being of children. The commonwealth continues to support programs that prevent child abuse and neglect, enable children to stay in their own homes and help low-income and at-risk children and families thrive.

The commonwealth is continuing to build on past successes to increase the availability of prevention and in-home services for at-risk children and families and reduce the need for out-of-home placements. Between 2003-04 and 2007-08, the number of children receiving in-home services is projected to increase by 18,224 or 7.6 percent. During the same period, the number of children in community residential programs will decrease by 17.4 percent. In addition, Pennsylvania continues its commitment to connecting children who need homes with loving families who want to adopt them. The 2007-08 budget includes a \$7.6 million increase to allow more children to be adopted and to continue to provide financial assistance to those who have already been adopted, for a total state investment of \$88.1 million.

Expanding Services for Individuals with Special Needs

The 2007-08 budget continues to support independence for people with mental retardation and mental health disabilities. The proposed budget recommends an additional \$18.9 million to serve an additional 200 individuals with mental illness in the community. These funds will also support services for people diverted from long-term institutional services. The budget also includes \$500,000 to provide respite care services for 2,000 children with emotional disturbances and their families.

The proposed budget recommends an additional \$29.3 million to increase the number of individuals receiving mental retardation services, expand supported employment services and vocational training, and ensure the quality of services for people with mental retardation. In 2007-08, the commonwealth will provide home and community-based services for 3,428 additional individuals, including 800 young people leaving the special education system. The commonwealth will also implement new management initiatives designed to improve Pennsylvania's timely response to individuals' changing needs and improve the quality and consistency of services across the system.

The commonwealth will also support the needs of 100 additional Pennsylvanians living with autism through a new \$2.3 million initiative to create an innovative prepaid inpatient health plan and continue developing a statewide model of excellence.

Improving Program Efficiency

The largest component of the commonwealth's public health and human services expenditures is the Medical Assistance program. In 2007-08, the Medical Assistance program is expected to provide health and long-term care services to more than 1.9 million Pennsylvanians. The program's impact is far-reaching: it is a health insurance program for low-income adults and children and a comprehensive source of medical and long-term living coverage for seniors and people with disabilities. Children make up the largest category of Medical Assistance recipients, followed by people with disabilities and the elderly. The number of people in these categories is increasing, while the number of healthy low-income adults receiving Medical Assistance services has declined over the past three

years. Medical Assistance has improved access to health care for thousands of low-income individuals across the state, and it also helps support the health care industry in Pennsylvania.

The commonwealth has in place a comprehensive set of management and administrative controls in its Medical Assistance program to ensure that tax dollars are used effectively and efficiently. Many of these controls are similar to those found in most commercial and employer-based insurance programs. Nonetheless, cost pressures on the Medical Assistance program continue to increase, including: the growing ranks of the elderly, people with disabilities and individuals without health insurance; technological advances in medicine that can be life-saving but costly; and general medical inflation.

Recognizing the long-term challenges presented by these cost pressures, the 2005-06 budget established a set of reforms to control the increase in Medical Assistance program costs. Building on the success of these reforms, the 2006-07 budget supported additional measures aimed at improving program and quality management and ensuring that Medical Assistance was the payer of last resort. Combined, these initiatives are estimated to result in savings of \$337.6 million in 2006-07, freeing up these funds to continue programs that serve Pennsylvanians in need.

This budget proposes initiatives that will save a combined \$194.5 million in state funds to achieve even greater cost efficiencies for the commonwealth and a better return on the dollars Pennsylvania invests in Medical Assistance and other human service programs. These initiatives include changes to managed care contracts and to hospital, pharmacy and nursing home payment structures. The 2007-08 budget proposes to consolidate all Medical Assistance pharmacy services into the current system used for fee-for-service Medical Assistance, which will provide \$45.2 million in General Fund savings in 2007-08 and more than doubling that in 2008-09, when fully annualized savings are expected to reach \$94.0 million. Implementing additional performance incentives in Pennsylvania's Medical Assistance managed care contracts will save the commonwealth \$38.6 million in state funds in 2007-08. In addition, \$23.2 million will be saved through moving Medical Assistance clients from voluntary capitated managed care into the managed care fee-for-service system.

The 2007-08 budget anticipates that the commonwealth will save \$16.2 million by implementing the pharmacy payment changes required by the federal Deficit Reduction Act of 2005. In addition, the budget includes savings of \$23.1 million in 2007-08 for enhanced third-party liability efforts to ensure that Medicaid does not pay bills that should be paid by other health care insurers. This budget also proposes that residents of nursing homes receive quarterly rather than annual assessments of their needs, which is expected to save \$30 million in state funds in 2007-08.

To encourage hospitals to get it right the first time, the Medical Assistance program will no longer reimburse hospitals for a readmission for the same patient with the same diagnosis if it occurs within 30 days of the original hospitalization, saving \$2.7 million. Finally, the 2007-08 budget reduces lump-sum pass-through payments to hospitals by 25% in 2007-08 – a total of \$15.6 million – \$8.5 million from Tobacco Settlement Fund uncompensated care payments and \$7.1 million from the General Fund Community Access program – due to the anticipated reduction in the number of uninsured individuals that hospitals will need to treat with the implementation of Prescription for Pennsylvania.

Encouraging Healthy Lifestyles

The 2007-08 budget reflects the maturing of the health care industry and the Medical Assistance program. The 1990s saw the development and growth of capitated managed care, but it has since become clear in both the public and private sectors that there are limited new savings opportunities in health care unless care management emphasizes the provision of quality care, disease prevention and the adoption of healthy lifestyles. The challenge lies in being able to shift medical providers and consumers to a preventive medical model and away from the current model, which focuses on cure and relies primarily on episodic visits with medical providers.

Over the course of the last several years, the commonwealth has taken a leadership role in implementing pay-for-performance contracts in the Medical Assistance program that promote strong program results. Strengthening managed care contracts to focus on better health for consumers and to generate long-term benefits for the Medical Assistance program is a key component of improving the Medical Assistance program. Medical Assistance contracts now include elements of pay-for-performance that recognize and reward strategies to address disease management and prevention programs, such as regular prenatal visits, controlling high blood pressure and cholesterol, and asthma management programs that reduce emergency room visits. It has also rewarded hospitals that implement priority quality initiatives identified by the commonwealth.

The 2007-08 budget includes \$11.7 million to support additional initiatives that emphasize prevention. It includes \$7.1 million to expand incentive payments to both fee-for-service and managed care contractors for implementing, measuring and documenting new initiatives that encourage medical providers in their networks to take specific steps to engage consumers in managing their diseases. It also includes \$4.6 million to make adjustments to some of the medical assistance fees that focus on preventive interventions by physicians and to increase the maximum reimbursement level for selective inpatient services. The commonwealth will also provide for a new benefit in the Medical Assistance program directed at aggressively treating childhood obesity.

The commonwealth remains committed to providing quality medical care for low-income Pennsylvanians. It will continue to take a leadership role in identifying innovative ways to manage the Medical Assistance program as effectively and efficiently as possible, support the health care industry in Pennsylvania, and encourage all stakeholders to develop and pursue healthy lifestyles.

Preserving the Safety Net

The 2007-08 budget reaffirms the commonwealth's commitment to preserve the safety net for Pennsylvania's most vulnerable citizens and ensure that the elderly, people with disabilities and low-income families will have access to health care and other critical services. The investments that this budget recommends to assist those in need of public safety net services reflect the caring and compassionate nature of all Pennsylvanians. These investments are also made possible by the cumulative impact of Medical Assistance efficiency initiatives instituted over the past four years, which have freed up resources for an array of health and human services so that Pennsylvania can better meet its responsibilities to children, adults and families in need.

Investing In a Better Future

Public Safety – A Commonwealth Priority

Pennsylvanians have a right to feel safe in their neighborhoods and communities. With increasing rates of crime across the country, many Pennsylvanians feel less secure today. Therefore, the commonwealth is taking a comprehensive, proactive approach to making Pennsylvania safer. First, to fight crime and protect our communities, Pennsylvania is funding the highest number of state police troopers in its history. Second, Pennsylvania is ensuring that offenders are housed in a manner that is safe for both offenders and those who work in correctional facilities. Third, Pennsylvania is providing critical resources that will make it less likely that offenders will victimize anyone else and ultimately return to prison. This comprehensive approach will mean safer communities, less crime and fewer victims. There will be fewer offenders returning to prison that Pennsylvanians will have to support with additional taxpayer dollars. Pennsylvanians' valuable tax dollars can instead go to making needed investments in economic development, education and human service programs. The commonwealth's public safety agenda also continues to provide the tools necessary to ensure effective emergency preparedness.

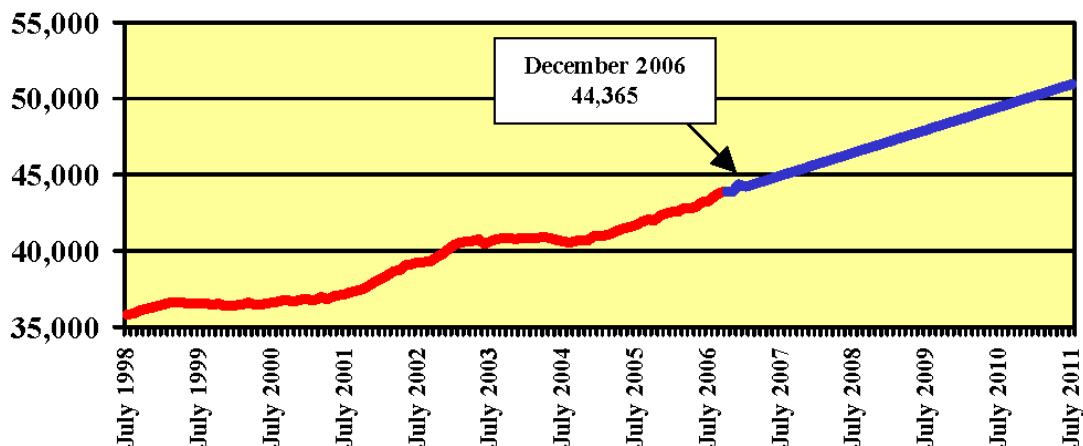
There Are a Record Number of State Police Troopers and More Local Police Officers To Fight Crime in Pennsylvania's Communities

Governor Rendell's emphasis on public safety starts with the recognition of the critical role of the Pennsylvania State Police and local police in promoting public safety. Under Governor Rendell's leadership, the number of state troopers has reached its highest level ever. By September 2008 there will be 4,660 troopers serving Pennsylvanians. The 2007-08 budget also contains \$10 million for the second year of the Police On Patrol program, which provides funding to twenty cities and municipalities throughout Pennsylvania to hire approximately 200 additional police officers to fight crime. There are more law enforcement personnel than ever on the job in Pennsylvania to keep communities safe, patrol the commonwealth's interstates, investigate firearm related violence and drug crimes, combat terrorism and ensure that sex offenders comply with their registration requirements under Pennsylvania's Megan's Law.

The Number of Incarcerated Offenders Is Increasing

Pennsylvania's incarceration rate continues to increase. In the seven years from December 1999 to December 2006, the number of people incarcerated in Pennsylvania's prisons has increased by 22 percent, from approximately 36,000 to more than 44,000. In just one year, between December 2005 and December 2006, the state prison population rose by 5 percent.

Department of Corrections Inmate Population



The Department of Corrections is Expanding Capacity to Maintain its Nationally Recognized Safety Standards and to Accommodate the Growing Prison Population

Pennsylvania's correctional facilities meet the highest national standards for safety of personnel and offenders. In light of the increases in Pennsylvania's prisoner population and in order to ensure continued compliance with

national standards, Pennsylvania's Department of Corrections has taken significant steps to safely house its growing inmate population. Effective July 1, 2007, the Department of Corrections will reopen SCI Pittsburgh, which will house an additional 750 inmates and capacity for as many as 1,500 inmates. In addition, the 2007-08 budget provides funding to the Department of Corrections to add modular units at three of its institutions, which will add a total of 450 new beds to those facilities by August 2007. The budget also provides funding for the construction of additional housing units in four institutions, which will add more than 800 beds by June 2008.

Pennsylvania Has a Four-Part Approach to Ensuring That Released Offenders Stay Out of Prison

Unless Pennsylvania can reduce the likelihood that released inmates will commit new crimes, the commonwealth will have to spend even more resources to construct additional correctional facilities. Accordingly, Pennsylvania has developed a multi-part strategy to reduce recidivism.

One of the most effective crime-reduction strategies is effective treatment of offenders' drug and alcohol addictions. Addressing the addictions of offenders with effective programs can eventually result in fewer crime victims, reduce the offender population, and reduce the taxpayers' burden of paying for offenders' incarceration costs. Offenders with addiction issues who leave prison without proper drug and alcohol treatment are likely to commit new crimes involving more victims. Therefore, breaking the cycle of addiction will reduce crime and victimization. Accordingly, Pennsylvania has established a four-part approach to ensuring that released offenders stay out of prison by addressing addiction issues. The four components are:

1. RIP: Providing treatment to those who can safely be served in the community

The 2007-08 budget provides \$2.2 million in additional funding for the Drug and Alcohol Restrictive Intermediate Punishment (RIP) program, which provides funding to counties for drug and alcohol assessments and evaluation and treatment of certain offenders with drug and alcohol dependency. This additional funding will increase the number of eligible participants served by this program from 1,615 to 1,870.

2. SIP: State Intermediate Punishment program (SIP)

Complementing the RIP program is the State Intermediate Punishment program. SIP provides a combination of incarceration and intensive drug or alcohol treatment to certain offenders convicted of drug- or alcohol-related non-violent crimes. The 2007-08 budget provides \$3.2 million to increase the number of eligible participants in SIP from 270 to 671. Pennsylvania's Department of Corrections reports that inmates who complete drug-treatment programs such as RIP and SIP are 30 percent less likely to commit new crimes, even better than the 20 percent result achieved nationally. Expanding these programs will make it less likely that drug- and alcohol-addicted offenders will commit another crime, harm another victim, and have their incarceration costs borne by the taxpayers.

3. Additional drug and alcohol treatment for those in state prison

In addition, this budget provides \$792,000 for the Department of Corrections to provide addiction counseling, cognitive behavior therapy, psychological services and assessments to better prepare inmates for life outside of prison. If offenders have skills for legal employment, they are more likely to be gainfully employed and less likely to engage in criminal activity. This budget also provides \$785,000 for additional vocational education teachers to equip prisoners with the means to gain legal employment.

The budget also provides \$3.9 million for an additional 250 beds in Pennsylvania's Community Corrections Centers for technical parole violators. No fewer than 150 of these beds will be dedicated to housing technical parole violators who are addicted to drugs. Because technical parole violators sometimes spend a short amount of time in community corrections centers, as many as 1,000 violators could be diverted to these facilities every year. Most will receive the necessary treatment to live drug- and alcohol-free when they are released. Without this bed space, these offenders would have been returned to state prison. Diverting these technical parole violators to facilities where their addictions can be treated will reduce their risk of committing additional crimes by as much as 30 percent.

4. Additional supervision/treatment after release

Many offenders need more intensive supervision or treatment for their addictions after they are released to ensure that they comply with their parole requirements, do not return to prison and do not victimize anyone else. Parole officers are critical to helping achieve these public safety goals. Therefore, the 2007-08 budget provides \$4 million to provide additional officers to effectively supervise parolees. In addition to increasing the number of parole agents, the 2007-08 budget provides transitional planning coordinators and resource and referral specialists to assist parolees with the transition from prison to the community. These positions will also provide offender reintegration and cognitive behavioral programming, reentry development and assurance that parolees get placed in proper treatment avenues to reduce their likelihood of returning to prison. Included in this provision is a training component so that parole agents can become more proficient in the skills and competencies necessary to move from surveillance and monitoring activities to active case management. Collectively, these additions will provide better supervision of offenders and will reduce the chances that an offender is re-incarcerated. Within five years, more intensive supervision of parolees and more bed space in community corrections centers could result in 550 fewer parolees committing new crimes. This will mean safer communities, fewer incarcerated people and fewer victims.

Fewer Prisoners Will Mean Fewer Taxpayer Dollars Will Be Needed to Pay for Incarceration

In providing the resources for the programs described above, the 2007-08 budget recognizes that while short-term expansion of prison space is necessary to house the growing number of inmates, there is a better long-term alternative to building more prison cells. For those offenders in state prison with substance-abuse problems, providing additional treatment resources will reduce the likelihood that they will return to prison after committing a new crime. Thus, the 2007-08 budget will help fight crime in our communities, safely house offenders, and treat the addictions that cause offenders to commit crimes in the first place. This funding will achieve the important goal of slowing the future growth of the state inmate population and reducing the amount of money that Pennsylvanians have to spend to incarcerate offenders in the future.

Emergency Preparedness

Complementing the commonwealth's public safety initiatives involving law enforcement and corrections is the commonwealth's emergency preparedness effort, which embraces an all-hazards approach to defend the safety of the commonwealth's citizenry. Pennsylvania's all-hazards emergency preparedness approach has three major components: Prevention, Protection and Response/Recovery.

Prevention

Pennsylvania's prevention strategies are focused on improving the commonwealth's abilities to stop emergency situations from occurring and reduce the impact if a natural disaster does occur.

Information Sharing – A key component of the commonwealth's prevention strategy is improved information sharing. Over the next year, the commonwealth will expand its information-sharing capabilities among commonwealth agencies and law enforcement partners at all levels of government. The commonwealth will accomplish this by expanding the role of the State Police Pennsylvania Criminal Intelligence Center to become a "Fusion Center" designed to better share information among the commonwealth's public safety partners on multiple types of threats. The Fusion Center will gather information from a variety of sources including state, local and federal government agencies; private industry; and other stakeholders. Through increased sharing and integration of information, the commonwealth will be better informed of potential terrorism threats and will be better able to guard against attacks to infrastructure and assets located in the commonwealth.

The commonwealth must also become more prepared for naturally occurring disasters and will focus on flood mitigation, food safety and pandemic planning in 2007-08.

Flood Mitigation – Because of its topography and the numerous rivers and streams located throughout the state, Pennsylvania is particularly prone to flooding. As evidence, 2006 brought more devastating flooding to the commonwealth – the third major flooding event in as many years. Pennsylvania is fortunate to have trained first responders who assist when flooding occurs but the commonwealth must continue to work to reduce the impact of flooding throughout the state. Therefore, the 2007-08 budget charges the Department of Environment Protection

(DEP), working with the Department of Community and Economic Development, the Pennsylvania Emergency Management Agency and the Department of Conservation and Natural Resources, to develop an overall strategy to address the commonwealth's flood mitigation efforts. DEP will establish a position of flooding mitigation executive director; that director will develop a risk-based plan to ensure that the commonwealth's mitigation dollars are being used to address the most pressing flood mitigation issues. In addition, \$1.2 million has been budgeted for future flood mitigation projects and \$1.3 million has been budgeted for flood control and flood-plain management plans.

Responding quickly and effectively to flooding and other emergencies requires an immediate access to accurate information. The Pennsylvania Map project is an integral part of the commonwealth's effort to use geographic information systems to more effectively plan for and respond to emergency events. The 2007-08 budget includes \$4 million to continue the data and digital imagery work necessary to bring this critical tool into the hands of first responders and state and local officials.

Food Safety – Because agriculture is Pennsylvania's top industry, food safety issues are an integral component of the commonwealth's prevention focus. The Department of Agriculture will lead a team of state agencies to review the commonwealth's food safety programs and policies across the commonwealth. This team will work closely with federal and local governments, private industry and higher education to develop a strategy that will work to improve the safety of Pennsylvania's food supply.

Pandemic Preparedness – The Department of Health, the Pennsylvania Emergency Management Agency and the Department of Agriculture continue to lead Pennsylvania's pandemic planning efforts. The commonwealth has made significant strides in developing preparedness activities and has conducted more than 100 outreach sessions on pandemic planning across the state. In addition, the commonwealth continues to develop more robust plans to address the issues of vaccine and antiviral distribution, hospital surge capacity, local health assessments, workforce planning and citizen education. In addition, the 2007-08 budget includes \$14 million to procure antiviral medicine and allow the commonwealth to move towards meeting federal guidelines on antiviral medicine as part of the national pandemic preparedness strategy.

Protection

The second component of emergency preparedness is protection. The inevitability of emergencies, despite the best level of prevention, requires an effective emergency plan to provide protection when disaster occurs.

Infrastructure Protection – In 2006, the Pennsylvania Office of Homeland Security (OHS) initiated the Commonwealth Critical Infrastructure Protection program. Through this program, which complements the National Infrastructure Protection program, OHS is working with private industry, higher education and other government entities to identify and address vulnerabilities in critical infrastructure.

Response and Recovery

To respond to inevitable emergencies, a diversified network of county emergency management agencies, emergency medical services, paid and volunteer fire fighters and fire police, state and local law enforcement and numerous state agencies is available. If the situation warrants, the Pennsylvania National Guard also stands ready. Recognizing the critical role that Pennsylvania's first responders play in emergency preparedness, the 2007-08 budget provides \$25 million in funding to continue the Volunteer Company Grants program in 2007-08.

Public safety is integral to a high quality of life. By increasing the amount of state troopers protecting its citizens, offering offenders the treatment necessary to prevent a return to prison, and enhancing the commonwealth's emergency preparedness and response, Pennsylvania is on course to continue to provide safety and protection to communities statewide.



FEDERAL BLOCK GRANTS

The Federal Government has two primary types of grants: categorical grants and block grants. The categorical grants are generally distributed for specific purposes. Block grants are distributed to state and local governments based on a distribution formula and are available for an activity that falls within the purposes of the Federal authorizing legislation. Generally the block grants provide state and local governments greater flexibility than categorical grants.

The Commonwealth implemented eight block grants based on the Federal Omnibus Reconciliation Act of 1981. Since that time, block grants have been added and revised based on changes in Federal law. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created two new block grants: Temporary Assistance to Needy Families and the Child Care and Development Fund which replaced the Child Care Block Grant. As a result of Federal revisions, program funds for the Small Communities Block Grant are granted directly to local communities; therefore, the Small Communities Block Grant is no longer presented in this section.

In addition, three programs have been included in this presentation because the Federal Government provides flexibility on the activities eligible for funding. These programs are: Workforce Investment, Innovative Education Program Strategies and Anti-Drug Abuse Programs. Beginning in 2005-06, the Commonwealth receives funds from the new Federal Justice Assistance Grants (JAG) in lieu of the Drug Control and System Improvement (DCSI) grants. However, carryover funds will continue to support some DCSI grants for a number of years.

The tables within this section provide information on the estimated amount to be received from the Federal Government and an estimated distribution of the funds by program within the block grant. Generally, the amounts shown for administrative costs represent the amount allowable by the Federal Government. The 2006-07 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 2007-08 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 2005-06 expenditures, 2006-07 available and 2007-08 amounts budgeted as presented in the 2007-08 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Community Services.....	\$ 29,402	\$ 29,402	\$ 29,402
Innovative Education Program Strategies.....	12,395	5,156	4,114
Maternal and Child Health.....	37,480	39,014	34,404
Preventive Health and Health Services.....	6,722	6,465	5,888
Substance Abuse.....	66,123	67,605	67,853
Workforce Investment.....	253,800	256,300	256,300
Child Care and Development Fund.....	358,816	359,700	349,695
Low Income Home Energy Assistance.....	174,500	191,184	191,184
Mental Health Services.....	15,759	15,591	15,568
Social Services.....	143,561	119,027	101,620
Temporary Assistance to Needy Families.....	575,751	543,093	526,103
Anti-Drug Abuse.....	54,351	74,977	61,886
TOTAL.....	<u>\$ 1,728,660</u>	<u>\$ 1,707,514</u>	<u>\$ 1,644,017</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	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Community and Economic Development:			
CSBG — Administration.....	\$ 1,402	\$ 1,402	\$ 1,402
Community Services Block Grant.....	28,000	28,000	28,000
TOTAL.....	\$ 29,402	\$ 29,402	\$ 29,402

Innovative Education Programs

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

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

Federal law provides that the Commonwealth must distribute at least 85 percent of the funds to local education agencies. The remaining 15 percent is available to the State for State administration and technical assistance.

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Education:			
ESEA Title V — Administration/State.....	\$ 2,820 ^a	\$ 930 ^a	\$ 680 ^a
School Districts:			
ESEA Title V — School Districts.....	\$ 9,575	\$ 4,226	\$ 3,434
TOTAL.....	\$ 12,395	\$ 5,156	\$ 4,114

^a Includes carryover.

Maternal and Child Health

This block grant provides funds for planning, promoting, and evaluating health care for pregnant women, mothers, infants, and children with special health care needs. This is accomplished by providing health services for mothers and children who do not otherwise have access to adequate health care and nutritional resources. Administrative costs cannot exceed ten percent. These personnel and operational costs are found in the Administration and Operation line item which also contains some programmatic costs. These include outreach, promotional costs, laboratory supplies, and help line services.

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Health:			
MCHSBG — Administration and Operation.....	\$ 18,371	\$ 17,346	\$ 16,462
MCHSBG — Program Services.....	19,109	21,668	17,942
Subtotal.....	\$ 37,480	\$ 39,014	\$ 34,404
Public Welfare:			
MCHSBG — Program Service Family Court.....	\$ 0	\$ 100 ^a	\$ 0
TOTAL.....	\$ 37,480	\$ 39,014	\$ 34,404

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

Preventive Health and Health Services

This block grant provides funds for preventive health services. Programs include activities to affect improvements in health status through achievement of the National Year 2010 Health Objectives; programs for community and school based fluoridation; feasibility studies and planning for emergency medical services systems and the establishment, expansion and improvement of such systems; services to victims of sex offenders; and related planning, administration and educational activities. Funding also works toward eliminating disparities between the health status of the general population and that of identifiable subpopulations including: geographical, racial, ethnic, gender, or other groups. Administration is limited to ten percent. Rape Prevention and Education funding was removed from the Preventive Health and Health Services block grant by the Federal Violence Against Women Act of 2000 and is appropriated separately; the sex offender portion of the Rape Crisis program remains in the block grant.

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Health:			
PHHSBG — Administration and Operation.....	\$ 3,167	\$ 3,024	\$ 2,748
PHHSBG — Block Program Services.....	3,104	2,990	2,990
Subtotal.....	\$ 6,271	\$ 6,014	\$ 5,738
Public Welfare:			
PHHSBG — Domestic Violence.....	\$ 150	\$ 150	\$ 150
PHHSBG — Rape Crisis	301	301	0
Subtotal.....	\$ 451	\$ 451	\$ 150
TOTAL.....	\$ <u>6,722</u>	\$ <u>6,465</u>	\$ <u>5,888</u>

Substance Abuse

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

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs.....	\$ 2,100	\$ 2,100	\$ 2,100
Health:			
SABG — Administration and Operation.....	\$ 6,712	\$ 7,126	\$ 7,051
SABG — Drug and Alcohol Services.....	55,328	56,396	56,719
Subtotal.....	\$ 62,040	\$ 63,522	\$ 63,770
Public Welfare:			
SABG-Homeless Services.....	\$ 1,983	\$ 1,983	\$ 1,983
TOTAL.....	\$ 66,123	\$ 67,605	\$ 67,853

Workforce Investment

The Workforce Investment Act of 1998 authorized the Workforce Investment Block Grant. It has three main program components: Adult, Youth, and Dislocated Workers. The purpose of the Adult program is to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation's economy by providing workforce investment activities that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by the participants. The Youth program assists low income youth between the ages of 14 and 21 to acquire the educational and occupational skills, training and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood. The Dislocated Worker program shares the same overall purpose of the Adult program with emphasis on reemployment of these workers.

The Commonwealth distributes funds by formula to 23 local agencies called Local Workforce Investment Areas for the attainment of agreed-upon performance goals.

Department / Appropriation	(Dollar Amounts in Thousands)		
	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Executive Offices:			
<i>Office of the Budget</i>			
WIA — Program Accountability.....	\$ 400	\$ 400	\$ 400
Labor and Industry:			
WIA — Administration.....	\$ 8,500	\$ 11,000	\$ 11,000
WIA — Adult Employment & Training.....	60,000	60,000	60,000
WIA — Youth Employment & Training.....	52,000	52,000	52,000
WIA — Statewide Activities.....	23,000	23,000	23,000
WIA — Dislocated Workers.....	109,000	109,000	109,000
WIA — Veterans Employment and Training.....	900	900	900
Subtotal.....	\$ 253,400	\$ 255,900	\$ 255,900
TOTAL.....	<u>\$ 253,800</u>	<u>\$ 256,300</u>	<u>\$ 256,300</u>

Child Care and Development Fund

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created this block grant which provides funds to states for an integrated child care program. This program allows states flexibility in developing programs to provide child care to children of low-income working parents and parents trying to become independent of public assistance, to provide consumer education information to parents, to promote parental choice, and to implement state health, safety, licensing and registration standards. States are not required to match discretionary funds, however, there are some maintenance of effort and state matching requirements.

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Executive Offices:			
<i>Office of Inspector General</i>			
CCDFBG — Subsidized Day Care Fraud.....	\$ 395	\$ 1,057	\$ 1,000
Public Welfare:			
CCDFBG — Administration.....	\$ 13,480	\$ 13,480	\$ 13,532
CCDFBG — Cash Grants.....	147,283	150,521	5,064
CCDFBG — Family Centers	461	461	461
CCDFBG — Child Care	193,332	190,316	190,316
CCDFBG — School Age.....	1,260	1,260	1,260
CCDFBG — Child Care Assistance.....	0	0	135,457
CCDFBG — Nurse Family Partnership.....	2,605	2,605	2,605
Subtotal.....	\$ 358,421	\$ 358,643	\$ 348,695
TOTAL.....	\$ 358,816	\$ 359,700	\$ 349,695

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 \$1,600,000 in supplemental funding from the Energy Conservation and Assistance Fund in 2005-06 and \$707,000 in 2006-07.

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Community and Economic Development:			
LIHEABG — Administration.....	\$ 535	\$ 535	\$ 535
LIHEABG — Weatherization Program.....	24,000	24,000	24,000
LIHEABG — Weatherization Program (EA).....	0	10,000 ^a	0
Subtotal.....	\$ 24,535	\$ 34,535	\$ 24,535
Public Welfare:			
LIHEABG — Administration.....	\$ 13,965	\$ 13,965	\$ 13,965
LIHEABG — Low-Income Families and Individuals.....	136,000	152,684	152,684
Subtotal.....	\$ 149,965	\$ 166,649	\$ 166,649
TOTAL.....	\$ 174,500	\$ 191,184	\$ 191,184

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

Mental Health Services

This block grant provides funds for the provision of services to adults with serious mental illness or children with serious emotional disturbance. Services may be provided by a variety of community-based programs including community mental health programs, psychosocial rehabilitation programs, mental health peer support programs and mental health primary consumer directed programs.

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Public Welfare:			
MHSBG — Administration.....	\$ 169	\$ 173	\$ 183
MHSBG — Community Mental Health.....	15,590	15,418	15,385
TOTAL.....	\$ 15,759	\$ 15,591	\$ 15,568

Social Services

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

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Public Welfare:			
SSBG — Administration.....	\$ 3,691	\$ 3,641	\$ 3,641
SSBG — County Assistance	6,262	6,262	6,262
SSBG — Basic Institutional Program.....	10,000	10,000	10,000
SSBG — Community Mental Health	14,808	14,808	10,366
SSBG — Community Mental Retardation.....	13,984	7,500	7,500
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.....	5,705	5,705	5,705
SSBG — Rape Crisis.....	2,721	2,721	2,721
SSBG — Family Planning.....	3,845	3,845	1,000
SSBG — Legal Services.....	5,049	5,049	5,049
SSBG — Homeless Services.....	4,183	4,183	4,183
SSBG — Services to Persons with Disabilities.....	120	120	0
Subtotal.....	\$ 115,561	\$ 109,027	\$ 101,620
Community and Economic Development:			
Enterprise Communities — SSBG.....	\$ 28,000 ^a	\$ 10,000 ^a	\$ 0
TOTAL.....	\$ 143,561	\$ 119,027	\$ 101,620

Temporary Assistance to Needy Families

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

Department / Appropriation	(Dollar Amounts in Thousands)		
	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Executive Offices:			
<i>Office of Inspector General</i>			
TANFBG — Program Accountability.....	\$ 1,500	\$ 1,500	\$ 1,500
Community and Economic Development:			
TANFBG — Housing Assistance (EA).....	\$ 358 ^a	\$ 0	\$ 0
Education:			
TANFBG — Teenage Parenting Education	\$ 14,836	\$ 13,155	\$ 0
Labor and Industry:			
TANFBG — Youth Employment & Training	\$ 15,000	\$ 15,000	\$ 15,000
Public Welfare:			
TANFBG — Administration.....	\$ 5,180	\$ 4,980	\$ 4,980
TANFBG — Information Systems.....	9,556	9,035	8,904
TANFBG — Statewide.....	2,753	2,150	2,150
TANFBG — County Assistance.....	39,725	44,190	44,190
TANFBG — New Directions.....	161,985	138,286	134,582
TANFBG — Child Care Assistance.....	0	0	24,499
TANFBG — Cash Grants.....	253,110	242,692	218,193
TANFBG — Alternatives to Abortion.....	1,000	1,000	1,000
TANFBG — Child Welfare.....	67,884	67,883	67,883
TANFBG — Child Care Services.....	2,000	2,000	2,000
TANFBG — Nurse Family Partnership.....	1,222	1,222	1,222
Subtotal.....	\$ 544,415	\$ 513,438	\$ 509,603
GRAND TOTAL ALL PROGRAMS.....	\$ 575,751	\$ 543,093 ^b	\$ 526,103

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

^b Includes carryover funding.

Anti-Drug Abuse

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

In 2005-06, the Federal government combined the Edward Byrne Memorial Formula Grant Program, which was the source of the Drug Control and System Improvement (DCSI) grants with the Local Law Enforcement Block Grant to create the Justice Assistance Grant (JAG) program. The new program continues the DCSI objectives of assisting state and local governments to implement a wide range of drug enforcement and correctional treatment projects as well as to provide victim services and juvenile and criminal justice system improvement initiatives throughout the Commonwealth.

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI)			
Executive Offices:			
<i>Commonwealth Technology Services</i>			
DCSI — Electronic Reporting.....	\$ 1,150 ^a	\$ 769 ^a	\$ 0
<i>Commission on Crime and Delinquency</i>			
DCSI — Administration.....	\$ 1,712	\$ 1,883	\$ 604
DCSI — Program Grants.....	30,000	30,000	20,000
DCSI — Criminal History Records.....	10	10	10
Justice Assistance Grants.....	1,000	20,000	23,000
Justice Assistance Grants — Administration.....	0	0	1,154
Subtotal — Commission on Crime and Delinquency.....	\$ 32,722	\$ 51,893	\$ 44,768
Subtotal — Executive Offices.....	\$ 33,872	\$ 52,662	\$ 44,768
Attorney General:			
DCSI — Senior Crime Prevention University.....	\$ 20 ^a	\$ 0	\$ 0
DCSI — Witness Relocation.....	91 ^a	0	0
Subtotal.....	\$ 111	\$ 0	\$ 0
Aging:			
DCSI — Protective Services Training	\$ 13 ^a	\$ 0	\$ 0
DCSI — Sexual Abuse Response Training.....	25 ^a	0	0
Subtotal.....	\$ 38	\$ 0	\$ 0

Anti-Drug Abuse (continued)

Department / Appropriation	(Dollar Amounts in Thousands)		
	2005-06 Actual Block	2006-07 Available Block	2007-08 Recommended Block
Military and Veterans Affairs:			
DCSI — Drug Enforcement Training.....	\$ 418 ^a	\$ 200 ^a	\$ 200 ^a
Probation and Parole:			
DCSI — Sexual Offenders Treatment.....	\$ 260 ^a	\$ 0	\$ 0
DCSI — Client Identification.....	653 ^a	221 ^a	0
Subtotal.....	\$ 913	\$ 221	\$ 0
Public Welfare:			
DCSI — Gender Specific Training.....	\$ 150 ^a	\$ 150 ^a	\$ 0
State Police:			
DCSI — Triggerlock.....	\$ 350 ^a	\$ 454 ^a	\$ 0
DCSI — Palm Readers.....	500 ^a	500 ^a	0
DCSI — PA Criminal Intelligence Center.....	144 ^a	0	0
Subtotal.....	\$ 994	\$ 954	\$ 0
Legislature:			
<i>Commission on Sentencing</i>			
DCSI — JNET Information Technology.....	\$ 210 ^a	\$ 0	\$ 0
DCSI — Research and Data Management.....	900 ^a	817 ^a	1,308 ^a
Subtotal.....	\$ 1,110	\$ 817	\$ 1,308
TOTAL.....	<u>\$ 32,722</u>	<u>\$ 51,893</u>	<u>\$ 44,768</u>
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)			
Executive Offices:			
<i>Commission on Crime and Delinquency</i>			
DFSC — Special Programs.....	\$ 4,745	\$ 5,200	\$ 4,500
Education:			
DFSC — Administration.....	\$ 1,092	\$ 1,092	\$ 750
DFSC — School Districts.....	14,000	15,000	10,076
Subtotal.....	\$ 15,092	\$ 16,092	\$ 10,826
Health:			
DFSC — Special Programs for Student Assistance.....	\$ 1,125 ^a	\$ 1,125 ^a	\$ 1,125 ^a
Public Welfare:			
DFSC — Special Programs — Juvenile Aftercare			
Services	\$ 1,225	\$ 1,225	\$ 1,225
DFSC — Aftercare Support.....	100 ^a	100 ^a	100 ^a
DFSC — Special Programs for Domestic Violence.....	425	425	425
DFSC — Special Programs for Rape Crisis.....	142	142	142
Subtotal.....	\$ 1,892	\$ 1,892	\$ 1,892
TOTAL.....	\$ 21,629	\$ 23,084	\$ 17,118
GRAND TOTAL ALL PROGRAMS.....	<u>\$ 54,351</u>	<u>\$ 74,977</u>	<u>\$ 61,886</u>

^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".

	<u>(Dollar Amounts in Thousands)</u>	
	2006-07 Estimate	2007-08 Estimate
Governor's Office.....	\$1,023	\$1,029
Executive Offices.....	230	239
Lt. Governor's Office.....	96	96
Aging.....	252	252
Agriculture.....	520	535
Banking.....	426	384
Civil Service Commission.....	56	58
Community and Economic Development.....	396	405
Conservation and Natural Resources.....	315	327
Corrections.....	249	260
Education.....	408	434
Emergency Management Agency.....	148	148
Environmental Protection.....	2,423	2,535
Fish and Boat Commission.....	159	159
Game Commission.....	244	244
General Services.....	98	101
Health.....	935	694
Historical and Museum Commission.....	134	142
Insurance.....	268	306
Labor and Industry.....	403	403
Liquor Control Board.....	175	161
Military and Veterans Affairs.....	316	320
Milk Marketing Board.....	72	72
Probation and Parole Board.....	70	70
Public Utility Commission.....	275	287
Public Welfare.....	545	564
Revenue.....	472	476
Securities Commission.....	42	44
State.....	354	367
State Police.....	253	265
Transportation.....	2,407	2,538
TOTAL	\$13,764	\$13,915

The Commonwealth also spends funds in these areas:

---- *Lottery sales promotion* - \$32 million will be spent on advertising campaigns to promote lottery sales and to disseminate information on the various lottery programs including property tax and rent assistance for older Pennsylvanians during 2007-08. These expenditures are expected to generate approximately \$3.32 billion in lottery revenues during 2007-08.

---- *Economic development* - A total of \$31.1 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$27.3 billion in 2007-08 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.



COMMONWEALTH PROGRAM BUDGET

This section summarizes the 2007-08 fiscal year budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the eleven budgeted special revenue funds, Federal funds, and other revenues including augmentations, restricted receipts and revenues, and other special revenue funds.

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

Program Budget Summary

SUMMARY OF REVENUES AND EXPENDITURES FOR THE OPERATING PROGRAM

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

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
BEGINNING BALANCES							
General Fund (a).....	\$ 364,819	\$ 514,086	\$ 37,477	\$ 3,830	\$ 0	\$ 0	\$ 0
Adjustment to Beginning Balance.....	\$ 0	\$ 1,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Adjusted Beginning Balance.....	<u>\$ 364,819</u>	<u>\$ 515,586</u>	<u>\$ 37,477</u>	<u>\$ 3,830</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Special Funds (b).....	<u>\$ 1,127,716</u>	<u>\$ 1,312,139</u>	<u>\$ 1,278,525</u>	<u>\$ 1,082,323</u>	<u>\$ 779,885</u>	<u>\$ 720,247</u>	<u>\$ 778,143</u>
REVENUES							
General Fund:							
Corporation Taxes.....	\$ 5,190,105	\$ 5,284,700	\$ 5,207,200	\$ 5,167,600	\$ 5,070,600	\$ 4,875,800	\$ 4,714,400
Personal Income Tax.....	9,524,139	10,030,000	10,502,900	11,025,050	11,628,550	12,230,450	12,799,350
Sales and Use Taxes.....	8,334,249	8,545,700	9,636,100	9,798,100	10,143,900	10,473,000	10,873,500
All Other Revenues/Taxes.....	2,805,803	3,005,800	3,046,156	3,193,500	3,274,900	3,362,100	3,560,000
Less Refunds.....	-1,035,000	-1,100,000	-1,150,000	-1,200,000	-1,275,000	-1,350,000	-1,450,000
Total General Fund.....	<u>\$ 24,819,296</u>	<u>\$ 25,766,200</u>	<u>\$ 27,242,356</u>	<u>\$ 27,984,250</u>	<u>\$ 28,842,950</u>	<u>\$ 29,591,350</u>	<u>\$ 30,497,250</u>
Special Funds.....	4,449,607	4,540,154	5,655,198	5,585,821	5,912,480	6,073,027	5,960,177
Federal Funds.....	16,989,712	17,781,801	17,522,476	17,852,013	17,866,809	18,244,433	19,035,188
Other Funds.....	6,995,343	7,028,383	8,438,911	8,534,209	8,185,950	8,546,344	8,871,376
Total Revenues and Balances.....	<u>\$ 54,746,493</u>	<u>\$ 56,944,263</u>	<u>\$ 60,174,943</u>	<u>\$ 61,042,446</u>	<u>\$ 61,588,074</u>	<u>\$ 63,175,401</u>	<u>\$ 65,142,134</u>
PROGRAM EXPENDITURES							
Direction and Supportive							
Services.....	\$ 1,707,961	\$ 1,705,416	\$ 1,760,737	\$ 1,868,197	\$ 1,774,283	\$ 2,075,770	\$ 2,201,974
Protection of Persons and							
Property.....	6,403,032	6,729,596	6,817,941	7,220,187	7,340,412	7,430,193	7,649,481
Education.....	12,082,767	12,901,996	14,076,200	14,112,231	14,098,340	14,107,780	14,062,478
Health and Human Services.....	24,595,842	25,023,774	25,738,539	26,351,193	26,808,385	27,790,443	29,456,504
Economic Development.....	2,296,816	2,770,256	2,527,635	2,452,247	2,441,527	2,437,531	2,436,452
Transportation and							
Communications.....	4,711,866	5,148,200	6,550,164	6,555,956	6,554,707	6,584,471	6,604,301
Recreation and Cultural Enrichment..	673,350	686,872	673,161	678,050	682,089	686,372	689,160
Debt Service.....	759,269	891,067	943,136	1,010,018	1,096,362	1,192,044	1,258,247
Less General Fund Lapses.....	-165,943	-95,000	0	0	0	0	0
Less Special Fund Lapses.....	-316,054	-146,408	0	0	0	0	0
Total Operating Expenditures.....	<u>\$ 52,748,906</u>	<u>\$ 55,615,769</u>	<u>\$ 59,087,513</u>	<u>\$ 60,248,079</u>	<u>\$ 60,796,105</u>	<u>\$ 62,304,604</u>	<u>\$ 64,358,597</u>
Adjustment to Expenditures.....	0	0	0	0	0	0	0
Federal Fiscal Relief Funds.....	0	0	0	0	0	0	0
Transfer to Budget Stabilization							
Reserve Fund.....	-171,362	-12,492	-1,277	-3,621	-17,931	-23,164	-29,173
ENDING BALANCES							
General Fund.....	<u>\$ 514,086</u>	<u>\$ 37,477</u>	<u>\$ 3,830</u>	<u>\$ 10,861</u>	<u>\$ 53,791</u>	<u>\$ 69,490</u>	<u>\$ 87,517</u>
Special Funds (b).....	<u>\$ 1,312,139</u>	<u>\$ 1,278,525</u>	<u>\$ 1,082,323</u>	<u>\$ 779,885</u>	<u>\$ 720,247</u>	<u>\$ 778,143</u>	<u>\$ 666,747</u>

(a) Balances are not carried forward beyond 2005-06.

(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 2005-06 actual expenditures, 2006-07 amounts available, 2007-08 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2007-08 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Direction and Supportive Services							
General Fund.....	\$ 885,026	\$ 852,152	\$ 879,131	\$ 879,349	\$ 879,074	\$ 879,216	\$ 879,140
Special Funds.....	654,115	570,103	653,395	660,687	667,048	673,893	681,073
Federal Funds.....	23,467	19,333	16,248	16,248	16,248	16,248	16,248
Other Funds.....	<u>145,353</u>	<u>263,828</u>	<u>211,963</u>	<u>311,913</u>	<u>211,913</u>	<u>506,413</u>	<u>625,513</u>
Total Operating.....	\$ 1,707,961	\$ 1,705,416	\$ 1,760,737	\$ 1,868,197	\$ 1,774,283	\$ 2,075,770	\$ 2,201,974
Protection of Persons and Property							
General Fund.....	\$ 2,503,941	\$ 2,633,795	\$ 2,837,777	\$ 2,877,850	\$ 2,892,197	\$ 2,916,148	\$ 2,951,136
Special Funds.....	749,539	818,692	790,321	798,163	791,392	766,257	754,750
Federal Funds.....	1,251,165	1,182,929	996,815	1,001,636	951,039	865,774	866,329
Other Funds.....	<u>1,898,387</u>	<u>2,094,180</u>	<u>2,193,028</u>	<u>2,542,538</u>	<u>2,705,784</u>	<u>2,882,014</u>	<u>3,077,266</u>
Total Operating.....	\$ 6,403,032	\$ 6,729,596	\$ 6,817,941	\$ 7,220,187	\$ 7,340,412	\$ 7,430,193	\$ 7,649,481
Education							
General Fund.....	\$ 10,054,496	\$ 10,818,000	\$ 11,362,593	\$ 11,397,882	\$ 11,382,618	\$ 11,390,666	\$ 11,344,386
Special Funds.....	19,189	21,176	16,780	17,733	19,101	20,487	21,459
Federal Funds.....	1,816,033	1,854,568	1,743,435	1,743,224	1,743,229	1,743,235	1,743,241
Other Funds.....	<u>193,049</u>	<u>208,252</u>	<u>953,392</u>	<u>953,392</u>	<u>953,392</u>	<u>953,392</u>	<u>953,392</u>
Total Operating.....	\$ 12,082,767	\$ 12,901,996	\$ 14,076,200	\$ 14,112,231	\$ 14,098,340	\$ 14,107,780	\$ 14,062,478
Health and Human Services							
General Fund.....	\$ 9,332,081	\$ 9,797,505	\$ 10,142,469	\$ 10,671,051	\$ 11,386,514	\$ 11,992,985	\$ 12,824,204
Special Funds.....	1,187,107	1,272,126	1,565,797	1,590,385	1,669,042	1,694,385	1,731,953
Federal Funds.....	11,795,265	12,136,715	12,360,943	12,685,528	12,750,916	13,213,799	14,003,993
Other Funds.....	<u>2,281,389</u>	<u>1,817,428</u>	<u>1,669,330</u>	<u>1,404,229</u>	<u>1,001,913</u>	<u>889,274</u>	<u>896,354</u>
Total Operating.....	\$ 24,595,842	\$ 25,023,774	\$ 25,738,539	\$ 26,351,193	\$ 26,808,385	\$ 27,790,443	\$ 29,456,504
Economic Development							
General Fund.....	\$ 619,783	\$ 783,501	\$ 589,500	\$ 612,289	\$ 612,233	\$ 612,218	\$ 612,233
Special Funds.....	17,214	16,722	32,775	34,562	32,601	30,620	29,026
Federal Funds.....	718,426	946,745	859,679	859,679	859,679	859,679	859,679
Other Funds.....	<u>941,393</u>	<u>1,023,288</u>	<u>1,045,681</u>	<u>945,717</u>	<u>937,014</u>	<u>935,014</u>	<u>935,514</u>
Total Operating.....	\$ 2,296,816	\$ 2,770,256	\$ 2,527,635	\$ 2,452,247	\$ 2,441,527	\$ 2,437,531	\$ 2,436,452

Program Budget Summary

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Transportation and Communication							
General Fund.....	\$ 312,520	\$ 325,521	\$ 325,521	\$ 325,521	\$ 325,521	\$ 325,521	\$ 325,521
Special Funds.....	1,668,707	1,803,789	2,554,973	2,545,973	2,539,973	2,564,973	2,579,973
Federal Funds.....	1,310,613	1,556,075	1,465,643	1,465,643	1,465,643	1,465,643	1,465,643
Other Funds.....	<u>1,420,026</u>	<u>1,462,815</u>	<u>2,204,027</u>	<u>2,218,819</u>	<u>2,223,570</u>	<u>2,228,334</u>	<u>2,233,164</u>
Total Operating.....	\$ 4,711,866	\$ 5,148,200	\$ 6,550,164	\$ 6,555,956	\$ 6,554,707	\$ 6,584,471	\$ 6,604,301
Recreation and Cultural Enrichment							
General Fund.....	\$ 244,354	\$ 267,651	\$ 264,571	\$ 263,782	\$ 263,597	\$ 263,597	\$ 263,597
Special Funds.....	262,646	194,685	186,097	191,433	195,657	199,940	202,728
Federal Funds.....	74,743	85,436	79,713	80,055	80,055	80,055	80,055
Other Funds.....	<u>91,607</u>	<u>139,100</u>	<u>142,780</u>	<u>142,780</u>	<u>142,780</u>	<u>142,780</u>	<u>142,780</u>
Total Operating.....	\$ 673,350	\$ 686,872	\$ 673,161	\$ 678,050	\$ 682,089	\$ 686,372	\$ 689,160
Debt Service							
General Fund.....	\$ 712,409	\$ 848,692	\$ 873,164	\$ 945,874	\$ 1,029,474	\$ 1,118,345	\$ 1,180,343
Special Funds.....	22,721	22,883	51,262	49,323	57,304	64,576	70,511
Federal Funds.....	0	0	0	0	0	0	0
Other Funds.....	<u>24,139</u>	<u>19,492</u>	<u>18,710</u>	<u>14,821</u>	<u>9,584</u>	<u>9,123</u>	<u>7,393</u>
Total Operating.....	\$ 759,269	\$ 891,067	\$ 943,136	\$ 1,010,018	\$ 1,096,362	\$ 1,192,044	\$ 1,258,247
Capital Bond Authorizations.....	\$ 0	\$ 0	\$ 1,169,931	\$ 787,290	\$ 761,980	\$ 768,350	\$ 724,600
Program Total.....	\$ 759,269	\$ 891,067	\$ 2,113,067	\$ 1,797,308	\$ 1,858,342	\$ 1,960,394	\$ 1,982,847
COMMONWEALTH TOTALS							
General Fund.....	\$ 24,664,610	\$ 26,326,817	\$ 27,274,726	\$ 27,973,598	\$ 28,771,228	\$ 29,498,696	\$ 30,380,560
Special Funds.....	4,581,238	4,720,176	5,851,400	5,888,259	5,972,118	6,015,131	6,071,473
Federal Funds.....	16,989,712	17,781,801	17,522,476	17,852,013	17,866,809	18,244,433	19,035,188
Other Funds.....	<u>6,995,343</u>	<u>7,028,383</u>	<u>8,438,911</u>	<u>8,534,209</u>	<u>8,185,950</u>	<u>8,546,344</u>	<u>8,871,376</u>
Total Operating.....	\$ 53,230,903	\$ 55,857,177	\$ 59,087,513	\$ 60,248,079	\$ 60,796,105	\$ 62,304,604	\$ 64,358,597
Capital Bond Authorizations.....	\$ 0	\$ 0	\$ 1,169,931	\$ 787,290	\$ 761,980	\$ 768,350	\$ 724,600
Program Total.....	<u>\$ 53,230,903</u>	<u>\$ 55,857,177</u>	<u>\$ 60,257,444</u>	<u>\$ 61,035,369</u>	<u>\$ 61,558,085</u>	<u>\$ 63,072,954</u>	<u>\$ 65,083,197</u>

Program Budget Summary

Direction and Supportive Services

The goal of this Commonwealth program is to provide an efficient and effective administrative support system through which the goals and objectives of the Commonwealth programs can be attained. This Commonwealth program supports the Administration's goal to Deliver Greater Value and Efficiency in Government through the activities of centralized agencies to support this goal. The Making Government Work Smarter theme in the Overview and Summaries section highlights the Administration's achievements in increasing Commonwealth government's efficiency.

Centralized functions affecting all agencies make up this program. Administrative costs specifically related to particular programs usually appear in a program subcategory to which they 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)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Administrative and Support Services.....	\$ 229,579	\$ 193,971	\$ 210,227	\$ 211,914	\$ 211,829	\$ 211,845	\$ 211,961
Executive Direction.....	225,587	189,959	205,413	207,100	207,015	207,031	207,147
Personnel Selection.....	1	1	1	1	1	1	1
State Retirement System.....	4	4	4	4	4	4	4
Legal Services.....	3,987	4,007	4,809	4,809	4,809	4,809	4,809
Fiscal Management.....	\$ 831,346	\$ 749,429	\$ 845,889	\$ 851,553	\$ 857,883	\$ 864,695	\$ 871,842
Revenue Collection and Administration.....	714,658	632,920	730,336	736,000	742,330	749,142	756,289
Disbursement.....	65,709	62,730	62,535	62,535	62,535	62,535	62,535
Auditing.....	50,979	53,779	53,018	53,018	53,018	53,018	53,018
Physical Facilities and Commodities Management.....	\$ 129,012	\$ 136,308	\$ 139,561	\$ 139,720	\$ 139,561	\$ 139,720	\$ 139,561
Facility, Property and Commodity Management.....	129,012	136,308	139,561	139,720	139,561	139,720	139,561
Legislative Processes.....	\$ 348,193	\$ 341,516	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800
Legislature.....	348,193	341,516	335,800	335,800	335,800	335,800	335,800
Interstate Relations.....	\$ 1,011	\$ 1,031	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049
Interstate Relations.....	1,011	1,031	1,049	1,049	1,049	1,049	1,049
PROGRAM TOTAL.....	\$ 1,539,141	\$ 1,422,255	\$ 1,532,526	\$ 1,540,036	\$ 1,546,122	\$ 1,553,109	\$ 1,560,213

Program Budget Summary

Protection of Persons and Property

The goal of this Commonwealth program is to provide an environment and a social system in which the lives of individuals and the property of individuals and organizations are protected from natural and man-made disasters and from illegal and unfair actions. This Commonwealth program supports the Administration's goal to Ensure the Safety of Our Citizens as well as the goal to Protect Our Natural Resources. The Public Safety - A Commonwealth Priority and the Making Pennsylvania More Competitive themes in the Overview and Summaries section highlight the Administration's achievements and continued emphasis in these areas.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
General Administration and Support \$	66,688	74,147	76,867	76,867	76,867	76,867	76,867
Criminal and Juvenile Justice Planning.....	46,655	54,008	55,976	55,976	55,976	55,976	55,976
Environmental Support Services.....	20,033	20,139	20,891	20,891	20,891	20,891	20,891
Public Protection and Law Enforcement \$	802,297	940,278	918,951	918,951	918,951	918,951	918,951
State Police.....	588,168	704,434	682,226	682,226	682,226	682,226	682,226
Attorney General.....	86,263	95,955	91,567	91,567	91,567	91,567	91,567
Highway Safety Administration and Licensing.....	127,866	139,889	145,158	145,158	145,158	145,158	145,158
Control and Reduction of Crime \$	1,457,535	1,517,869	1,716,472	1,739,688	1,749,828	1,760,206	1,770,590
Institutionalization of Offenders.....	1,357,581	1,420,259	1,605,731	1,627,681	1,637,945	1,648,209	1,658,473
Reintegration of Adult Offenders.....	99,954	97,610	110,741	112,007	111,883	111,997	112,117
Juvenile Crime Prevention \$	29,815	34,629	22,111	22,111	22,111	22,111	22,111
Reintegration of Juvenile Delinquents.....	29,815	34,629	22,111	22,111	22,111	22,111	22,111
Adjudication of Defendants \$	275,123	282,918	288,576	288,576	288,576	288,576	288,576
State Judicial System.....	275,123	282,918	288,576	288,576	288,576	288,576	288,576
Public Order and Community Safety \$	55,855	47,354	50,481	50,481	40,981	40,981	40,981
Emergency Management.....	36,061	25,272	29,197	29,197	19,697	19,697	19,697
State Military Readiness.....	19,794	22,082	21,284	21,284	21,284	21,284	21,284
Protection From Natural Hazards and Disasters \$	223,227	241,569	210,824	212,358	209,242	206,091	203,546
Environmental Protection and Management.....	223,227	241,569	210,824	212,358	209,242	206,091	203,546
Consumer Protection \$	276,643	270,328	299,132	322,297	332,349	323,938	339,580
Consumer Protection.....	5,434	12,055	21,071	20,571	20,571	14,571	14,571
Financial Institution Regulation.....	18,120	18,004	18,760	18,760	18,760	18,760	18,760
Securities Industry Regulation.....	2,300	2,321	2,354	2,354	2,354	2,354	2,354
Insurance Industry Regulation.....	154,879	143,227	158,978	184,032	195,317	194,154	210,802

Program Budget Summary

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Horse Racing Regulation.....	19,807	17,030	19,700	18,286	18,286	18,286	18,286
Protection and Development of Agricultural Industries.....	76,103	77,691	78,269	78,294	77,061	75,813	74,807
Community and Occupational Safety and Stability..... \$	55,032 \$	31,630 \$	32,635 \$	32,635 \$	32,635 \$	32,635 \$	32,635
Community and Occupational Safety and Stability.....	27,496	28,594	29,944	29,944	29,944	29,944	29,944
Fire Prevention and Safety.....	27,536	3,036	2,691	2,691	2,691	2,691	2,691
Prevention & Elimination of Discriminatory Practices \$	11,265 \$	11,765 \$	12,049 \$	12,049 \$	12,049 \$	12,049 \$	12,049
Prevention & Elimination of Discriminatory Practices.....	11,265	11,765	12,049	12,049	12,049	12,049	12,049
PROGRAM TOTAL.....	\$ 3,253,480	\$ 3,452,487	\$ 3,628,098	\$ 3,676,013	\$ 3,683,589	\$ 3,682,405	\$ 3,705,886

Program Budget Summary

Education

The goal of this program is to ensure that funds for education are spent on proven practices that will boost student achievement. Services provided through this program include funding for pre-kindergarten, full day kindergarten, and class size reduction. In addition, this program ensures the long-standing priority uses for these funds of tutoring, improving teacher practice, upgrading curricula and technology and ensuring high quality vocation and higher education experiences. This Commonwealth program supports the Administration's goal to Build a World Class Public Education System. The Education - Investing in Our Children to Prepare Them for the Future theme in the Overview and Summaries section highlights the Administration's priorities in advancing the Commonwealth's educational system.

This Commonwealth program is financed primarily through the Department of Education. Other agencies providing support are the Departments of Revenue, Public Welfare and Labor and Industry and the Higher Education Assistance Agency and the Tax Equalization Board.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Educational Support Services	\$ 31,198	\$ 31,852	\$ 34,591	\$ 34,591	\$ 34,591	\$ 34,591	\$ 34,591
Education Support Services.....	31,198	31,852	34,591	34,591	34,591	34,591	34,591
Basic Education	\$ 8,120,306	\$ 8,772,838	\$ 9,298,923	\$ 9,334,212	\$ 9,318,948	\$ 9,326,996	\$ 9,280,716
PreK-12 Education.....	8,103,260	8,754,727	9,279,849	9,314,185	9,297,920	9,304,916	9,257,532
Public Utility Realty Payments.....	17,046	18,111	19,074	20,027	21,028	22,080	23,184
Higher Education	\$ 1,922,181	\$ 2,034,486	\$ 2,045,859	\$ 2,046,812	\$ 2,048,180	\$ 2,049,566	\$ 2,050,538
Higher Education.....	1,493,440	1,582,839	1,594,512	1,595,465	1,596,833	1,598,219	1,599,191
Financial Assistance to Students.....	388,555	410,255	409,955	409,955	409,955	409,955	409,955
Financial Assistance to Institutions.....	40,186	41,392	41,392	41,392	41,392	41,392	41,392
PROGRAM TOTAL	\$ 10,073,685	\$ 10,839,176	\$ 11,379,373	\$ 11,415,615	\$ 11,401,719	\$ 11,411,153	\$ 11,365,845

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 to Increase Access to High Quality Health Care. The Caring for All Pennsylvanians and the Making Pennsylvania More Competitive themes in the Overview and Summaries section highlight the Administration's efforts to increase access to high quality health care.

This program addresses the following substantive areas: research; prevention and treatment of physical, mental health and mental retardation disorders; maternal and child health care; financial assistance for older Pennsylvanians, medically needy individuals and families in transition; and other programs 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)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Human Services Support..... \$	108,524	113,807	123,903	124,109	123,044	123,044	123,044
Human Services Support.....	108,524	113,807	123,903	124,109	123,044	123,044	123,044
Social Development of Individuals..... \$	1,320,556	1,431,131	1,772,551	1,823,898	1,894,889	1,970,850	2,052,128
Human Services.....	1,145,705	1,212,494	1,278,752	1,330,099	1,401,090	1,477,051	1,558,329
Child Development.....	174,851	218,637	493,799	493,799	493,799	493,799	493,799
Support of Older Pennsylvanians..... \$	972,543	798,794	1,072,738	1,091,109	1,171,521	1,198,109	1,227,468
Community Services for Older Pennsylvanians.....	267,853	278,404	295,211	299,700	299,612	299,483	299,509
Older Pennsylvanians Transit.....	151,189	159,492	160,820	160,820	160,820	160,820	160,820
Homeowners and Renters Assistance.....	124,200	130,000	324,912	325,180	382,664	384,365	385,582
Pharmaceutical Assistance.....	429,301	230,898	291,795	305,409	328,425	353,441	381,557
Income Maintenance..... \$	959,421	987,517	850,967	864,972	894,811	910,184	924,822
Income Maintenance.....	944,602	974,739	836,470	849,540	878,379	892,752	907,390
Workers Compensation and Assistance.....	1,684	1,459	2,144	2,144	2,144	2,144	2,144
Military Compensation and Assistance.....	13,135	11,319	12,353	13,288	14,288	15,288	15,288
Physical Health Treatment..... \$	5,476,813	5,987,504	6,017,155	6,478,030	7,102,721	7,616,613	8,360,125
Medical Assistance.....	5,005,509	5,495,502	5,526,414	5,990,172	6,613,594	7,127,373	7,870,770
Health Treatment Services.....	19,754	20,089	19,164	19,164	19,164	19,164	19,164
Health Support Services.....	46,263	46,602	51,722	51,722	51,722	51,722	51,722
Health Research.....	101,179	110,769	74,250	78,115	78,189	78,266	78,344
Emergency Food Assistance.....	20,000	21,750	20,000	20,000	20,000	20,000	20,000
Prevention and Treatment of Drug and Alcohol Abuse.....	38,646	41,623	42,602	42,602	42,602	42,602	42,602
Preventive Health.....	156,655	158,018	181,386	174,451	175,646	175,682	175,719
Veterans Homes and School.....	88,807	93,151	101,617	101,804	101,804	101,804	101,804
Mental Health..... \$	724,442	733,650	761,566	739,565	728,817	728,817	728,817
Mental Health.....	724,442	733,650	761,566	739,565	728,817	728,817	728,817

Program Budget Summary

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	<u>Actual</u>	<u>Available</u>	<u>Budget</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
Mental Retardation.....	\$ 956,889	\$ 1,017,228	\$ 1,109,386	\$ 1,139,753	\$ 1,139,753	\$ 1,139,753	\$ 1,139,753
Mental Retardation.....	956,889	1,017,228	1,109,386	1,139,753	1,139,753	1,139,753	1,139,753
PROGRAM TOTAL.....	\$ 10,519,188	\$ 11,069,631	\$ 11,708,266	\$ 12,261,436	\$ 13,055,556	\$ 13,687,370	\$ 14,556,157

Program Budget Summary

Economic Development

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

This program works in tandem with numerous State authorities and agencies to aggregate resources that are strategically invested to expand and retain Pennsylvania based firms and attract new companies to the Commonwealth that offer Pennsylvania's communities stability, vitality and job opportunities. This program leverages workforce and community development resources that together with business investment enable Pennsylvania to compete on behalf of and for its business partners.

The total efforts of the Department of Community and Economic Development, the Pennsylvania Economic Development Financing Authority, and the Infrastructure Investment Authority (PENNVEST) are devoted to this program. The Executive Offices, Auditor General, Housing Finance Agency, and the Departments of Education, Labor and Industry, and Revenue also contribute to this program.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Economic Development Support Services..... \$	92,864	138,692	108,747	108,747	108,747	108,747	108,747
Economic Development Support Services.....	92,864	138,692	108,747	108,747	108,747	108,747	108,747
Commonwealth Economic Development..... \$	263,137	317,584	314,391	338,276	335,534	332,777	330,399
Business and Job Development.....	170,373	222,712	218,714	241,219	240,445	239,677	238,902
Technology Development.....	75,550	81,150	79,298	79,705	79,712	79,720	79,729
Environmental Infrastructure.....	17,214	13,722	16,379	17,352	15,377	13,380	11,768
Workforce Investment..... \$	86,030	106,720	75,182	75,182	75,182	75,182	75,182
Workforce Development.....	39,197	59,387	28,799	28,799	28,799	28,799	28,799
Vocational Rehabilitation.....	46,833	47,333	46,383	46,383	46,383	46,383	46,383
Community Development..... \$	194,966	237,227	123,955	124,646	125,371	126,132	126,931
Community Development.....	182,625	224,116	110,147	110,147	110,147	110,147	110,147
Public Utility Realty Payments.....	12,341	13,111	13,808	14,499	15,224	15,985	16,784
Local Government Assistance..... \$	0	0	0	0	0	0	0
PROGRAM TOTAL..... \$	636,997	800,223	622,275	646,851	644,834	642,838	641,259

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 to Create Jobs and Build a Vital Economy through the establishment of a first-rate infrastructure. The Pennsylvania's Transportation System - Transit, Bridges and Highways in Crisis theme in the Overview and Summaries section highlights the Administration's investments in its transportation infrastructure.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Available</u>	<u>2007-08</u> <u>Budget</u>	<u>2008-09</u> <u>Estimated</u>	<u>2009-10</u> <u>Estimated</u>	<u>2010-11</u> <u>Estimated</u>	<u>2011-12</u> <u>Estimated</u>
Transportation Systems and Services.....	\$ 1,981,227	\$ 2,129,310	\$ 2,880,494	\$ 2,871,494	\$ 2,865,494	\$ 2,890,494	\$ 2,905,494
State Highway and Bridge Construction and Reconstructi	404,577	412,000	1,364,000	1,364,000	1,364,000	1,364,000	1,364,000
Local Highway and Bridge Assistance.....	195,639	209,576	210,751	210,751	210,751	210,751	210,751
Mass Transportation.....	294,855	305,676	305,676	305,676	305,676	305,676	305,676
Intercity Transportation.....	15,913	17,913	17,913	17,913	17,913	17,913	17,913
State Highway and Bridge Maintenance.....	998,319	1,103,115	900,244	891,244	885,244	910,244	925,244
Transportation Support Services.....	71,924	81,030	81,910	81,910	81,910	81,910	81,910
PROGRAM TOTAL.....	\$ 1,981,227	\$ 2,129,310	\$ 2,880,494	\$ 2,871,494	\$ 2,865,494	\$ 2,890,494	\$ 2,905,494

Program Budget Summary

Recreation and Cultural Enrichment

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

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Recreation.....	\$ 330,036	\$ 282,987	\$ 280,503	\$ 284,937	\$ 287,869	\$ 290,843	\$ 292,713
Parks and Forests Management.....	245,435	188,600	182,885	187,319	190,251	193,225	195,095
Recreational Fishing and Boating.....	35,262	40,955	43,493	43,493	43,493	43,493	43,493
Wildlife Management.....	49,339	53,432	54,125	54,125	54,125	54,125	54,125
Cultural Enrichment.....	\$ 176,964	\$ 179,349	\$ 170,165	\$ 170,278	\$ 171,385	\$ 172,694	\$ 173,612
State Historical Preservation.....	22,948	24,065	25,260	25,260	25,260	25,260	25,260
Local Museum Assistance.....	32,412	26,397	17,859	18,549	19,537	20,538	21,240
Development of Artists and Audiences.....	20,898	16,435	16,520	16,520	16,520	16,520	16,520
State Library Services.....	88,556	98,501	98,253	98,465	98,769	99,077	99,293
Public Television Services.....	12,150	13,951	12,273	11,484	11,299	11,299	11,299
PROGRAM TOTAL.....	\$ 507,000	\$ 462,336	\$ 450,668	\$ 455,215	\$ 459,254	\$ 463,537	\$ 466,325

Program Budget Summary

Debt Service

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

The agency that participates in this program is Treasury.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Debt Service.....	\$ 735,130	\$ 871,575	\$ 924,426	\$ 995,197	\$ 1,086,778	\$ 1,182,921	\$ 1,250,854
Debt Service.....	735,130	871,575	924,426	995,197	1,086,778	1,182,921	1,250,854
PROGRAM TOTAL.....	\$ 735,130	\$ 871,575	\$ 924,426	\$ 995,197	\$ 1,086,778	\$ 1,182,921	\$ 1,250,854



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 2005-06 actual year, 2006-07 available year and 2007-08 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 364,819	\$ 514,086	\$ 37,477
Adjustment to Beginning Balance.....	<u>0</u>	<u>1,500</u>	<u>0</u>
Adjusted Beginning Balance.....	\$ 364,819	\$ 515,586	\$ 37,477
Revenue:			
Revenue Receipts.....	\$ 25,854,296	\$ 26,866,200	\$ 27,471,100
Proposed Revenue Changes.....	0	0	921,256
Less Refunds.....	<u>-1,035,000</u>	<u>-1,100,000</u>	<u>-1,150,000</u>
Total Revenue.....	\$ 24,819,296	\$ 25,766,200	\$ 27,242,356
Prior Year Lapses.....	<u>165,943</u>	<u>85,000</u>	<u>0</u>
Funds Available.....	\$ 25,350,058	\$ 26,366,786	\$ 27,279,833
Expenditures:			
Appropriations.....	\$ 24,664,610	\$ 26,115,249	\$ 27,274,726
Supplemental Appropriations.....	0	211,568	0
Less Current Year Lapses.....	<u>0</u>	<u>-10,000</u>	<u>0</u>
Total Expenditures.....	\$ 24,664,610	\$ 26,316,817	\$ 27,274,726
Preliminary Balance.....	\$ 685,448	\$ 49,969	\$ 5,107
Less Transfer to Budget Stabilization			
Reserve Fund	<u>-171,362</u>	<u>-12,492</u>	<u>-1,277</u>
Ending Balance	<u><u>\$ 514,086</u></u>	<u><u>\$ 37,477</u></u>	<u><u>\$ 3,830</u></u>

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

	2007-08 Estimated
Tax Revenue:	
Sales and Use Tax	\$ 826,000
<p>An increase in the Sales and Use Tax rate is proposed to be effective July 1, 2007. The rate is proposed to increase 1 percent from 6 percent to 7 percent. During Fiscal Year 2007-08 a total of \$420 million of Sales and Use Tax receipts would be transferred to the Property Tax Relief Fund to provide additional property tax relief to Pennsylvanians. Beginning July 1, 2008, 50 percent of the proposed rate increase would be deposited in the Property Tax Relief Fund.</p>	
Corporate Net Income Tax	-17,000
<p>Taxpayers subject to the proposed Oil Company Gross Profits Tax would be exempt from the Corporate Net Income Tax effective in tax years beginning in 2008.</p>	
Cigarette Tax	49,700
<p>An increase in the tax rate equivalent to 10 cents per pack is proposed, effective July 15, 2007.</p>	
Other Tobacco Products Tax	27,800
<p>A new tax on other tobacco products, namely smokeless tobacco, cigars and cigarillos, and loose tobacco is proposed. The tax rate would be 36 cents per ounce for smokeless and loose tobacco and the equivalent of 36 cents per 10 sticks of cigars and cigarillos. The proposed tax would be effective August 1, 2007.</p>	
Compliance Initiatives	10,000
<p>Proposed initiative would focus on use of abusive tax shelters.</p>	
Educational Improvement Tax Credit	-1,400
<p>An increase to this tax credit of \$1.4 million is proposed to be effective July 1, 2007.</p>	
Non-Tax Revenue:	
Transfer from Oil Company Gross Profits Tax	\$ 17,000
<p>The proposed Oil Company Gross Profits Tax would exempt certain taxpayers from the Corporate Net Income Tax. This proposed transfer would be equivalent to the estimated loss in Corporate Net Income Tax from such an exemption.</p>	
License, Fees and Miscellaneous Revenue	9,156
<p>An increase to various fees within the Department of Environmental Protection is proposed, effective July 1, 2007.</p>	
TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	\$ 921,256

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	<u>2006-07 Available</u>
Conservation and Natural Resources	
Forest Pest Management.....	\$ 2,434
Education	
Early Intervention.....	\$ 4,521
Emergency Management Agency	
April 2005 Storm Disaster - Public Assistance	\$ 500
Environmental Protection	
Black Fly Control and Research.....	\$ 2,918
Military and Veterans Affairs	
Merchant Marine World War II Veterans Bonus.....	\$ 111
Public Welfare	
Youth Development Institutions and Forestry Camps.....	\$ 2,500
Mental Health Services.....	4,466
Medical Assistance - Outpatient.....	10,805
Medical Assistance - Inpatient.....	32,593
Medical Assistance - Capitation.....	146,332
Long-Term Care Facilities.....	29,598
Intermediate Care Facilities - Mentally Retarded.....	-8,000
Services to Persons with Disabilities.....	-8,822
Attendant Care.....	-8,388
Public Welfare Total.....	<u>\$ 201,084</u>
 TOTAL.....	 <u>\$ 211,568</u>

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2005-06 actual expenditures, the 2006-07 amounts available and the 2007-08 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Budget
Governor's Office.....	\$ 7,400	\$ 7,359	\$ 7,559
Executive Offices.....	277,018	248,848	251,927
Lieutenant Governor's Office.....	1,363	1,388	1,523
Attorney General.....	86,263	95,955	91,567
Auditor General.....	50,979	53,779	53,018
Treasury.....	769,019	900,063	923,908
Aging.....	20,223	19,950	250
Agriculture.....	79,155	85,399	78,787
Civil Service Commission.....	1	1	1
Community and Economic Development *.....	521,412	663,670	500,510
Conservation and Natural Resources.....	97,979	105,983	109,076
Corrections.....	1,357,581	1,420,259	1,605,731
Education**.....	9,687,340	10,441,241	10,985,560
Emergency Management Agency.....	51,097	28,308	31,888
Environmental Protection***.....	192,099	206,056	201,867
Fish and Boat Commission.....	14	16	16
General Services.....	108,423	116,081	119,315
Health.....	259,951	282,958	275,357
Higher Education Assistance Agency.....	428,741	451,647	451,347
Historical and Museum Commission.....	33,352	36,929	31,889
Insurance.....	80,586	81,630	99,158
Labor and Industry.....	115,210	136,773	107,270
Military and Veterans Affairs.....	121,736	126,552	135,254
Probation and Parole Board.....	99,954	97,610	110,741
Public Television Network.....	12,150	13,951	12,273
Public Welfare.....	8,917,527	9,359,718	9,726,848
Revenue****.....	173,055	179,864	198,778
Securities Commission.....	2,300	2,321	2,354
State.....	5,434	12,055	21,071
State Employees' Retirement System.....	4	4	4
State Police.....	157,416	190,326	183,043
Tax Equalization Board.....	1,330	1,338	1,409
Transportation.....	325,182	334,351	331,051
Legislature*****.....	348,193	341,516	335,800
Judiciary.....	275,123	282,918	288,576
GRAND TOTAL.....	\$ 24,664,610	\$ 26,326,817	\$ 27,274,726

* Includes Pennsylvania Housing Finance Agency.

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

*** Includes Environmental Hearing Board.

**** Excludes refunds.

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

FEDERAL FUNDS BY DEPARTMENT

The following is a summary of Federal funds, by department, of 2005-06 actual expenditures, the 2006-07 amounts available and the 2007-08 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Budget
Executive Offices.....	\$ 165,699	\$ 186,271	\$ 126,659
Attorney General.....	13,938	15,058	15,903
Aging.....	13,735	25,878	350
Agriculture.....	32,566	35,039	34,926
Community and Economic Development.....	128,861	105,540	83,329
Conservation and Natural Resources.....	48,040	47,336	47,006
Corrections.....	71,328	17,390	8,201
Education.....	1,816,015	1,860,379	1,749,024
Emergency Management Agency.....	402,005	301,434	263,273
Environmental Protection*.....	148,486	168,052	165,419
Health.....	424,455	457,622	443,592
Higher Education Assistance Agency.....	1,668	1,589	1,586
Historical and Museum Commission.....	3,267	4,581	2,580
Infrastructure Investment Authority.....	143,045	130,540	115,685
Insurance.....	158,103	184,612	215,623
Labor and Industry.....	540,789	806,000	759,850
Liquor Control Board.....	706	620	360
Military and Veterans Affairs.....	125,139	164,873	163,268
Probation and Parole Board.....	1,282	712	0
Public Television Network.....	0	254	254
Public Utility Commission.....	1,725	2,041	2,927
Public Welfare.....	10,996,330	11,277,709	11,529,665
State.....	151,553	101,652	20,500
State Police.....	35,109	60,094	34,447
Transportation.....	76,273	78,465	83,810
Legislature.....	1,572	1,139	1,308
Judiciary.....	430	863	1,370
GRAND TOTAL.....	\$ 15,502,119	\$ 16,035,743	\$ 15,870,915

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2005-06 actual expenditures, the 2006-07 amounts available and the 2007-08 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Budget
Executive Offices.....	\$ 47,485	\$ 87,441	\$ 90,499
Attorney General*.....	4,997	10,537	15,399
Auditor General.....	9,295	9,894	10,300
Treasury.....	6,146	7,460	9,344
Aging.....	207	198	-
Agriculture.....	3,569	4,552	5,134
Civil Service Commission.....	15,547	15,629	16,172
Community and Economic Development.....	16,466	11,240	10,921
Conservation and Natural Resources.....	52,099	59,289	59,386
Corrections.....	6,343	22,571	1,768
Education.....	8,732	9,440	8,879
Emergency Management Agency.....	317	367	156
Environmental Protection* **.....	26,853	27,744	26,420
General Services.....	17,933	22,617	20,332
Health.....	11,551	4,457	5,735
Higher Education Assistance Agency.....	25,000	72,500	88,554
Historical and Museum Commission.....	952	795	795
Insurance*.....	2,006	4,274	114,170
Labor and Industry*.....	48,613	48,014	78,200
Military and Veterans Affairs.....	29,516	27,461	28,968
Probation and Parole Board.....	15,005	17,618	17,615
Public Utility Commission*.....	52,000	51,631	51,483
Public Welfare*.....	1,897,518	1,460,077	1,329,510
Revenue.....	23,243	25,337	27,344
Securities Commission.....	6,929	6,410	6,953
State*.....	40,614	47,047	46,158
State Police*.....	48,366	50,206	55,579
Transportation*.....	86,793	86,880	839,762
Legislature.....	1	-	-
Judiciary*.....	42,761	42,641	50,501
GRAND TOTAL.....	\$ 2,546,857	\$ 2,234,327	\$ 3,016,037

* 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)						
	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax.....	\$ 2,301,968	\$ 2,476,900	\$ 2,542,000	\$ 2,617,300	\$ 2,664,300	\$ 2,615,000	\$ 2,518,000
Capital Stock and Franchise Taxes..	1,080,874	923,600	734,050	547,050	342,450	143,350	23,250
Selective Business:							
Gross Receipts Tax.....	1,150,987	1,216,900	1,244,100	1,288,500	1,329,700	1,362,900	1,397,000
Public Utility Realty Tax.....	40,209	42,600	46,500	50,300	53,800	56,400	59,100
Insurance Premiums Tax.....	390,371	403,300	428,000	452,200	468,700	487,200	506,700
Financial Institutions Tax.....	204,657	204,400	195,550	195,250	194,650	193,950	193,350
Other Selective Business Taxes....	21,039	17,000	17,000	17,000	17,000	17,000	17,000
Total — Corporation Taxes.....	\$ 5,190,105	\$ 5,284,700	\$ 5,207,200	\$ 5,167,600	\$ 5,070,600	\$ 4,875,800	\$ 4,714,400
Consumption Taxes							
Sales and Use Tax.....	\$ 8,334,249	\$ 8,545,700	\$ 9,636,100	\$ 9,798,100	\$ 10,143,900	\$ 10,473,000	\$ 10,873,500
Cigarette Tax.....	792,124	778,000	815,900	984,200	965,000	946,000	927,500
Other Tobacco Products Tax.....	0	0	27,800	31,500	32,600	33,800	34,000
Malt Beverage Tax.....	26,158	26,000	26,000	26,000	26,000	26,000	26,000
Liquor Tax.....	223,036	241,000	255,900	268,200	281,100	294,600	308,700
Total — Consumption Taxes.....	\$ 9,375,567	\$ 9,590,700	\$ 10,761,700	\$ 11,108,000	\$ 11,448,600	\$ 11,773,400	\$ 12,169,700
Other Taxes							
Personal Income Tax.....	\$ 9,524,139	\$ 10,030,000	\$ 10,502,900	\$ 11,025,050	\$ 11,628,550	\$ 12,230,450	\$ 12,799,350
Realty Transfer Tax.....	552,450	571,700	470,000	499,700	543,100	586,600	617,000
Inheritance Tax.....	745,245	738,200	772,200	812,400	855,500	903,400	1,075,000
Minor and Repealed Taxes.....	-17,366	8,000	85,600	8,700	8,800	8,900	9,000
Total — Other Taxes.....	\$ 10,804,468	\$ 11,347,900	\$ 11,830,700	\$ 12,345,850	\$ 13,035,950	\$ 13,729,350	\$ 14,500,350
TOTAL TAX REVENUE.....	\$ 25,370,140	\$ 26,223,300	\$ 27,799,600	\$ 28,621,450	\$ 29,555,150	\$ 30,378,550	\$ 31,384,450
NONTAX REVENUE							
State Stores Fund Transfer.....	\$ 80,000	\$ 150,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees.....	115,836	114,400	125,556	125,600	125,600	125,600	125,600
Miscellaneous.....	252,798	339,300	356,600	326,600	326,600	326,600	326,600
Fines, Penalties and Interest:							
On Taxes.....	32,584	36,200	27,500	27,500	27,500	27,500	27,500
Other.....	2,938	3,000	3,100	3,100	3,100	3,100	3,100
TOTAL NONTAX REVENUES.....	\$ 484,156	\$ 642,900	\$ 592,756	\$ 562,800	\$ 562,800	\$ 562,800	\$ 562,800
GENERAL FUND TOTAL.....	\$ 25,854,296	\$ 26,866,200	\$ 28,392,356	\$ 29,184,250	\$ 30,117,950	\$ 30,941,350	\$ 31,947,250

Totals may not add due to rounding.

General Fund Revenues

Adjustments to Revenue Estimate

On July 2, 2006, the Official Estimate for fiscal year 2006-07 was certified to be \$26,799,500. 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)		
	2006-07 Official Estimate	Adjustments	2006-07 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income Tax.....	\$ 2,450,300	\$ 26,600	\$ 2,476,900
Capital Stock and Franchise Taxes.....	886,600	37,000	923,600
Selective Business:			
Gross Receipts Tax.....	1,191,300	25,600	1,216,900
Public Utility Realty Tax.....	42,600	0	42,600
Insurance Premiums Tax.....	412,500	-9,200	403,300
Financial Institutions Tax.....	189,100	15,300	204,400
Other Selective Business Taxes.....	13,900	3,100	17,000
Total — Corporation Taxes.....	<u>\$ 5,186,300</u>	<u>\$ 98,400</u>	<u>\$ 5,284,700</u>
Consumption Taxes			
Sales and Use Tax.....	\$ 8,605,700	\$ -60,000	\$ 8,545,700
Cigarette Tax.....	778,000	0	778,000
Malt Beverage Tax.....	24,600	1,400	26,000
Liquor Tax.....	230,300	10,700	241,000
Total — Consumption Taxes.....	<u>\$ 9,638,600</u>	<u>\$ -47,900</u>	<u>\$ 9,590,700</u>
Other Taxes			
Personal Income Tax.....	\$ 9,960,000	\$ 70,000	\$ 10,030,000
Realty Transfer Tax.....	611,700	-40,000	571,700
Inheritance Tax.....	778,200	-40,000	738,200
Minor and Repealed Taxes.....	0	8,000	8,000
Total — Other Taxes.....	<u>\$ 11,349,900</u>	<u>\$ -2,000</u>	<u>\$ 11,347,900</u>
TOTAL TAX REVENUE.....	<u>\$ 26,174,800</u>	<u>\$ 48,500</u>	<u>\$ 26,223,300</u>
NONTAX REVENUE			
State Stores Fund Transfer.....	\$ 150,000	\$ 0	\$ 150,000
Licenses Fees and Miscellaneous:			
Licenses and Fees.....	118,900	-4,500	114,400
Miscellaneous.....	325,400	13,900	339,300
Fines, Penalties and Interest:			
On Taxes.....	27,500	8,700	36,200
Other.....	2,900	100	3,000
TOTAL NONTAX REVENUES.....	<u>\$ 624,700</u>	<u>\$ 18,200</u>	<u>\$ 642,900</u>
GENERAL FUND TOTAL.....	<u>\$ 26,799,500</u>	<u>\$ 66,700</u>	<u>\$ 26,866,200</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 70 percent.

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

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

Proposed Change: Taxpayers subject to the proposed Oil Company Gross Profits Tax would be exempt from the Corporate Net Income Tax effective for tax years beginning in 2008.

Capital Stock and Franchise Taxes

Tax Base: The taxes are levied on the capital stock value of domestic and foreign corporations doing business or having property or capital employed in the State on that portion of the capital stock value apportionable to Pennsylvania under a statutory formula. The first \$150,000 of capital stock value is exempt.

Tax Rates:

January 1, 2007 through December 31, 2007	3.89 mills (Thereafter, the rate declines by one mill per year until the tax is eliminated on January 1, 2011).
January 1, 2006 through December 31, 2006	4.89 mills
January 1, 2005 through December 31, 2005	5.99 mills
January 1, 2004 through December 31, 2004	6.99 mills
January 1, 2002 through December 31, 2003....	7.24 mills
January 1, 2001 through December 31, 2001	7.49 mills (including 0.25 mill for transfer semiannually to the Hazardous Sites Cleanup Fund referred to as the HSCF).
January 1, 2000 through December 31, 2000....	8.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1999 to December 31, 1999	10.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1998 to December 31, 1998	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1992 to December 31, 1997	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1991 to December 31, 1991	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to HSCF and 0.25 mill for transfer semiannually to the State Lottery Fund).
January 1, 1988 to December 31, 1990	9.5 mills (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1987 to December 31, 1987	9 mills.
Prior to January 1, 1987	10 mills.

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

General Fund Revenue Sources

Gross Receipts Tax

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

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

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

Public Utility Realty Tax

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

Tax Rate: The tax rate is set each year upon determination by the Department of Revenue of the required distribution of the realty tax equivalent to local tax authorities. Revenue from an additional 7.6 mills is deposited in the General Fund. For tax year 2004 and thereafter, the Department of Revenue calculates a Gross Receipts Tax surcharge in the event that refunds for Public Utility Realty Tax appeals exceed \$5 million in the prior fiscal year. This surcharge was 0.6 mill for tax year 2005 and is 1.2 mills for tax year 2007. No surcharge was required for tax year 2006.

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 Institution Tax rate is 20 percent for tax years 1987 through 1990, 12.5 percent for tax year 1991 and 11.5 percent thereafter.

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

Other Selective Business Taxes

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

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

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

Sales and Use Tax

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

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

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

Proposed Change: An increase in the Sales and Use Tax rate is proposed to be effective July 1, 2007. The rate is proposed to increase 1 percent from 6 percent to 7 percent. During Fiscal Year 2007-08 a total of \$420 million of Sales and Use Tax receipts would be transferred to the Property Tax Relief Fund. Beginning July 1, 2008, 50 percent of the proposed rate increase would be deposited in the Property Tax Relief Fund.

Cigarette Tax

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

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

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

Proposed Change: An increase in the Cigarette Tax rate equivalent to 10 cents per pack is proposed, effective July 15, 2007.

Other Tobacco Products Tax

Proposed Change: A new tax on other tobacco products, namely smokeless tobacco, cigars and cigarillos, and loose tobacco is proposed. The tax rate would be 36 cents per ounce for smokeless and loose tobacco and the equivalent of 36 cents per 10 sticks of cigars and cigarillos. The proposed tax would be effective August 1, 2007.

General Fund Revenue Sources

Malt Beverage Tax

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

Tax Rates: The tax rate is two-thirds of a cent ($2/3\phi$) per half pint of 8 fluid ounces or fraction thereof, and in larger quantities at the rate of one cent (1ϕ) per pint or 6 fluid ounces or fraction thereof.

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

Liquor Tax

Tax Base: All liquor sold by the Pennsylvania Liquor Control Board.

Tax Rate: The rate is 18 percent of the net retail purchase price. The net retail purchase price includes the wholesale cost of the product, plus mark-up, handling charge and federal tax.

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

Personal Income Tax

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

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

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

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

Realty Transfer Tax

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

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

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

Inheritance and Estate Taxes

Tax Base: The Inheritance Tax is imposed on the value of property transferred to beneficiaries of a deceased person and certain transfers made during the decedent's lifetime. The value of the transfer is established on the date of the decedent's death. The Estate Tax is levied when the Federal estate tax credit for State death taxes exceeds a decedent's Inheritance Tax liability. The Federal estate tax credit is phased out between 2002 and 2005 and is fully reinstated in 2011.

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

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

Minor and Repealed Taxes

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

State Stores Fund Transfer

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

Licenses, Fees and Miscellaneous Revenue

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

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

Proposed Changes: An increase to various fees within the Department of Environmental Protection is proposed to be effective July 1, 2007.

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)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
TAX REVENUE			
Corporate Net Income Tax	\$ 2,301,968	\$ 2,476,900	\$ 2,542,000
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic.....	\$ 420,907	\$ 359,662	\$ 285,850
Franchise Taxes — Foreign.....	659,967	563,938	448,200
SUBTOTAL	\$ 1,080,874	\$ 923,600	\$ 734,050
Gross Receipts Tax			
Electric, Hydroelectric and Water Power.....	\$ 708,712	\$ 780,200	\$ 796,900
Gas.....	0	0	0
Motor Transportation.....	242	0	0
Telephone and Telegraph.....	437,544	432,700	443,600
Transportation.....	4,489	4,000	3,600
SUBTOTAL	\$ 1,150,987	\$ 1,216,900	\$ 1,244,100
Public Utility Realty Tax	\$ 40,209	\$ 42,600	\$ 46,500
Insurance Premiums Tax			
Domestic Casualty.....	\$ 93,036	\$ 96,118	\$ 102,004
Domestic Fire.....	12,931	13,360	14,178
Domestic Life and Previously Exempted Lines.....	73,136	75,558	80,185
Excess Insurance Brokers.....	23,420	24,196	25,678
Foreign Excess Casualty.....	7,057	7,290	7,737
Foreign Excess Fire.....	3,687	3,809	4,042
Foreign Life.....	163,960	169,391	179,765
Marine.....	98	101	108
Title Insurance.....	5,938	6,135	6,511
Unauthorized Insurance.....	7,107	7,342	7,792
SUBTOTAL	\$ 390,371	\$ 403,300	\$ 428,000
Financial Institutions Taxes			
Federal Mutual Thrift Institutions.....	\$ 3,890	\$ 5,232	\$ 3,370
National Banks.....	139,694	135,276	134,830
State Banks.....	28,843	27,930	27,488
State Mutual Thrift Institutions.....	12,615	16,968	10,930
Trust Companies.....	19,615	18,994	18,932
SUBTOTAL	\$ 204,657	\$ 204,400	\$ 195,550
Other Selective Business Taxes			
Corporate Loans — Domestic.....	\$ 12,844	\$ 10,613	\$ 10,613
Corporate Loans — Foreign.....	7,443	6,150	6,150
Miscellaneous Business Taxes.....	286	237	237
Corporation Taxes — Clearing Accounts Undistributed.....	465	0	0
SUBTOTAL	\$ 21,039	\$ 17,000	\$ 17,000
Sales and Use Tax			
Motor Vehicle.....	\$ 1,169,076	\$ 1,143,700	\$ 1,269,960
Non-Motor Vehicle.....	7,165,173	7,402,000	8,366,140
SUBTOTAL	\$ 8,334,249	\$ 8,545,700	\$ 9,636,100
Cigarette Tax	\$ 792,124	\$ 778,000	\$ 815,900
Other Tobacco Products Tax	\$ 0	\$ 0	\$ 27,800
Malt Beverage Tax	\$ 26,158	\$ 26,000	\$ 26,000
Liquor Tax	\$ 223,036	\$ 241,000	\$ 255,900

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Personal Income Tax			
Non-Withholding.....	\$ 2,429,786	\$ 2,571,600	\$ 2,738,100
Withholding.....	7,094,353	7,458,400	7,764,800
SUBTOTAL.....	\$ 9,524,139	\$ 10,030,000	\$ 10,502,900
Realty Transfer Tax.....	\$ 552,450	\$ 571,700	\$ 470,000
Inheritance Tax			
Nonresident Inheritance and Estate Tax.....	\$ 5,125	\$ 5,077	\$ 5,311
Resident Inheritance and Estate Tax.....	740,120	733,123	766,889
SUBTOTAL.....	\$ 745,245	\$ 738,200	\$ 772,200
Minor and Repealed Taxes			
Spirituos and Vinous Liquors Tax.....	\$ 0	\$ 0	\$ 0
Unallocated EFT Payments.....	2	2	2
Excess Vehicle Rental Tax.....	6,466	6,500	6,600
Job Creation Tax Credit.....	-25,783	-500	77,000
Payments of Intergrated Taxes (KITS).....	332	341	341
Tax on Writs, Wills and Deeds.....	1,616	1,656	1,656
Clearing of Wage Garnishment Collections.....	1	1	1
SUBTOTAL.....	\$ -17,366	\$ 8,000	\$ 85,600
TOTAL TAX REVENUE.....	\$ 25,370,140	\$ 26,223,300	\$ 27,799,600
NONTAX REVENUES			
State Stores Fund Transfer.....	\$ 80,000	\$ 150,000	\$ 80,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 0	\$ 4	\$ 4
SUBTOTAL.....	\$ 0	\$ 4	\$ 4
Executive Offices			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ -954	\$ -500	\$ -500
Interest Transferred to Employee Benefits.....	-13,133	-10,000	-10,000
Access to Justice Account.....	-493	-250	-250
Refunds Of Expenditures Not Credited To Appropriations.....	310	400	400
SUBTOTAL.....	\$ -14,270	\$ -10,350	\$ -10,350
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees.....	\$ 16	\$ 16	\$ 16
Board Of Pardons — Filing Fees.....	15	15	15
MISCELLANEOUS REVENUE			
Miscellaneous.....	*	*	*
SUBTOTAL.....	\$ 31	\$ 31	\$ 31
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims.....	\$ 3	\$ 4	\$ 4
SUBTOTAL.....	\$ 3	\$ 4	\$ 4

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments.....	\$ 347	\$ 309	\$ 309
Miscellaneous Interest Offset for Appropriation 611.....	-113	-77	-77
Miscellaneous.....	4	5	5
Refunds Of Expenditures Not Credited To Appropriations.....	19	15	15
SUBTOTAL.....	\$ 257	\$ 252	\$ 252
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs.....	\$ 3,805	\$ 4,115	\$ 3,631
Depository Adjustments.....	*	*	*
Dividend Income Reinvested - Long Term.....	9	10	9
Interest Transferred to Asbestos/Lead Account.....	-50	-54	-48
Interest Transferred to Hodge Trust Fund.....	-12	-13	-11
Interest on Average Collected Balance - WIC Program.....	12	13	11
Interest On Deposits.....	272	294	259
Interest On Securities — Liquor License Fund.....	70	76	67
Interest On Securities.....	150,620	162,892	155,674
Miscellaneous.....	3	4	3
Redeposit Of Checks.....	2,464	2,664	2,351
Unclaimed Property — Claim Payments.....	-113,797	-115,720	-115,720
Unclaimed Property — Financial Institution Deposits.....	31,853	32,391	32,391
Unclaimed Property — Other Holder Deposits.....	131,112	133,329	133,332
SUBTOTAL.....	\$ 206,361	\$ 220,001	\$ 211,949
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses.....	\$ *	\$ 6	\$ 6
Approved Inspectors Certificate And Registration Fees.....	3	3	3
Domestic Animal Dealers' Licenses.....	45	54	54
Eating & Drinking Licenses.....	1,365	1,644	1,644
Egg Certification Fees.....	12	10	14
Egg Opening Licenses.....	*	*	*
Farm Products Inspection Fees.....	57	124	115
Garbage Feeders Licenses.....	1	1	*
Ice Cream Licenses.....	146	150	150
Lab Directors Exam Fees.....	1	1	1
Livestock Branding Fees.....	*	*	*
Maple Syrup Program.....	*	1	*
Miscellaneous Licenses And Fees.....	11	17	12
Poultry Technician Licenses.....	3	3	4
Public Weighmasters' Liquid Fuel License — State Share.....	193	221	270
Registration Fee — Food Establishment.....	177	220	220
Rendering Plant Licenses.....	5	4	4
Seed Testing And Certification Fees.....	0	0	0
Veterinarian Diagnostic Laboratory Fees.....	358	360	385
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 6	\$ 0	\$ 0
Refunds Of Expenditures Not Credited To Appropriations.....	2	0	0
SUBTOTAL.....	\$ 2,385	\$ 2,819	\$ 2,882
Civil Service Commission			
MISCELLANEOUS REVENUE			
Refunds of Expend Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 0	\$ 0	\$ 0

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees.....	\$ 273	\$ 300	\$ 300
MISCELLANEOUS REVENUE			
Infrastructure Developer - Loan Repayments.....	\$ 286	\$ 300	\$ 300
Interest From Grantees.....	59	60	75
Housing and Redevelopment Loan Repayments.....	221	220	200
Miscellaneous.....	399	5,350	5,350
PNHLA Prior Year In-Transit.....	3,591	3,500	3,250
Refunds of Expenditures Not Credited to Appropriations.....	369	400	400
Repayable Grant Payments.....	224	250	225
SUBTOTAL.....	\$ 5,422	\$ 10,380	\$ 10,100
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases.....	\$ 809	\$ 808	\$ 808
Ground Rents.....	16	16	16
Housing Rents.....	24	23	23
Minerals Sales.....	2	2	2
Miscellaneous.....	16	16	16
Refunds Of Expenditures Not Credited To Appropriations.....	10	10	10
Rights-Of-Way.....	360	360	360
Sales Tax Escrow Account.....	11	10	10
Telephone Commissions.....	2	2	2
Water Leases.....	20	20	20
SUBTOTAL.....	\$ 1,270	\$ 1,267	\$ 1,267
Department of Corrections			
MISCELLANEOUS REVENUE			
Antitrust Case Payments.....	\$ 0	\$ 0	\$ 3
Miscellaneous.....	167	50	50
Refunds Of Expenditures Not Credited To Appropriations.....	2	50	50
Telephone Commissions.....	5,476	5,550	5,500
SUBTOTAL.....	\$ 5,645	\$ 5,650	\$ 5,603
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts.....	\$ 42	\$ 40	\$ 40
Fees For Licensing Private Schools.....	193	213	213
PDE Fees Transcripts — Closed Private Schools.....	*	*	*
Private Academic School Teacher Certification Fees.....	13	13	15
Fees For Licensing Private Driver Training Schools.....	68	71	71
Secondary Education Evaluation Fees.....	13	4	4
Teacher Certification Fees.....	635	1,859	1,988
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 1	\$ 0	\$ 0
SUBTOTAL.....	\$ 965	\$ 2,200	\$ 2,331
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 26	\$ 0	\$ 0
SUBTOTAL.....	\$ 26	\$ 0	\$ 0
Department of Environmental Protection			
LICENSES AND FEES			
Anthracite Miners' Examination and Certification Fees.....	\$ *	\$ *	\$ *
Bituminous Miners' Examination and Certification Fees.....	3	3	3
Dams and Encroachment Fees.....	191	193	195
Examination and Certification Fees.....	10	10	10
Explosives Storage Permit Fees.....	66	67	67
Hazardous Waste Facility Annual Permit Administration Fees.....	42	43	43

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Department of Environmental Protection (continued)			
Hazardous Waste Facility Permit Application Fees.....	100	101	102
Hazardous Waste Storage-Disposal Fac-Fee.....	100	101	102
Hazardous Waste Transporter License and Fees.....	43	43	44
Infectious and Chemical Waste Transport Fees.....	11	11	11
Municipal Waste Annual Permit Administration Fees.....	273	276	278
Municipal Waste Permit Application Fees.....	186	188	189
Residual Waste Closure Admin Fees.....	9	9	9
Residual Waste Permit Administration Fees.....	243	245	247
Residual Waste Permit Application/Modification Fees.....	94	95	96
Sewage Enforcement+Exam Fees.....	*	*	*
Sewage Permit Fees.....	445	450	454
Submerged Land Fees.....	51	52	52
Tipping Fees.....	0	0	0
Various Fee Increases.....	0	0	9,156
Water Bacteriological Examination Fees.....	16	16	16
Water Power and Supply Permit Fees.....	93	94	95
MISCELLANEOUS REVENUE			
Ground Rentals.....	\$ 11	\$ 11	\$ 11
Interest Income - Water Facilities.....	0	20	20
Interest on Loan Payments.....	33	33	34
Interest Payments — Mine Subsidence.....	1	1	1
Miscellaneous.....	13	13	13
Payment To Occupy Submerged Lands.....	281	284	287
Penalty Charges — Delinquent Interest.....	*	*	*
Refunds of Expenditures Not Credited to Appropriations.....	4	5	5
Repayment Of Loans — Water Facilities.....	205	750	750
Rights-of-Way.....	14	15	15
Royalties for Recovery Of Materials — Schuylkill River.....	129	130	132
Sewage Treatment And Waterworks Application Fees.....	4	4	4
Surface Subsidence Assistance Loans — Repayments.....	6	6	6
SUBTOTAL.....	\$ 2,677	\$ 3,269	\$ 12,447
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7.....	\$ 2,716	\$ 2,287	\$ 2,366
Allocation Of Purchasing Costs Job 19.....	677	0	0
Miscellaneous.....	3	3	3
Real Estate Services.....	223	245	252
Refunds of Expenditures Not Credited to Appropriations.....	2	2	2
Rental Of State Property.....	-498	156	156
Replacement Of Security Access Cards.....	5	5	5
Sale Of Publications.....	1	1	1
Sale Of State Property.....	3,530	7,769	37,009
Sale Of Unserviceable Property.....	187	175	168
State Surplus Property's E-Bay Account.....	\$ 62	\$ 285	\$ 268
Reading State Office Building.....	213	206	214
Scranton State Office Building.....	1,558	1,092	1,131
Altoona State Office Building.....	46	34	36
SUBTOTAL.....	\$ 8,725	\$ 12,260	\$ 41,611
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees.....	\$ 1	\$ 1	\$ 1
Cre Certification Fees.....	20	14	10
Hospice Licensing Fees.....	35	35	35
Immunization Service Fees.....	22	16	16
Life Safety Code Inspection Fees.....	13	0	0
Miscellaneous Licensure Fees.....	85	92	92
Nursing Home Licenses.....	322	355	360
Pediatric Extended Care Licensing Fees.....	4	4	4
Profit Making Hospital Licenses.....	288	201	201
Organized Camps Program Fees.....	4	4	4

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Department of Health (continued)			
Registration Fees — Hearing Aid Act.....	106	104	104
Registration Fees — Drugs Devices and Cosmetics Act.....	405	400	405
Vital Statistics Fees.....	6,342	6,592	6,922
Wholesale Prescription Drug Distribution Licenses.....	65	64	64
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program.....	\$ -15	\$ -11	\$ -11
Miscellaneous.....	72	125	95
Refunds of Expenditures Not Credited to Appropriations.....	0	*	*
SUBTOTAL.....	\$ 7,769	\$ 7,996	\$ 8,302
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ *	\$ *
Refunds of Expenditures Not Credited to Appropriations.....	22	20	20
SUBTOTAL.....	\$ 22	\$ 20	\$ 20
Insurance Department			
LICENSES AND FEES			
Agents' Licenses.....	\$ 23,021	\$ 23,350	\$ 23,400
Brokers' Licenses.....	8,491	6,400	6,400
Division of Companies Certification — Certificates and Filing Fees.....	2,129	2,000	2,000
Examination Fees and Expenses.....	2,155	1,800	1,900
Market Conduct Examination Fees.....	1,027	950	975
Miscellaneous Fees.....	364	0	0
Valuation of Policies Fees.....	5,478	3,400	3,400
MISCELLANEOUS REVENUE			
Contra to Revenue Code 001780-009696-102.....	\$ -6	\$ 0	\$ 0
Miscellaneous.....	5	0	0
Refunds of Expenditures Not Credited to Appropriations.....	2	0	0
SUBTOTAL.....	\$ 42,666	\$ 37,900	\$ 38,075
Department of Labor and Industry			
LICENSES AND FEES			
Accessibility.....	\$ 19	\$ 10	\$ 10
Approval of Building Plan Fees.....	1,014	1,025	1,015
Approval of Elevator Plan Fees.....	610	610	500
Bedding And Upholstery Fees.....	704	704	704
Boiler Inspection Fees.....	4,342	4,150	4,000
Boiler Plan Fees.....	52	48	48
Elevator Inspection Fees.....	721	620	675
Employment Agency Licenses.....	34	30	30
Employment Agents' Registration Fees.....	6	5	5
Flammable Liquids Storage Fees.....	42	35	35
Industrial Board.....	40	50	50
Liquefied Petroleum Gas Plan Fees.....	5	4	4
Liquefied Petroleum Gas Registration Fees.....	180	160	160
Stuffed Toys Manufacturers' Registration Fees.....	67	60	60
UCC Certifications.....	59	58	58
MISCELLANEOUS REVENUE			
Act 64-Contra Miscellaneous Revenue Code.....	\$ 62	\$ 0	\$ 0
Miscellaneous.....	*	1	1
Refunds of Expenditures Not Credited to Appropriations.....	8	0	0
SUBTOTAL.....	\$ 7,965	\$ 7,570	\$ 7,355
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 4,538	\$ 30	\$ 30
Telephone Commissions.....	2	3	3
SUBTOTAL.....	\$ 4,540	\$ 33	\$ 33

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 2	\$ 0	\$ 0
SUBTOTAL.....	\$ 2	\$ 0	\$ 0
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses.....	\$ 47	\$ 50	\$ 50
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 247	\$ 833	\$ 300
Refunds of Expenditures Not Credited to Appropriations.....	5	12	5
Telephone Commissions.....	10	16	11
SUBTOTAL.....	\$ 309	\$ 911	\$ 366
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees.....	\$ 36	\$ 36	\$ 36
Cigarette Permit Fees.....	512	500	500
Domestic Violence and Rape Crisis Program Fee.....	1,895	1,900	1,900
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67.....	\$ 15,611	\$ 15,500	\$ 15,500
District Justice Costs.....	7,631	8,000	8,000
Miscellaneous.....	17	20	20
Distribution Due Absentee.....	288	50	50
Income Tax Check-Offs — Olympics.....	1	0	0
Refunds of Expenditures Not Credited to Appropriations.....	5	0	0
SUBTOTAL.....	\$ 25,996	\$ 26,006	\$ 26,006
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial.....	\$ 99	\$ 114	\$ 120
Associated Persons — Renewal.....	281	310	328
Associated Persons — Transfer.....	2	4	5
Brokers, Dealers Registration Fees — Initial.....	64	68	70
Brokers, Dealers Registration Fees — Renewal.....	862	905	950
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs.....	1	1	1
Investment Advisors Filing Fees — Initial.....	32	34	36
Investment Advisors Filing Fees — Renewal.....	163	175	184
Investment Advisors — Notice Filings Initial.....	80	88	93
Investment Advisors — Notice Filings Renewal.....	443	490	515
Mutual Funds — Increase in Amount of Filing.....	687	690	690
Mutual Funds — Initial Filing.....	444	450	450
Mutual Funds — Renewal Filing.....	3,373	3,500	3,500
506 RD Filings.....	1,486	1,500	1,500
Section 203 (D) — Increase in Amount of Filing.....	0	*	*
Section 203 (D) — Initial Filing.....	16	16	16
Section 203 (I) (O) (II) — Initial Filing.....	0	*	*
Section 203(P) — Initial Filing.....	*	*	*
Section 203(S) — Initial Filing.....	7	7	7
Section 203(T) — Filing.....	13	14	14
Section 205 — Security Registration and Amendment Fees.....	40	50	50
Section 206 — Increase in Amount of Filing.....	*	1	1
Section 206 — Qualification Filing — Initial.....	145	160	160
Securities Agents Filing Fees — Initial.....	3,362	3,760	3,872
Securities Agents Filing Fees — Renewal.....	11,177	11,624	12,000
Securities Agents Filing Fees — Transfer.....	256	300	300
Takeover Disclosure Filing Fees + Sct Iv Rgtrn.....	5	5	5
Takeover Disclosure Filing Fees + Sct Iv Rgtrn.....	0	1	1
SUBTOTAL.....	\$ 23,038	\$ 24,267	\$ 24,868

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees.....	\$ 1,520	\$ 1,520	\$ 1,566
Commission and Filing Fees — Bureau Of Elections.....	911	905	1,000
Commission and Filing Fees — Corporation Bureau.....	22,868	23,518	24,224
Commission Fees.....	96	35	40
Notary Public Commission Fees.....	1,016	1,000	1,005
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ -8,379	\$ 0	\$ 0
Prof. & Occupational Affairs Credit Card Transfers.....	707	0	0
SUBTOTAL.....	\$ 18,739	\$ 26,978	\$ 27,835
State Police			
MISCELLANEOUS REVENUE			
Act 64 - Contra Miscellaneous Revenue	\$ -9	\$ 0	\$ 0
Miscellaneous.....	521	400	400
Reimbursement For Lost Property.....	2	3	3
Sales Tax Escrow Account.....	*	1	1
Refunds of Expenditures Not Credited to Appropriations.....	1,073	130	150
Telephone Commissions.....	60	20	10
SUBTOTAL.....	\$ 1,647	\$ 554	\$ 564
Department of Transportation			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Interest	\$ *	\$ 0	\$ 0
Other			
MISCELLANEOUS REVENUE			
Conscience Money.....	\$ 1,819	\$ 0	\$ 0
Payments in Lieu of Taxes — SWIF.....	8,595	9,118	9,118
Securities Commission Court Settlement.....	0	0	13,000
Gaming Control Board - Miscellaneous.....	0	61,077	0
Public Television Network - Refunds of Expend Not Credited to Approp	*	0	0
Miscellaneous - Loan Repayment.....	0	0	30,000
Miscellaneous - OCGPT Transfer.....	0	0	17,000
Supreme Court.....	70	0	0
Transfers From Special Funds.....	5,960	3,483	1,483
SUBTOTAL.....	\$ 16,444	\$ 73,678	\$ 70,601
Total Licenses, Fees and Miscellaneous.....	\$ 368,634	\$ 453,700	\$ 482,156
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax.....	\$ 16,583	\$ 18,423	\$ 13,995
Interest on Excise Taxes — Corporations (Department of Revenue).....	14,506	16,116	12,243
Penalties on Excise Taxes — Corporations.....	1,495	1,661	1,262
SUBTOTAL.....	\$ 32,584	\$ 36,200	\$ 27,500
Other Fines and Penalties			
Department of Agriculture			
Amusement Rides and Attractions — Fines.....	\$ 2	\$ 3	\$ 3
Egg Fines.....	*	*	*
General Food Fines.....	2	3	2
Harness Racing Fines and Penalties.....	55	50	85
Horse Racing Fines and Penalties.....	59	50	50
Marking Law Fines.....	0	*	*
Miscellaneous Fines.....	2	0	0
Civil Penalties - Food Establishments.....	3	0	0
Weights & Mearsures Division - Fines.....	0	2	2
Department of Conservation and Natural Resources			
Miscellaneous Fines.....	*	*	*
Department of Environmental Protection			
Miscellaneous Fines.....	*	*	*
Ethics Commission			
Violations-Act 1978-170.....	68	20	20
Department of General Services			
Traffic Violation Fines.....	14	14	14
Department of Health			
Non-Compliance Fines And Penalties.....	227	13	14

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Department of Insurance			
Miscellaneous Fines.....	1,813	2,024	2,020
Department of Labor and Industry			
Minor Labor Law Fines.....	1	0	0
Miscellaneous Fines.....	76	90	90
Public Utility Commission			
Violation Of Order Fines.....	340	231	300
Department of Revenue			
Malt Liquor Fines and Penalties.....	73	0	0
Department of State			
Penalties and Fines - Charities Bureau.....	203	500	500
SUBTOTAL.....	<u>\$ 2,938</u>	<u>\$ 3,000</u>	<u>\$ 3,100</u>
Total Fines, Penalties and Interest.....	<u>\$ 35,522</u>	<u>\$ 39,200</u>	<u>\$ 30,600</u>
TOTAL NONTAX REVENUES.....	<u>\$ 484,156</u>	<u>\$ 642,900</u>	<u>\$ 592,756</u>
TOTAL GENERAL FUND REVENUES.....	<u>\$ 25,854,296</u>	<u>\$ 26,866,200</u>	<u>\$ 28,392,356</u>

* 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)					
	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income Tax.....	\$ 1,603,375	\$ 1,418,493	\$ 1,396,561	\$ 1,677,998	\$ 1,921,406	\$ 2,301,968
Capital Stock and Franchise Taxes..	1,063,046	913,426	896,329	984,295	1,025,904	1,080,874
Selective Business:						
Gross Receipts Tax.....	663,551	710,597	846,775	1,012,397	1,125,913	1,150,987
Public Utility Realty Tax.....	42,292	28,850	50,814	50,272	41,178	40,209
Insurance Premiums Tax.....	291,421	300,554	330,609	390,768	410,700	390,371
Financial Institutions Tax.....	189,900	216,310	214,434	217,550	208,924	204,657
Other Selective Business Taxes.....	10,011	13,390	15,413	17,825	17,695	21,039
Total — Corporation Taxes.....	\$ 3,863,596	\$ 3,601,620	\$ 3,750,935	\$ 4,351,105	\$ 4,751,720	\$ 5,190,105
Consumption Taxes						
Sales and Use Tax.....	\$ 7,203,756	\$ 7,292,499	\$ 7,519,561	\$ 7,728,542	\$ 7,999,952	\$ 8,334,249
Cigarette Tax.....	269,339	266,795	826,742	856,442	784,371	792,124
Malt Beverage Tax.....	25,530	26,653	26,726	26,201	24,904	26,158
Liquor Tax.....	162,083	170,769	193,181	195,179	212,501	223,036
Total — Consumption Taxes.....	\$ 7,660,708	\$ 7,756,716	\$ 8,566,210	\$ 8,806,364	\$ 9,021,728	\$ 9,375,567
Other Taxes						
Personal Income Tax.....	\$ 7,491,462	\$ 7,138,668	\$ 7,105,885	\$ 7,733,804	\$ 8,746,793	\$ 9,524,139
Realty Transfer Tax.....	268,816	290,472	362,561	400,590	472,539	552,450
Inheritance Tax.....	799,800	779,571	693,782	747,625	716,148	745,245
Minor and Repealed Taxes.....	6,620	6,881	17,747	6,629	3,593	-17,366
Total — Other Taxes.....	\$ 8,566,698	\$ 8,215,592	\$ 8,179,975	\$ 8,888,648	\$ 9,939,073	\$ 10,804,468
TOTAL TAX REVENUE.....	\$ 20,091,002	\$ 19,573,928	\$ 20,497,120	\$ 22,046,117	\$ 23,712,521	\$ 25,370,140
NONTAX REVENUE						
State Stores Fund Transfer.....	\$ 50,000	\$ 120,000	\$ 155,000	\$ 50,000	\$ 54,900	\$ 80,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees.....	86,581	90,399	96,410	105,176	121,131	115,836
Miscellaneous.....	301,080	243,030	531,002	591,701	387,994	252,798
Fines, Penalties and Interest:						
On Taxes.....	29,885	28,898	31,869	31,881	24,067	32,584
Other.....	3,197	3,688	3,050	3,203	7,927	2,938
TOTAL NONTAX REVENUES.....	\$ 470,743	\$ 486,015	\$ 817,331	\$ 781,961	\$ 596,019	\$ 484,156
GENERAL FUND TOTAL.....	\$ 20,561,745	\$ 20,059,943	\$ 21,314,451	\$ 22,828,078	\$ 24,308,540	\$ 25,854,296



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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance.....	\$ 212,409	\$ 283,719	\$ 71,144
Revenue:			
Revenue Receipts.....	\$ 2,265,892	\$ 2,322,820	\$ 2,302,980
Adjustment to Official Estimate.....	0	-28,870	0
New Highway and Bridge Program.....	0	0	965,000
Prior Year Lapses.....	144,606	58,000	0
Funds Available	\$ 2,622,907	\$ 2,635,669	\$ 3,339,124
Expenditures:			
Appropriations.....	\$ 2,339,188	\$ 2,564,525	\$ 2,352,087
New Highway and Bridge Program.....	0	0	965,000
Estimated Expenditures.....	\$ -2,339,188	\$ -2,564,525	\$ -3,317,087
Ending Balance.....	\$ 283,719	\$ 71,144	\$ 22,037

* Excludes restricted revenue.

Motor License Fund

Summary by Department

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Executive Offices			
General Government			
Office of the Budget.....	\$ 5,831	\$ 5,831	\$ 6,005
Statewide Public Safety Radio System.....	5,871	10,751	17,562
Interstate Law Enforcement and Patrol.....	5,477	0	0
IES Plant Maintenance.....	0	5,034	3,901
TOTAL STATE FUNDS.....	\$ 17,179	\$ 21,616	\$ 27,468
Augmentations.....	\$ 614	\$ 6,621	\$ 802
DEPARTMENT TOTAL.....	\$ 17,793	\$ 28,237	\$ 28,270
Treasury Department			
General Government			
Administration of Refunding Liquid Fuel Tax.....	\$ 455	\$ 455	\$ 455
Refunding Liquid Fuel Tax — Agricultural.....	3,199	4,000	4,300
Refunding Liquid Fuel Tax — State Share.....	350	350	500
Refunding Liquid Fuel Tax — Political Subdivisions.....	2,474	3,200	3,200
Refunding Liquid Fuel Tax — Volunteer Services.....	303	400	400
Refunding Liquid Fuel Tax - Snowmobiles and ATV's.....	1,000	1,000	1000
Refunding Liquid Fuel Tax — Boat Fund.....	2,093	2,800	2800
Replacement Checks (EA).....	224	100	100
Subtotal.....	\$ 10,098	\$ 12,305	\$ 12,755
Debt Service Requirements			
Capital Debt — Transportation Projects.....	\$ 12,096	\$ 11,461	\$ 12,546
General Obligation Debt Service.....	10,625	11,372	11,679
Loan and Transfer Agent.....	0	50	50
Subtotal.....	\$ 22,721	\$ 22,883	\$ 24,275
TOTAL STATE FUNDS	\$ 32,819	\$ 35,188	\$ 37,030
Restricted Revenue.....	\$ 23,816	\$ 19,151	\$ 17,960
DEPARTMENT TOTAL.....	\$ 56,635	\$ 54,339	\$ 54,990
Department of Agriculture			
Weights and Measures.....	\$ 0	\$ 0	\$ 2,627
DEPARTMENT TOTAL.....	\$ 0	\$ 0	\$ 2,627
Department of Conservation and Natural Resources			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL STATE FUNDS.....	\$ 1,000	\$ 1,000	\$ 1,000
Restricted Revenue.....	\$ 4,000	\$ 4,000	\$ 4,000
DEPARTMENT TOTAL.....	\$ 5,000	\$ 5,000	\$ 5,000
Department of Education			
Grants and Subsidies			
Safe Driving Course.....	\$ 1,230	\$ 1,230	\$ 1,230
DEPARTMENT TOTAL.....	\$ 1,230	\$ 1,230	\$ 1,230
Emergency Management Agency			
Grants and Subsidies			
Local Disaster Relief.....	\$ 12,500	\$ 0	\$ 0
DEPARTMENT TOTAL.....	\$ 12,500	\$ 0	\$ 0

Summary by Department (continued)

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Estimate	2007-08 Budget
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 (EA).....	83	77	82
Harristown Utility and Municipal Charges (EA).....	152	150	164
DEPARTMENT TOTAL.....	<u>\$ 20,235</u>	<u>\$ 20,227</u>	<u>\$ 20,246</u>
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax.....	\$ 13,408	\$ 13,708	\$ 14,402
Refunding Liquid Fuels Tax.....	11,400	11,400	11,400
DEPARTMENT TOTAL.....	<u>\$ 24,808</u>	<u>\$ 25,108</u>	<u>\$ 25,802</u>
State Police			
General Government			
General Government Operations.....	\$ 372,110	\$ 442,531	\$ 450,581
Additional State Troopers.....	8,289	17,161	0
Civilianization.....	0	1,755	0
Law Enforcement Information Technology.....	32,135	22,645	22,645
Incident Information Management System.....	0	9,490	4,818
Municipal Police Training.....	3,846	3,846	4,269
Patrol Vehicles.....	10,478	12,786	10,825
Automated Fingerprint Identification System.....	121	121	121
Commercial Vehicle Inspection.....	3,773	3,773	5,924
TOTAL STATE FUNDS.....	<u>\$ 430,752</u>	<u>\$ 514,108</u>	<u>\$ 499,183</u>
Augmentations.....	\$ 1,615	\$ 2,011	\$ 1,675
DEPARTMENT TOTAL.....	<u>\$ 432,367</u>	<u>\$ 516,119</u>	<u>\$ 500,858</u>
Department of Transportation			
General Government			
General Government Operations.....	\$ 45,822	\$ 52,998	\$ 53,878
Welcome Centers.....	2,616	2,845	2,974
Highway Systems Technology.....	22,100	22,100	22,100
Highway and Safety Improvement.....	150,000	150,000	150,000
Security Walls Pilot Project.....	5,000	18,000	5,000
Highway Maintenance.....	770,500	770,500	770,500
Highway Maintenance Safety Projects.....	10,000	15,000	10,000
Smoother Roads and Priority Bridges.....	50,000	150,000	12,000
Disaster Recovery.....	50,000	0	0
Bridge Preservation.....	28,000	48,000	18,000
Emergency Highway and Bridge Repairs.....	5,433	35,000	5,000
Reinvestment — Facilities.....	16,540	16,540	16,540
Homeland Security - Personal ID.....	0	8,800	11,500
Safety Administration and Licensing.....	125,958	129,459	132,028
Refunding Collected Monies (EA).....	2,250	4,000	4,000
Highway Capital Projects (EA).....	221,577	216,000	216,000
Secondary Roads — Maintenance & Resurfacing (EA).....	65,230	65,230	65,230
Subtotal.....	<u>\$ 1,571,026</u>	<u>\$ 1,704,472</u>	<u>\$ 1,494,750</u>

Motor License Fund

Summary by Department (continued)

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Grants and Subsidies			
Local Road Maintenance and Construction Payments.....	\$ 190,639	\$ 204,576	\$ 205,751
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
Subtotal.....	<u>\$ 223,639</u>	<u>\$ 237,576</u>	<u>\$ 238,751</u>
SUBTOTAL STATE FUNDS.....	<u>\$ 1,794,665</u>	<u>\$ 1,942,048</u>	<u>\$ 1,733,501</u>
New Highway and Bridge Program			
	\$ -	\$ -	\$ 965,000
TOTAL STATE FUNDS.....	<u>\$ 1,794,665</u>	<u>\$ 1,942,048</u>	<u>\$ 2,698,501</u>
Federal Funds.....	\$ 1,244,188	\$ 1,486,350	\$ 1,387,804
Augmentations.....	46,965	57,721	55,228
Restricted Revenue.....	898,763	958,297	926,253
DEPARTMENT TOTAL.....	<u>\$ 3,984,581</u>	<u>\$ 4,444,416</u>	<u>\$ 5,067,786</u>
Fund Summary			
State Funds — Transportation.....	\$ 1,794,665	\$ 1,942,048	\$ 2,698,501
State Funds — Other Departments.....	544,523	622,477	618,586
TOTAL STATE FUNDS.....	<u>\$ 2,339,188</u>	<u>\$ 2,564,525</u>	<u>\$ 3,317,087</u>
Motor License Fund Total—All Funds			
State Funds.....	\$ 2,339,188	\$ 2,564,525	\$ 3,317,087
Federal Funds.....	1,244,188	1,486,350	1,387,804
Augmentations.....	49,194	66,353	57,705
Restricted Revenue.....	926,579	981,448	948,213
FUND TOTAL.....	<u>\$ 4,559,149</u>	<u>\$ 5,098,676</u>	<u>\$ 5,710,809</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Liquid Fuels Taxes.....	\$ 1,226,094	\$ 1,266,450	\$ 1,275,120	\$ 1,283,880	\$ 1,292,700	\$ 1,301,580	\$ 1,310,550
Motor Licenses and Fees.....	877,813	882,690	893,030	903,100	911,930	920,380	935,930
Other Motor License Fund Revenues.....	161,985	144,810	134,830	134,890	134,950	135,010	135,070
Subtotal.....	2,265,892	2,293,950	2,302,980	2,321,870	2,339,580	2,356,970	2,381,550
 New Highway and Bridge Program Revenues.....	 \$ 0	 \$ 0	 \$ 965,000	 \$ 965,000	 \$ 965,000	 \$ 965,000	 \$ 965,000
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 2,265,892	\$ 2,293,950	\$ 3,267,980	\$ 3,286,870	\$ 3,304,580	\$ 3,321,970	\$ 3,346,550
 Aviation Restricted Revenues.....	 \$ 10,574	 \$ 10,820	 \$ 10,820	 \$ 10,820	 \$ 10,820	 \$ 10,820	 \$ 10,820
Highway Bridge Improvement Restricted Revenues.....	\$ 115,339	\$ 119,740	\$ 121,600	\$ 123,490	\$ 125,420	\$ 127,390	\$ 129,400
State Highway Transfer Restricted Revenues.....	\$ 23,433	\$ 24,870	\$ 25,040	\$ 25,220	\$ 25,390	\$ 25,570	\$ 25,740
Oil Company Franchise Tax Restricted Revenues.....	\$ 429,607	\$ 455,950	\$ 459,100	\$ 462,280	\$ 465,480	\$ 468,710	\$ 471,970
Supplemental Maintenance Restricted Revenues.....	\$ 300,728	\$ 319,170	\$ 321,370	\$ 323,600	\$ 325,840	\$ 328,090	\$ 330,380

Adjustments to 2006-07 Revenue Estimate

On July 2, 2006, an official estimate for the 2006-07 fiscal year of \$2,322,820 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.

	2006-07 Official Estimate	Adjustments	2006-07 Revised Estimate
Liquid Fuels Taxes.....	\$ 1,275,090	\$ -8,640	\$ 1,266,450
Motor Licenses and Fees.....	874,110	8,580	882,690
Other Motor License Fund Revenues.....	173,620	-28,810	144,810
 TOTAL.....	 \$ 2,322,820	 \$ -28,870	 \$ 2,293,950

Revenue Sources

Liquid Fuels Taxes

Actual	Estimated
2000-01..... \$ 1,070,185	2006-07..... \$ 1,266,450
2001-02..... 1,090,488	2007-08..... 1,275,120
2002-03..... 1,105,459	2008-09..... 1,283,880
2003-04..... 1,113,027	2009-10..... 1,292,700
2004-05..... 1,159,874	2010-11..... 1,301,580
2005-06..... 1,226,094	2011-12..... 1,310,550

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	
2000-01.....	\$ 795,371	2006-07.....	\$ 882,690
2001-02.....	814,350	2007-08.....	893,030
2002-03.....	828,821	2008-09.....	903,100
2003-04.....	843,174	2009-10.....	911,930
2004-05.....	876,897	2010-11.....	920,380
2005-06.....	877,813	2011-12.....	935,930

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	
2000-01.....	\$ 86,260	2006-07.....	\$ 144,810
2001-02.....	50,187	2007-08.....	134,830
2002-03.....	64,487	2008-09.....	134,890
2003-04.....	129,408	2009-10.....	134,950
2004-05.....	120,101	2010-11.....	135,010
2005-06.....	161,985	2011-12.....	135,070

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.

New Highway and Bridge Program Revenues

Actual		Estimated	
2000-01.....	\$ 0	2006-07.....	\$ 0
2001-02.....	0	2007-08.....	965,000
2002-03.....	0	2008-09.....	965,000
2003-04.....	0	2009-10.....	965,000
2004-05.....	0	2010-11.....	965,000
2005-06.....	0	2011-12.....	965,000

Proposed Change: The Commonwealth would receive revenue from either the collection of payments from a proposed lease of the Pennsylvania Turnpike or from the imposition of a new Oil Company Gross Profits Tax.

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)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax.....	\$ 580,860	\$ 589,860	\$ 592,990
Liquid Fuels Tax Interest.....	87	90	90
Liquid Fuels Tax Penalties.....	870	880	890
Subtotal.....	\$ 581,817	\$ 590,830	\$ 593,970
Fuel Use Tax			
Fuel Use Tax.....	\$ 162,447	\$ 165,220	\$ 167,300
Fuel Use Tax Interest.....	0	0	0
Fuel Use Tax Penalties.....	0	0	0
Subtotal.....	\$ 162,447	\$ 165,220	\$ 167,300
Alternative Fuel Tax			
Alternative Fuel Tax.....	\$ 647	\$ 650	\$ 650
Subtotal.....	\$ 647	\$ 650	\$ 650
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax.....	\$ 34,973	\$ 36,210	\$ 36,400
Motor Carriers Road/IFTA— Registration Fees, Special....			
Permit Fees and Fines.....	974	1,010	1,010
Subtotal.....	\$ 35,947	\$ 37,220	\$ 37,410
Oil Company Franchise Tax.....	\$ 445,236	\$ 472,530	\$ 475,790
TOTAL LIQUID FUELS TAXES.....	\$ 1,226,094	\$ 1,266,450	\$ 1,275,120
MOTOR LICENSES AND FEES			
Operators' Licenses.....	\$ 58,599	\$ 56,600	\$ 61,410
Other Fees Collected by Bureau of Motor Vehicles.....	33,025	35,710	36,760
Registration Fees Received From Other States/IRP.....	78,781	77,340	77,880
Special Hauling Permit Fees.....	19,488	19,780	20,250
Vehicle Registration and Titling.....	687,920	693,260	696,730
TOTAL MOTOR LICENSES AND FEES.....	\$ 877,813	\$ 882,690	\$ 893,030
OTHER MOTOR LICENSE FUND REVENUES			
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines.....	\$ 28,317	\$ 25,490	\$ 25,490
Department of Transportation			
Vehicle Code Fines.....	5,832	5,250	5,250
Subtotal.....	\$ 34,149	\$ 30,740	\$ 30,740

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Miscellaneous Revenues			
Treasury Department			
Dividend Income Reinvested - Long Term.....	\$ 19	\$ 20	\$ 20
Interest on Deposits - Cash Advancement Accounts	8	10	10
Interest on Securities.....	96,809	89,750	79,780
Interest on Securities - Liquid Fuels Tax Fund.....	373	350	310
Redeposit of Checks.....	-144	-130	-120
Subtotal.....	<u>\$ 97,065</u>	<u>\$ 90,000</u>	<u>\$ 80,000</u>
Department of General Services			
Sale of Unserviceable Property.....	\$ 555	\$ 700	\$ 710
Subtotal.....	<u>\$ 555</u>	<u>\$ 700</u>	<u>\$ 710</u>
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles.....	\$ 53	\$ 50	\$ 50
Highway Bridge Income.....	145	150	150
Highway Encroachment Permits.....	1,160	1,160	1,160
Interest Earned - Restricted Revenue.....	-987 ^a	-990 ^a	-990 ^a
Loan Repayments Interest.....	5,567	0	0
Miscellaneous Revenues.....	613	610	610
Recovered Damages.....	6	10	10
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	132	130	130
Sale of Bid Proposals and Contract Specifications.....	0	0	0
Sale of Inspection Stickers.....	21,985	22,000	22,050
Sale of Maps and Plans.....	207	210	210
Subtotal.....	<u>\$ 28,881</u>	<u>\$ 23,330</u>	<u>\$ 23,380</u>
Department of Revenue			
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	\$ 1	\$ 40	\$ 0
Subtotal.....	<u>\$ 1</u>	<u>\$ 40</u>	<u>\$ 0</u>
State Police			
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	\$ 1,334	\$ 0	\$ 0
Subtotal.....	<u>\$ 1,334</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL OTHER MOTOR LICENSE FUND REVENUES.....	<u>\$ 161,985</u>	<u>\$ 144,810</u>	<u>\$ 134,830</u>
SUB-TOTAL MOTOR LICENSE FUND REVENUES.....	<u>\$ 2,265,892</u>	<u>\$ 2,293,950</u>	<u>\$ 2,302,980</u>
New Highway and Bridge Program.....	\$ 0	\$ 0	\$ 965,000
TOTAL MOTOR LICENSE FUND REVENUES.....	<u>\$ 2,265,892</u>	<u>\$ 2,293,950</u>	<u>\$ 3,267,980</u>

^a Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

Actual		Estimated	
2000-01.....	\$ 14,921	2006-07.....	\$ 10,820
2001-02.....	12,929	2007-08.....	10,820
2002-03.....	10,316	2008-09.....	10,820
2003-04.....	11,543	2009-10.....	10,820
2004-05.....	11,158	2010-11.....	10,820
2005-06.....	10,574	2011-12.....	10,820

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, 2007, is 5.3 cents per gallon on aviation gasoline and 2.0 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	\$ 9,587	\$ 9,820	\$ 9,820
Interest.....	987	1,000	1,000
TOTAL AVIATION REVENUES.....	\$ 10,574	\$ 10,820	\$ 10,820

Highway Bridge Improvement Revenues

Actual		Estimated	
2000-01.....	\$ 80,613	2006-07.....	\$ 119,740
2001-02.....	83,345	2007-08.....	121,600
2002-03.....	84,989	2008-09.....	123,490
2003-04.....	85,135	2009-10.....	125,420
2004-05.....	96,956	2010-11.....	127,390
2005-06.....	115,339	2011-12.....	129,400

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.

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Registration Fee Portion-PA-Based Motor Vehicles.....	\$ 20,444	\$ 19,790	\$ 20,390
Temporary Permit Fees.....	299	310	320
Oil Company Franchise Tax.....	94,596	99,640	100,890
TOTAL HIGHWAY BRIDGE REVENUES.....	\$ 115,339	\$ 119,740	\$ 121,600

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual		Estimated	
2000-01.....	17,070	2006-07.....	\$ 24,870
2001-02.....	17,754	2007-08.....	25,040
2002-03.....	18,059	2008-09.....	25,220
2003-04.....	18,009	2009-10.....	25,390
2004-05.....	20,068	2010-11.....	25,570
2005-06.....	23,433	2011-12.....	25,740

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	
2000-01.....	\$ 312,946	2006-07.....	\$ 455,950
2001-02.....	325,486	2007-08.....	459,100
2002-03.....	331,089	2008-09.....	462,280
2003-04.....	330,161	2009-10.....	465,480
2004-05.....	367,952	2010-11.....	468,710
2005-06.....	429,607	2011-12.....	471,970

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	
2000-01.....	\$ 219,062	2006-07.....	\$ 319,170
2001-02.....	227,840	2007-08.....	321,370
2002-03.....	231,757	2008-09.....	323,600
2003-04.....	231,113	2009-10.....	325,840
2004-05.....	257,541	2010-11.....	328,090
2005-06.....	300,728	2011-12.....	330,380

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



BANKING DEPARTMENT FUND

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

Banking Department Fund

Financial Statement

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 28,125	\$ 28,648	\$ 28,862
Receipts:			
Revenue Estimate.....	\$ 18,952	\$ 18,223	\$ 18,433
Prior Year Lapses.....	48	0	0
Total Receipts.....	<u>\$ 19,000</u>	<u>\$ 18,223</u>	<u>\$ 18,433</u>
Funds Available	\$ 47,125	\$ 46,871	\$ 47,295
Expenditures:			
Appropriated.....	\$ 18,477	\$ 18,009	\$ 18,765
Estimated Expenditures.....	<u>-18,477</u>	<u>-18,009</u>	<u>-18,765</u>
Ending Balance	<u><u>\$ 28,648</u></u>	<u><u>\$ 28,862</u></u>	<u><u>\$ 28,530</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 3	\$ 5	\$ 5
Banking Department			
General Government			
General Government Operations.....	\$ 18,120	\$ 18,004	\$ 18,760
Department of General Services			
General Government			
Harristown Rental Charges.....	\$ 141	\$ 0	\$ 0
Harristown Utility and Municipal Charges.....	213	0	0
DEPARTMENT TOTAL.....	<u>\$ 354</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND TOTAL.....	<u><u>\$ 18,477</u></u>	<u><u>\$ 18,009</u></u>	<u><u>\$ 18,765</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Licenses and Fees.....	\$ 15,782	\$ 15,623	\$ 15,817	\$ 16,042	\$ 16,264	\$ 16,495	\$ 16,722
Fines and Penalties.....	907	1,000	1,000	1,000	1,100	1,100	1,100
Miscellaneous.....	2,263	1,600	1,616	1,616	1,616	1,616	1,616
TOTAL BANKING DEPARTMENT FUND REVENUES.....	\$ 18,952	\$ 18,223	\$ 18,433	\$ 18,658	\$ 18,980	\$ 19,211	\$ 19,438

Revenue Sources

Licenses and Fees

Actual		Estimated	
2000-01.....	\$ 12,544	2006-07.....	\$ 15,623
2001-02.....	11,914	2007-08.....	15,817
2002-03.....	13,684	2008-09.....	16,042
2003-04.....	14,032	2009-10.....	16,264
2004-05.....	13,945	2010-11.....	16,495
2005-06.....	15,782	2011-12.....	16,722

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	
2000-01.....	\$ 53	2006-07.....	\$ 1,000
2001-02.....	117	2007-08.....	1,000
2002-03.....	229	2008-09.....	1,000
2003-04.....	445	2009-10.....	1,100
2004-05.....	282	2010-11.....	1,100
2005-06.....	907	2011-12.....	1,100

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

Banking Department Fund

Revenue Sources (continued)

Miscellaneous Revenue

	Actual		Estimated	
2000-01.....	\$ 1,164		2006-07.....	\$ 1,600
2001-02.....	826		2007-08.....	1,616
2002-03.....	530		2008-09.....	1,616
2003-04.....	1,295		2009-10.....	1,616
2004-05.....	1,348		2010-11.....	1,616
2005-06.....	2,263		2011-12.....	1,616

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)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Licenses and Fees			
Banking — Application Fees	\$ 131	\$ 132	\$ 117
Savings Associations — Examinations	52	52	54
Savings Associations — Overhead Assessments	54	36	36
Check Cashers — Examinations	14	14	14
Check Cashers — Licenses	247	252	257
Check Cashers — Registrations	19	19	20
Consumer Credit — Examinations	168	172	173
Consumer Credit — Pawnbroker Licenses	16	16	16
Consumer Credit — Installment Seller Licenses	921	939	958
Consumer Credit — Consumer Discoun Company Licenses	188	192	196
Consumer Credit — Money Transmitter Licenses	60	61	62
Consumer Credit — Sales Finance Licenses	410	419	427
Consumer Credit — Collector-Repoessor Licenses	47	48	49
Credit Unions — Overhead Assessments	622	610	600
Secondary Mortgage Licenses	1,692	1,480	1,509
Examinations — Credit Union	420	400	400
Examinations — First Mortgage Bankers	129	131	132
Examinations — Pawnbrokers	1	2	2
Examinations — First Mortgage Brokers	121	123	125
Examinations — Second Mortgage	125	127	128
Examinations — Trust Companies	149	150	150
Examinations — Money Transmitters	78	80	80
Examinations — Secondary Mortgage Broker	108	111	112
Examinations — Loan Correspondents	15	15	15
Examinations — Partially Exempt Registered Entities	14	15	15
Examinations — Installment Seller	222	226	228
Overhead Assessments — Trust Companies	85	83	83
Total Assessment Charges — Banks	7,343	7,700	7,800
First Mortgage Company — Licenses	2,297	1,935	1,974
Investigations	0	50	51
Continuing Education Program Fees.....	14	14	15
Loan Broker Registrations.....	8	8	8
Miscellaneous	12	11	11
TOTAL	\$ 15,782	\$ 15,623	\$ 15,817

Banking Department Fund

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	<u>2005-06 Actual</u>	<u>2006-07 Estimate</u>	<u>2007-08 Budget</u>
Fines and Penalties			
Banking Law--Fines and Penalties.....	\$ 907	\$ 1,000	\$ 1,000
Miscellaneous Revenue			
Interest on Securities.....	\$ 2,263	\$ 1,600	\$ 1,616
TOTAL REVENUES.....	<u>\$ 18,952</u>	<u>\$ 18,223</u>	<u>\$ 18,433</u>



BOAT FUND

The Boat Fund is a special revenue fund composed of monies from license fees, fines, penalties, Federal contributions and other sources under the Fish and Boat Law and from liquid fuels taxes transferred from the Motor License and Liquid Fuels Tax Funds. This fund provides for the administration and enforcement of programs relating to boats and boating activities.

Financial Statement

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 17,698	\$ 18,814	\$ 16,474
Receipts:			
Revenue Estimate.....	\$ 13,684	\$ 13,629	\$ 14,074
Prior Year Lapses.....	748	936	0
Total Receipts.....	<u>\$ 14,432</u>	<u>\$ 14,565</u>	<u>\$ 14,074</u>
Funds Available	<u>\$ 32,130</u>	<u>\$ 33,379</u>	<u>\$ 30,548</u>
Expenditures:			
Appropriated.....	\$ 13,316	\$ 16,905	\$ 17,294
Estimated Expenditures.....	<u>-13,316</u>	<u>-16,905</u>	<u>-17,294</u>
Ending Balance	<u><u>\$ 18,814</u></u>	<u><u>\$ 16,474</u></u>	<u><u>\$ 13,254</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 10,510	\$ 13,425	\$ 13,729
TOTAL STATE FUNDS	<u><u>\$ 10,510</u></u>	<u><u>\$ 13,430</u></u>	<u><u>\$ 13,734</u></u>
Federal Funds.....	\$ 2,801	\$ 3,450	\$ 3,535
Other Funds.....	5	25	25
FUND TOTAL	<u><u>\$ 13,316</u></u>	<u><u>\$ 16,905</u></u>	<u><u>\$ 17,294</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Licenses and Fees.....	\$ 6,958	\$ 6,879	\$ 6,986	\$ 6,931	\$ 6,984	\$ 7,038	\$ 7,038
Fines and Penalties.....	270	225	250	225	225	225	225
Miscellaneous.....	3,650	3,050	3,278	3,155	3,130	3,130	3,105
TOTAL BOAT FUND REVENUES.....	\$ 10,878	\$ 10,154	\$ 10,514	\$ 10,311	\$ 10,339	\$ 10,393	\$ 10,368
Augmentations.....	\$ 2,806	\$ 3,475	\$ 3,560	\$ 3,560	\$ 3,560	\$ 3,560	\$ 3,560
TOTAL BOAT FUND RECEIPTS.....	\$ 13,684	\$ 13,629	\$ 14,074	\$ 13,871	\$ 13,899	\$ 13,953	\$ 13,928

Revenue Sources

Licenses and Fees

Actual	Estimated
2000-01..... \$ 5,462	2006-07..... \$ 6,879
2001-02..... 5,130	2007-08..... 6,986
2002-03..... 5,109	2008-09..... 6,931
2003-04..... 5,454	2009-10..... 6,984
2004-05..... 6,552	2010-11..... 7,038
2005-06..... 6,958	2011-12..... 7,038

The Boat Fund receives revenue from boat registration fees, which were increased with passage of Act 159 of 2004. For motorboats up to 16 feet in length, the annual registration fee is \$26.00. For those between 16 and 20 feet, the fee is \$39.00 per year. The annual fee for motorboats over 20 feet is \$52.00. There is also a voluntary registration fee of \$9.00 per year for all boats not equipped with motors. Other fees, such as duplicate registrations (\$3.00 each) and commercial passenger boat registrations (\$25.00 each), remain unchanged.

Fines and Penalties

Actual	Estimated
2000-01..... \$ 241	2006-07..... \$ 225
2001-02..... 244	2007-08..... 250
2002-03..... 257	2008-09..... 225
2003-04..... 202	2009-10..... 225
2004-05..... 221	2010-11..... 225
2005-06..... 270	2011-12..... 225

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2000-01.....	\$ 3,081	2006-07.....	\$ 3,050
2001-02.....	3,139	2007-08.....	3,278
2002-03.....	2,847	2008-09.....	3,155
2003-04.....	3,204	2009-10.....	3,130
2004-05.....	3,123	2010-11.....	3,130
2005-06.....	3,650	2011-12.....	3,105

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)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	\$ 6,234	\$ 6,238	\$ 6,290
Boat Mooring Permits — Walnut Creek Access.....	41	42	42
Boating Safety Curriculum Fees.....	158	135	150
Boat Capacity Plate Fees.....	4	4	4
Boat Titling Fees.....	521	460	500
TOTAL.....	\$ 6,958	\$ 6,879	\$ 6,986
Fines and Penalties			
Motor Boat Fines.....	\$ 270	\$ 225	\$ 250
TOTAL.....	\$ 270	\$ 225	\$ 250
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels			
Tax Funds.....	\$ 2,184	\$ 2,195	\$ 2,141
Miscellaneous.....	62	71	71
Interest on Securities.....	1,337	725	1,000
Sale of Unserviceable Property.....	2	1	1
Sales Tax Agent Fee PFC Share.....	60	43	55
North East Marina.....	5	15	10
TOTAL.....	\$ 3,650	\$ 3,050	\$ 3,278
Augmentations			
Sale of Automobiles.....	\$ 5	\$ 25	\$ 25
U.S. Coast Guard Grant for Boating Safety.....	1,263	2,000	2,100
Boating Infrastructure Grant (BIG).....	200	200	100
Sport Fish Restoration.....	1,338	1,100	1,310
FEMA Homeland Security.....	0	100	0
Clean Vessel Act.....	0	50	25
TOTAL.....	\$ 2,806	\$ 3,475	\$ 3,560
TOTAL RECEIPTS.....	\$ 13,684	\$ 13,629	\$ 14,074



ENVIRONMENTAL STEWARDSHIP FUND

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

Environmental Stewardship Fund

Financial Statement

(Dollar Amounts in Thousands)

	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Available</u>	<u>2007-08</u> <u>Estimated</u>
Beginning Balance	\$ 2,931	\$ 120	\$ 226
Receipts:			
Revenue Estimate.....	\$ 87,279	\$ 88,000	\$ 95,873
Prior Year Lapses.....	2,538	0	0
Total Receipts.....	<u>\$ 89,817</u>	<u>\$ 88,000</u>	<u>\$ 95,873</u>
Funds Available	<u>\$ 92,748</u>	<u>\$ 88,120</u>	<u>\$ 96,099</u>
Expenditures:			
Appropriated.....	\$ 92,628	\$ 87,894	\$ 96,099
Estimated Expenditures.....	<u>-92,628</u>	<u>-87,894</u>	<u>-96,099</u>
Ending Balance	<u>\$ 120</u>	<u>\$ 226</u>	<u>\$ 0</u>

Summary by Department

(Dollar Amounts in Thousands)

	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Estimate</u>	<u>2007-08</u> <u>Budget</u>
Treasury Department			
Debt Service Requirements			
Debt Service for Growing Greener Bond.....	\$ 0	\$ 0	\$ 26,987
Department of Agriculture			
Grants and Subsidies			
Agricultural Conservation Easement Program.....	\$ 10,749	\$ 8,568	\$ 10,229
Department of Conservation and Natural Resources			
General Government			
Parks & Forest Facility Rehabilitation.....	\$ 5,460	\$ 6,184	\$ 7,386
Grants and Subsidies			
Community Conservation Grants.....	\$ 11,260	\$ 7,018	\$ 8,290
Natural Diversity Conservation Grants.....	784	750	980
Subtotal.....	<u>\$ 12,044</u>	<u>\$ 7,768</u>	<u>\$ 9,270</u>
DEPARTMENT TOTAL.....	<u>\$ 17,504</u>	<u>\$ 13,952</u>	<u>\$ 16,656</u>
Department of Environmental Protection			
General Government			
Oil and Gas Well Plugging.....	\$ 0	\$ 0	\$ 0
Abandoned Mine Reclamation and Remediation.....	1,300	0	1,500
Subtotal.....	<u>\$ 1,300</u>	<u>\$ 0</u>	<u>\$ 1,500</u>
Grants and Subsidies			
Watershed Protection and Restoration.....	\$ 23,148	\$ 19,342	\$ 22,183
Sewage and Drinking Water Grants.....	2,713	2,310	2,165
Transfer to Hazardous Sites Cleanup Fund.....	20,000	30,000	0
Subtotal.....	<u>\$ 45,861</u>	<u>\$ 51,652</u>	<u>\$ 24,348</u>
DEPARTMENT TOTAL.....	<u>\$ 47,161</u>	<u>\$ 51,652</u>	<u>\$ 25,848</u>
Infrastructure Investment Authority			
Grants and Subsidies			
Stormwater, Water and Sewer Grants.....	\$ 17,214	\$ 13,722 ^a	\$ 16,379 ^a
TOTAL STATE FUNDS	<u>\$ 92,628</u>	<u>\$ 87,894</u>	<u>\$ 96,099</u>

^a Represents maximum amount available under current law. Act 45 of 2005 authorizes the use of up to \$2.5 million of this allocation for a Green Sales Tax Holiday and up to \$10 million for Historic Preservation Grants or Tax Credits if enabling legislation is enacted for these purposes.

Environmental Stewardship Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Licenses and Fees.....	\$ 81,554	\$ 85,500	\$ 93,873	\$ 96,664	\$ 96,664	\$ 96,664	\$ 96,664
Miscellaneous.....	5,725	2,500	2,000	2,000	2,000	2,000	2,000
TOTAL ENVIRONMENTAL STEWARDSHIP FUND RECEIPTS.....	\$ 87,279	\$ 88,000	\$ 95,873	\$ 98,664	\$ 98,664	\$ 98,664	\$ 98,664

Revenue Sources

Licenses and Fees

Actual		Estimated	
2000-01.....	\$ 5,951	2006-07.....	\$ 85,500
2001-02.....	5,952	2007-08.....	93,873
2002-03.....	55,629	2008-09.....	96,664
2003-04.....	90,078	2009-10.....	96,664
2004-05.....	71,051	2010-11.....	96,664
2005-06.....	81,554	2011-12.....	96,664

The Environmental Stewardship Fund originally received revenue from a 25 cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the Commonwealth. Act 90 of 2002 added an additional \$4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill. For fiscal year 2002-03, the first \$50 million received from this fee was deposited into this special fund. In fiscal year 2003-04, and thereafter, all revenue from these fees was deposited in this special fund. New revenue is proposed in the 2007-08 budget through a 50 cent per ton fee increase on the disposal of municipal solid waste. The increased revenue will enable this fund to provide support to the General Fund for the debt service costs of the \$625 million Growing Greener II environmental bond.

Miscellaneous Revenue

Actual		Estimated	
2000-01.....	\$ 4,042	2006-07.....	\$ 2,500
2001-02.....	3,972	2007-08.....	2,000
2002-03.....	2,302	2008-09.....	2,000
2003-04.....	4,892	2009-10.....	2,000
2004-05.....	4,333	2010-11.....	2,000
2005-06.....	5,725	2011-12.....	2,000

Miscellaneous revenues are earned interest

Environmental Stewardship Fund

Revenue Sources (continued)

Transfers from Other State Funds

	Actual	Estimated
2000-01.....	\$ 130,000	2006-07..... \$ 0
2001-02.....	80,000	2007-08..... 0
2002-03.....	30,000	2008-09..... 0
2003-04.....	15,000	2009-10..... 0
2004-05.....	0	2010-11..... 0
2005-06.....	0	2011-12..... 0

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

Revenue Detail

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

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Licenses and Fees			
Landfill Fees.....	\$ 81,554	\$ 85,500	\$ 93,873
Miscellaneous Revenues			
Miscellaneous.....	\$ 5,725	\$ 2,500	\$ 2,000
TOTAL RECEIPTS.....	<u>\$ 87,279</u>	<u>\$ 88,000</u>	<u>\$ 95,873</u>



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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 968	\$ 662	\$ 1,143
Receipts:			
Revenue Estimate.....	\$ 5,615	\$ 5,715	\$ 5,881
Transfer from General Fund.....	3,000	3,000	3,000
Prior Year Lapses.....	55	0	0
Total Receipts.....	<u>\$ 8,670</u>	<u>\$ 8,715</u>	<u>\$ 8,881</u>
Funds Available	<u>\$ 9,638</u>	<u>\$ 9,377</u>	<u>\$ 10,024</u>
Expenditures:			
Appropriated.....	\$ 8,976	\$ 8,234	\$ 9,379
Estimated Expenditures.....	<u>8,976</u>	<u>8,234</u>	<u>9,379</u>
Ending Balance	<u><u>\$ 662</u></u>	<u><u>\$ 1,143</u></u>	<u><u>\$ 645</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Department of Agriculture			
General Government			
General Operations.....	\$ 5,976	\$ 5,229	\$ 6,374
TOTAL STATE FUNDS	<u><u>\$ 5,976</u></u>	<u><u>\$ 5,234</u></u>	<u><u>\$ 6,379</u></u>
Augmentations.....	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
FUND TOTAL	<u><u>\$ 8,976</u></u>	<u><u>\$ 8,234</u></u>	<u><u>\$ 9,379</u></u>

Farm Products Show Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Licenses and Fees.....	\$ 274	\$ 274	\$ 274	\$ 274	\$ 274	\$ 274	\$ 274
Miscellaneous.....	5,341	5,441	5,607	5,607	5,607	5,607	5,607
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	\$ 5,615	\$ 5,715	\$ 5,881	\$ 5,881	\$ 5,881	\$ 5,881	\$ 5,881
Augmentations.....	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	\$ 8,615	\$ 8,715	\$ 8,881	\$ 8,881	\$ 8,881	\$ 8,881	\$ 8,881

Revenue Sources

Licenses and Fees

Actual	Estimated
2000-01..... \$ 208	2006-07..... \$ 274
2001-02..... 197	2007-08..... 274
2002-03..... 255	2008-09..... 274
2003-04..... 266	2009-10..... 274
2004-05..... 288	2010-11..... 274
2005-06..... 274	2011-12..... 274

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
2000-01..... \$ 3,692	2006-07..... \$ 5,441
2001-02..... 3,884	2007-08..... 5,607
2002-03..... 4,939	2008-09..... 5,607
2003-04..... 5,138	2009-10..... 5,607
2004-05..... 4,946	2010-11..... 5,607
2005-06..... 5,341	2011-12..... 5,607

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)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Licenses and Fees			
Exhibit Fees — Competitive--Farm Show.....	\$ 29	\$ 29	\$ 29
Exhibit — Commercial.....	245	245	245
TOTAL.....	<u>\$ 274</u>	<u>\$ 274</u>	<u>\$ 274</u>
Miscellaneous Revenue			
Concession Revenue.....	\$ 1,012	\$ 1,004	\$ 1,044
Service Charges.....	607	623	644
Rentals.....	2,318	2,463	2,535
Miscellaneous Revenue.....	151	153	153
Interest on Securities, Deposits, Returned Checks.....	101	49	49
Parking Fees.....	1,148	1,145	1,178
Sign Shop Sales.....	4	4	4
TOTAL.....	<u>\$ 5,341</u>	<u>\$ 5,441</u>	<u>\$ 5,607</u>
Augmentations			
Transfer from General Fund.....	\$ 3,000	\$ 3,000	\$ 3,000
TOTAL.....	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
TOTAL RECEIPTS.....	<u><u>\$ 8,615</u></u>	<u><u>\$ 8,715</u></u>	<u><u>\$ 8,881</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 14,067	\$ 20,748	\$ 20,531
Receipts:			
Revenue Estimate.....	\$ 35,249	\$ 36,272	\$ 35,146
Prior Year Lapses.....	3,729	512	0
Total Receipts	\$ 38,978	\$ 36,784	\$ 35,146
Funds Available	\$ 53,045	\$ 57,532	\$ 55,677
Expenditures:			
Appropriated.....	\$ 32,297	\$ 37,001	\$ 37,994
Estimated Expenditures.....	-32,297	-37,001	-37,994
Ending Balance	\$ 20,748	\$ 20,531	\$ 17,683

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 24,738	\$ 27,514	\$ 29,748
TOTAL STATE FUNDS	\$ 24,738	\$ 27,519	\$ 29,753
Federal Funds.....	\$ 6,731	\$ 8,746	\$ 7,657
Other Funds.....	828	736	584
FUND TOTAL	\$ 32,297	\$ 37,001	\$ 37,994

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Licenses and Fees.....	\$ 24,187	\$ 23,487	\$ 23,646	\$ 23,494	\$ 23,496	\$ 23,496	\$ 23,496
Fines and Penalties.....	446	431	431	431	431	431	431
Miscellaneous.....	3,057	2,872	2,828	2,321	2,321	2,271	2,271
TOTAL FISH FUND REVENUES.....	\$ 27,690	\$ 26,790	\$ 26,905	\$ 26,246	\$ 26,248	\$ 26,198	\$ 26,198
Augmentations.....	\$ 7,559	\$ 9,482	\$ 8,241	\$ 7,700	\$ 7,700	\$ 7,700	\$ 7,700
TOTAL FISH FUND RECEIPTS.....	\$ 35,249	\$ 36,272	\$ 35,146	\$ 33,946	\$ 33,948	\$ 33,898	\$ 33,898

Revenue Sources

Licenses and Fees

Actual	Estimated
2000-01..... \$ 19,608	2006-07..... \$ 23,487
2001-02..... 19,302	2007-08..... 23,646
2002-03..... 18,723	2008-09..... 23,494
2003-04..... 18,836	2009-10..... 23,496
2004-05..... 21,992	2010-11..... 23,496
2005-06..... 24,187	2011-12..... 23,496

The Commonwealth issues resident fishing licenses to persons between the ages of 16 and 64 if the applicant can prove residency within the Commonwealth for 60 days. Through the passage of Act 159 of 2004, the annual resident fees were increased to \$21. The Commonwealth also issues annual senior resident fishing licenses to persons 65 years of age and older for a fee of \$10. An individual eligible for a senior resident license can purchase a lifetime license for a fee of \$50. Act 159 of 2004 also increased nonresident fees to \$51 and the tourist fishing license for three-days to \$25 and seven-days to \$33. Persons fishing for trout or salmon are required to buy an \$8.00 stamp in addition to their regular fishing licenses. Other sources of revenue include the annual Lake Erie fishing permit or the special combination trout/salmon/Lake Erie permit.

Fines and Penalties

Actual	Estimated
2000-01..... \$ 481	2006-07..... \$ 431
2001-02..... 446	2007-08..... 431
2002-03..... 383	2008-09..... 431
2003-04..... 361	2009-10..... 431
2004-05..... 431	2010-11..... 431
2005-06..... 446	2011-12..... 431

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
2000-01..... \$ 2,774	2006-07..... \$ 2,872
2001-02..... 2,288	2007-08..... 2,828
2002-03..... 1,665	2008-09..... 2,321
2003-04..... 2,475	2009-10..... 2,321
2004-05..... 2,139	2010-11..... 2,271
2005-06..... 3,057	2011-12..... 2,271

The Commonwealth receives contributions for restocking of streams principally from persons or businesses that pollute, dam or interfere with fish propagation and survival. Monies are received from the Fish and Boat Commission publication, *Pennsylvania Angler & Boater*, from the sale of unserviceable and confiscated property, from the collection of interest on securities, and from other miscellaneous sources.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Licenses and Fees			
Resident Fishing Licenses.....	\$ 15,635	\$ 15,080	\$ 15,080
Resident Senior Fishing Licenses.....	167	136	150
Nonresident Fishing Licenses.....	2,047	2,000	2,000
Tourist Fishing Licenses - 1 Day.....	52	25	40
Tourist Fishing Licenses - 3 Day.....	716	650	650
Tourist Fishing Licenses - 7 Day.....	209	120	180
Lake Erie Licenses.....	1	1	1
Fishing Lake Licenses.....	21	22	22
Miscellaneous Permits and Fees.....	142	122	191
Scientific Collector's Permits.....	11	9	10
Lifetime Fishing Licenses - Senior Resident.....	467	485	485
H.R. Stackhouse Facilities User Fees.....	2	2	2
Trout/Salmon Stamp.....	4,717	4,835	4,835
TOTAL.....	\$ 24,187	\$ 23,487	\$ 23,646
Fines and Penalties			
Fish Law Fines.....	\$ 446	\$ 431	\$ 431
TOTAL.....	\$ 446	\$ 431	\$ 431

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget
Miscellaneous Revenue			
Sale of Publications.....	\$ 41	\$ 35	\$ 35
Sale of Unserviceable Property.....	0	1	1
Miscellaneous Revenue.....	25	50	30
Interest on Securities and Deposits.....	1,517	1,250	1,250
Rental of Fish and Boat Commission Property.....	53	32	45
Income from Sand and Gravel Dredging.....	901	925	925
Sale of Pennsylvania Angler & Boater.....	171	160	160
Sales Tax & Donations Collected.....	-1	3	3
Pollution and Stream Disturbance Settlements.....	212	315	275
Aquatic Resource Education Materials.....	0	1	1
Sale of Recreational Fishing Promotional Items.....	9	5	8
Royalty Payments.....	20	23	23
Refunds of Expenditures.....	15	6	6
Sale of Patches.....	33	31	31
Sale of Timber.....	61	35	35
TOTAL.....	<u>\$ 3,057</u>	<u>\$ 2,872</u>	<u>\$ 2,828</u>
TOTAL REVENUES.....	<u>\$ 27,690</u>	<u>\$ 26,790</u>	<u>\$ 26,905</u>
Augmentations			
Sale of Automobiles and Other Vehicles.....	\$ 23	\$ 55	\$ 55
Reimbursement for Services - Department c			
Transportation.....	117	65	75
Reimbursement for Services - DEP/EPA Projects.....	137	253	190
Federal Reimbursement - Sport Fish Restoration.....	5,748	5,740	5,943
Reimbursement for Services - Natural Disaster	531	0	0
Federal Reimbursement - Commerce Department.....	0	330	0
Federal Reimbursement - Surface Mine Regulation.....	48	50	50
Federal Reimbursement - NOAA.....	599	124	120
Purchasing Card Rebate.....	19	20	0
Reimbursement for Services - Habitat Assessments	0	230	145
Homeland Security Grant.....	0	150	0
Chesapeake Bay Program.....	0	337	65
Landowner Incentive Program.....	0	40	90
Transportation - Endangered/Threatened Species.....	1	73	79
Three River Ecological Center.....	0	40	40
State Wildlife Grant.....	336	1,975	1,389
TOTAL.....	<u>\$ 7,559</u>	<u>\$ 9,482</u>	<u>\$ 8,241</u>
TOTAL RECEIPTS.....	<u>\$ 35,249</u>	<u>\$ 36,272</u>	<u>\$ 35,146</u>



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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 22,747	\$ 31,497	\$ 26,713
Receipts:			
Revenue Estimate.....	\$ 66,598	\$ 58,874	\$ 55,778
Prior Year Lapses.....	3,119	3,722	0
Total Receipts.....	<u>\$ 69,717</u>	<u>\$ 62,596</u>	<u>\$ 55,778</u>
Funds Available	<u>\$ 92,464</u>	<u>\$ 94,093</u>	<u>\$ 82,491</u>
Expenditures:			
Appropriated.....	\$ 60,967	\$ 67,380	\$ 65,379
Estimated Expenditures.....	-60,967	-67,380	-65,379
Ending Balance	<u><u>\$ 31,497</u></u>	<u><u>\$ 26,713</u></u>	<u><u>\$ 17,112</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Game Commission			
General Government			
General Operations.....	\$ 49,216	\$ 53,232	\$ 53,925
Land Acquisition and Development.....	123	200	200
DEPARTMENT TOTAL.....	<u>\$ 49,339</u>	<u>\$ 53,432</u>	<u>\$ 54,125</u>
TOTAL STATE FUNDS	<u><u>\$ 49,339</u></u>	<u><u>\$ 53,437</u></u>	<u><u>\$ 54,130</u></u>
Federal Funds.....	\$ 10,860	\$ 12,903	\$ 10,616
Other Funds.....	768	1,040	633
FUND TOTAL.....	<u><u>\$ 60,967</u></u>	<u><u>\$ 67,380</u></u>	<u><u>\$ 65,379</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-2010 Estimated	2010-2011 Estimated	2011-2012 Estimated
Licenses and Fees.....	\$ 29,258	\$ 27,557	\$ 26,964	\$ 31,290	\$ 31,290	\$ 31,290	\$ 31,290
Fines and Penalties.....	1,217	1,006	1,150	1,203	1,203	1,203	1,203
Miscellaneous.....	24,495	16,368	16,415	14,896	14,896	14,896	14,896
TOTAL GAME FUND REVENUES.....	\$ 54,970	\$ 44,931	\$ 44,529	\$ 47,389	\$ 47,389	\$ 47,389	\$ 47,389
Augmentations.....	\$ 11,628	\$ 13,943	\$ 11,249	\$ 12,386	\$ 12,386	\$ 12,386	\$ 12,386
TOTAL GAME FUND RECEIPTS.....	\$ 66,598	\$ 58,874	\$ 55,778	\$ 59,775	\$ 59,775	\$ 59,775	\$ 59,775

Revenue Sources

Licenses and Fees

Actual	Estimated
2000-01..... \$ 27,060	2006-07..... \$ 27,557
2001-02..... 29,956	2007-08..... 26,964
2002-03..... 30,288	2008-09..... 31,290
2003-04..... 30,457	2009-10..... 31,290
2004-05..... 32,468	2010-11..... 31,290
2005-06..... 29,258	2011-12..... 31,290

Through the passage of Act 166 of 1998, new fees for licenses became effective July 1999. For resident hunting and resident furtaker licenses, the fees are: ages 17 to 64, \$19.00; over age 65, \$12.00; ages 12 to 16, \$5.00. Resident senior lifetime hunting and furtaker licenses are \$50.00 each; and a resident senior lifetime combination hunting and furtaking license is \$100.00. A junior resident combination hunting and furtaker license is \$8.00. Resident bear hunting and archery licenses are \$15.00; a muzzleloading resident license, \$10.00; and a resident antlerless deer license, \$5.00. For nonresidents of the Commonwealth, hunting licenses are: over age 17, \$100.00; ages 12 to 16, \$40.00. A junior nonresident combination hunting and furtaker license is \$50.00. In addition, a license for a nonresident to hunt bear is \$35.00; a license for a nonresident to hunt antlerless deer, \$25.00; and a muzzleloading license for a nonresident, \$20.00. Nonresidents are also able to purchase an adult furtaker license for \$80.00; a junior furtaker license for \$40.00; and a seven-day license to hunt small game for \$30.00.

Fines and Penalties

Actual	Estimated
2000-01..... \$ 1,503	2006-07..... \$ 1,006
2001-02..... 1,288	2007-08..... 1,150
2002-03..... 1,509	2008-09..... 1,203
2003-04..... 1,494	2009-10..... 1,203
2004-05..... 1,319	2010-11..... 1,203
2005-06..... 1,217	2011-12..... 1,203

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

Revenue Sources (continued)

Miscellaneous Revenue			
Actual		Estimated	
2000-01.....	\$ 19,756	2006-07.....	\$ 16,368
2001-02.....	16,215	2007-08.....	16,415
2002-03.....	16,227	2008-09.....	14,896
2003-04.....	12,856	2009-10.....	14,896
2004-05.....	23,434	2010-11.....	14,896
2005-06.....	24,495	2011-12.....	14,896

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)		
	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Licenses and Fees			
Resident Hunting Licenses.....	\$ 13,098	\$ 12,750	\$ 12,500
Resident Junior Hunting Licenses.....	245	238	235
Nonresident Hunting Licenses.....	5,857	5,775	5,500
Special Game Permits.....	285	220	220
Antlerless Deer Licenses.....	4,204	3,700	3,700
Archery Licenses.....	3,767	3,750	3,750
Landowner Hunting Licenses.....	6	5	5
Resident Senior Hunting Licenses.....	409	400	400
Muzzleloading Hunting Licenses.....	1,877	1,850	1,850
Right-of-Way Licenses.....	942	900	900
Resident Bear Licenses.....	2,031	1,900	1,900
Nonresident Bear Licenses.....	189	186	186
Hunting License Issuing Agents' Application Fees.....	10	14	14
Nonresident Junior Hunting License.....	122	105	105
Nonresident 7-Day Hunting License.....	70	60	60
Senior Resident - Lifetime Hunting License.....	170	150	150
Adult Resident Furtaker License.....	425	420	420
Junior Resident Furtaker License.....	2	2	2
Senior Resident Furtaker License.....	9	8	8
Nonresident Adult Furtaker License.....	18	20	20
Resident Special Wild Turkey.....	163	160	160
Non-Resident Special Wild Turkey.....	11	4	4
Junior Combination License.....	417	400	400
Nonresident Archery License.....	326	320	320
Nonresident Muzzleloading Hunting License.....	178	175	175
Nonresident Migratory Game Bird.....	25	20	20
Nonresident Antlerless Deer License.....	636	625	620
Senior Resident - Lifetime Combination License.....	362	300	300
Nonresident Junior Combination License.....	44	40	40
Elk License & Bobcat Permit Applications.....	115	117	122
DMAP Harvest Permit.....	240	235	172
Resident Military Personnel Hunting.....	0	1	1
Migratory Game Bird License.....	210	207	205
TOTAL.....	\$ 36,463	\$ 35,057	\$ 34,464
Restricted Revenue			
Transfer to General Habitat Improvement.....	-7,205	-7,500	-7,500
TOTAL.....	\$ -7,205	\$ -7,500	\$ -7,500
Net Licenses and Fees			
TOTAL.....	\$ 29,258	\$ 27,557	\$ 26,964

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Fines and Penalties			
Game Law Fines.....	\$ 1,217	\$ 1,006	\$ 1,150
TOTAL.....	<u>\$ 1,217</u>	<u>\$ 1,006</u>	<u>\$ 1,150</u>
Miscellaneous Revenue			
Sports Promotional Publications and Materials.....	\$ 3	\$ 3	\$ 3
Sale of Coal.....	807	650	600
Sale of Stone, Sand, Gravel & Limestone.....	64	59	48
Sale of Wood Products.....	15,332	10,000	10,000
Interest on Deposits.....	2	1	1
Redeposit of Checks.....	-2	0	0
Sale of Skins and Guns.....	28	20	20
Rental of State Property.....	5	5	9
Miscellaneous Revenue.....	31	30	31
Interest on Securities.....	2,774	1,500	1,500
Gas and Oil Ground Rentals and Royalties.....	2,921	2,180	2,200
Refund of Expenditures Not Credited to Appropriations.....	203	20	20
Miscellaneous Revenue License Division.....	31	15	15
Sale of Game News.....	763	841	794
Sale of Grain and Hay.....	27	10	10
Sale of Nonusable Property.....	6	4	4
Sale of Maps.....	1	1	1
Wildlife Management Promotional Revenue.....	147	145	240
Sale of Wood Products - PR Tracts.....	1,062	600	600
Howard Nursery.....	61	52	92
Working Together For Wildlife - Non-Game Fund.....	197	180	180
Oil and Gas Recovery Support.....	1	25	20
Waterfowl Management Stamp Sales and Royalties.....	31	27	27
TOTAL.....	<u>\$ 24,495</u>	<u>\$ 16,368</u>	<u>\$ 16,415</u>
TOTAL REVENUES.....	<u>\$ 54,970</u>	<u>\$ 44,931</u>	<u>\$ 44,529</u>
Augmentations			
Sale of Automobiles.....	\$ 120	\$ 100	\$ 100
Federal Reimbursement - Pittman Robinson Act.....	7,406	8,000	7,500
Endangered Species Program.....	3	34	30
Pennsylvania Conservation Corps.....	73	112	100
Federal Reimbursement - Surface Mine Regulation.....	70	65	90
Federal Reimbursement - WCRA.....	1,570	1,557	1,332
Federal Reimbursement - Conservation Service Farm Bill.....	464	486	420
Federal Reimbursement - Chronic Wasting Disease.....	83	75	75
Federal Reimbursement - Other Wildlife Grants.....	1,264	2,686	1,169
Private Donations.....	96	93	35
Reimbursement of Services - Other.....	0	125	68
PennDot Reimbursement - Deer Roadkill.....	109	130	115
Reimbursement from PA Fish and Boat Commission.....	190	312	125
PennDot Reimbursement - Environmental Assessments.....	98	95	70
Hunter Education	55	53	0
Purchasing Card Rebate.....	27	20	20
	<u>\$ 11,628</u>	<u>\$ 13,943</u>	<u>\$ 11,249</u>
TOTAL RECEIPTS.....	<u>\$ 66,598</u>	<u>\$ 58,874</u>	<u>\$ 55,778</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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 43,157	\$ 89,519	\$ 0
Receipts:			
Revenue Estimate.....	\$ 104,100	\$ 15,789	\$ 86,389
Prior Year Lapses.....	119,776	0	0
Total Receipts.....	<u>\$ 223,876</u>	<u>\$ 15,789</u>	<u>\$ 86,389</u>
Funds Available	<u>\$ 267,033</u>	<u>\$ 105,308</u>	<u>\$ 86,389</u>
Expenditures:			
Appropriated.....	\$ 177,514	\$ 105,308	\$ 86,389
Estimated Expenditures.....	-177,514	-105,308	-86,389
Ending Balance	<u>\$ 89,519</u>	<u>\$ 0</u>	<u>\$ 0</u>

Summary by Department

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Department of Conservation and Natural Resources			
General Government			
Park and Forest Facility Rehabilitation — Realty			
Transfer Tax.....	\$ 47,762	\$ 31,229	\$ 25,917
Grants and Subsidies			
Grants for Local Recreation — Realty Transfer Tax.....	\$ 63,792	\$ 26,025	\$ 21,597
Grants to Land Trusts — Realty Transfer Tax.....	17,398	10,411	8,639
Subtotal.....	<u>\$ 81,190</u>	<u>\$ 36,436</u>	<u>\$ 30,236</u>
DEPARTMENT TOTAL.....	<u>\$ 128,952</u>	<u>\$ 67,665</u>	<u>\$ 56,153</u>
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development —			
Realty Transfer Tax.....	\$ 8,595	\$ 4,164	\$ 3,456
State System of Higher Education —			
Deferred Maintenance — Realty Transfer Tax.....	17,959	19,946	15,550
DEPARTMENT TOTAL.....	<u>\$ 26,554</u>	<u>\$ 24,110</u>	<u>\$ 19,006</u>
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development — Realty Transfer Tax.....	\$ 22,008	\$ 13,533	\$ 11,230
FUND TOTAL	<u>\$ 177,514</u>	<u>\$ 105,308</u>	<u>\$ 86,389</u>

Keystone Recreation, Park and Conservation Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Realty Transfer Tax.....	\$ 96,879	\$ 12,300	\$ 82,900	\$ 88,200	\$ 95,800	\$ 103,500	\$ 108,900
Miscellaneous.....	7,221	3,489	3,489	3,489	3,489	3,489	3,489
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	\$ 104,100	\$ 15,789	\$ 86,389	\$ 91,689	\$ 99,289	\$ 106,989	\$ 112,389

Revenue Sources

Realty Transfer Tax

Actual	Estimated
2000-01..... \$ 47,048	2006-07..... \$ 12,300
2001-02..... 50,874	2007-08..... 82,900
2002-03..... 28,465	2008-09..... 88,200
2003-04..... 68,456	2009-10..... 95,800
2004-05..... 81,929	2010-11..... 103,500
2005-06..... 96,879	2011-12..... 108,900

Act 50 of 1993 approved the transfer of 15% of the revenues from the State Realty Transfer Tax to this fund. These monies are distributed to programs according to the formula contained in the act. Act 67 of 2006 decreased the transfer rate from 15% to 2.1% for the 2006-07 fiscal year.

Miscellaneous Revenues

Actual	Estimated
2000-01..... \$ 8,074	2006-07..... \$ 3,489
2001-02..... 4,124	2007-08..... 3,489
2002-03..... 2,349	2008-09..... 3,489
2003-04..... 1,540	2009-10..... 3,489
2004-05..... 3,003	2010-11..... 3,489
2005-06..... 7,221	2011-12..... 3,489

Miscellaneous revenues are earned interest.



LOTTERY FUND

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

Financial Statement

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 280,996	\$ 339,012	\$ 620,361
Reserve from Previous Year.....	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Beginning Balance.....	<u>\$ 380,996</u>	<u>\$ 439,012</u>	<u>\$ 720,361</u>
Receipts:			
Revenue Estimate.....	\$ 1,459,509	\$ 1,633,421	\$ 1,673,430
Prior Year Lapses.....	<u>36,192</u>	<u>81,627</u>	<u>0</u>
Total Receipts.....	<u>\$ 1,495,701</u>	<u>\$ 1,715,048</u>	<u>\$ 1,673,430</u>
Funds Available	<u>\$ 1,876,697</u>	<u>\$ 2,154,060</u>	<u>\$ 2,393,791</u>
Expenditures:			
Appropriated.....	\$ 1,437,685	\$ 1,433,699	\$ 1,821,120
Current Year Lapses.....	<u>-0</u>	<u></u>	<u>0</u>
Estimated Expenditures.....	<u>-1,437,685</u>	<u>-1,433,699</u>	<u>-1,821,120</u>
Reserve for Current Year.....	<u>\$ -100,000</u>	<u>\$ -100,000</u>	<u>\$ -100,000</u>
Ending Balance	<u><u>\$ 339,012</u></u>	<u><u>\$ 620,361</u></u>	<u><u>\$ 472,671</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 9	\$ 50	\$ 50
Department of Aging			
General Government			
General Government Operations.....	\$ 0	\$ 0	\$ 8,205
Auditor General's Audit Costs.....	\$ 50	\$ 50	\$ 130
Subtotal.....	\$ 50	\$ 50	\$ 8,335
Grants and Subsidies			
PENNCARE.....	\$ 219,791	\$ 227,923	\$ 242,937
Pre-Admission Assessment.....	7,253	7,678	10,293
Family Caregiver.....	0	0	12,103
Grants to Senior Centers.....	0	4,000	0
Pharmaceutical Assistance Fund.....	400,000	204,000	278,400
Subtotal.....	\$ 627,044	\$ 443,601	\$ 543,733
TOTAL STATE FUNDS.....	\$ 627,094	\$ 443,651	\$ 552,068
Federal Funds.....	\$ 88,217	\$ 97,453	\$ 112,948
Augmentations.....	626	600	798
DEPARTMENT TOTAL.....	\$ 715,937	\$ 541,704	\$ 665,814
Department of Public Welfare			
Grants and Subsidies			
Medical Assistance - Long-Term Care.....	\$ 0	\$ 248,771	\$ 248,771
Department of Revenue			
General Government			
General Operations.....	\$ 27,211	\$ 46,353	\$ 40,830
Lottery Advertising.....	30,000	30,000	32,000
Expanded Sales.....	24,736	24,736	30,876
On-line Vendor Commissions.....	57,000	52,545	58,687
Instant Vendor Commissions.....	34,800	30,776	23,711
Auditor General's Audit Costs.....	86	86	86
Payment of Prize Money.....	372,114	274,439	352,209
Subtotal.....	\$ 545,947	\$ 458,935	\$ 538,399
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians.....	\$ 124,200	\$ 130,000	\$ 324,912
Subtotal.....	\$ 124,200	\$ 130,000	\$ 324,912
TOTAL STATE FUNDS.....	\$ 670,147	\$ 588,935	\$ 863,311
Augmentations.....	160	160	160
DEPARTMENT TOTAL.....	\$ 670,307	\$ 589,095	\$ 863,471

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Department of Transportation			
Grants and Subsidies			
Older Pennsylvanians Free Transit.....	\$ 51,579	\$ 59,536	\$ 56,220
Fixed Route Transportation.....	16,500	20,500	23,800
Older Pennsylvanians Shared Rides.....	72,356	72,256	76,900
DEPARTMENT TOTAL.....	<u>\$ 140,435</u>	<u>\$ 152,292</u>	<u>\$ 156,920</u>
TOTAL STATE FUNDS.....	<u>\$ 1,437,685</u>	<u>\$ 1,433,699</u>	<u>\$ 1,821,120</u>
Federal Funds.....	\$ 88,217	\$ 97,453	\$ 112,948
Other Funds.....	786	760	958
FUND TOTAL.....	<u>\$ 1,526,688</u>	<u>\$ 1,531,912</u>	<u>\$ 1,935,026</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Collections.....	\$ 1,430,050	\$ 1,494,305	\$ 1,524,955	\$ 1,537,694	\$ 1,551,306	\$ 1,567,204	\$ 1,584,721
Gaming Fund Transfers.....	\$ 0	\$ 100,000	\$ 100,000	\$ 0	\$ 294,500	\$ 413,600	\$ 255,000
Miscellaneous Revenue.....	29,459	39,116	48,475	36,765	29,247	29,055	26,676
TOTAL LOTTERY FUND REVENUES.....	\$ 1,459,509	\$ 1,633,421	\$ 1,673,430	\$ 1,574,459	\$ 1,875,053	\$ 2,009,859	\$ 1,866,397

Revenue Sources

Net Lottery Collections

	Actual	Estimated
2000-01.....	\$ 858,531	2006-07..... \$ 1,494,305
2001-02.....	989,631	2007-08..... 1,524,955
2002-03.....	1,057,046	2008-09..... 1,537,694
2003-04.....	1,152,198	2009-10..... 1,551,306
2004-05.....	1,194,007	2010-11..... 1,567,204
2005-06.....	1,430,050	2011-12..... 1,584,721

Net lottery collections consist of the proceeds from lottery ticket sales less commissions and some prizes. Currently prizes of \$2,500 or less for the on-line games and prizes of \$500 or less for instant games can be paid by the ticket agents. The State Lottery is currently operating seven games. The "Daily Number" game introduced in March 1977, the "Big 4" game introduced in November 1980, the "Cash 5" game introduced in April 1992, "Match 6" started in January of 2004, and Mix and Match began in 2007. These games utilize computer sales terminals located across the Commonwealth. The sixth and seventh games are Powerball and Powerplay which began in 2002 as multi-state games. On December 31, 2005, the Millionaire Raffle was introduced to be run periodically thereafter. Ticket prices are \$1 for "Cash 5" which consists of 1 play to pick 5 of 39 numbers, \$2 for "Match 6" which consists of 1 play to pick 6 numbers from 1 to 49 with an additional 12 quick picked numbers; and "Mix & Match" with 1 play for \$2 to pick five numbers between 1 and 19 in the positions predicted to be drawn, or as a computer randomly chosen quick pick. "Daily Number" and "Big 4" game ticket prices range from \$.50 to \$5. The "Instant Game" ticket prices range from \$1 to \$20. Powerball is played for \$1 per play and Powerplay, which doubles winnings, can be added for \$1 per play as well. The Millionaire Raffle features a ticket price of \$20 for an eight digit raffle number with a limited number of ticket sales.

Powerball is a lotto game which is a combined large jackpot game and a cash game. It involves drawing five out of 49 numbers and one out of 42 numbers. Players win by matching one of nine ways. The Multi-State Lottery Association administers the Powerball game and is a non-profit government-benefit association entirely owned and operated by the member state lotteries. Powerball is a 50% 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)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Ticket Sales.....	\$ 3,070,268	\$ 3,228,000	\$ 3,320,674	\$ 3,372,414	\$ 3,426,984	\$ 3,487,804	\$ 3,553,344
Commissions.....	-135,068	-166,094	-170,991	-173,773	-176,701	-179,155	-183,455
Field Paid Prizes.....	<u>-1,505,150</u>	<u>-1,567,601</u>	<u>-1,624,728</u>	<u>-1,660,947</u>	<u>-1,698,977</u>	<u>-1,741,445</u>	<u>-1,785,168</u>
NET LOTTERY COLLECTIONS.....	\$ 1,430,050	\$ 1,494,305	\$ 1,524,955	\$ 1,537,694	\$ 1,551,306	\$ 1,567,204	\$ 1,584,721

Revenue Sources (continued)

Gaming Fund Repayments

Actual		Estimated	
2000-01.....	\$ 0	2006-07.....	\$ 100,000
2001-02.....	0	2007-08.....	100,000
2002-03.....	0	2008-09.....	0
2003-04.....	0	2009-10.....	40,000
2004-05.....	0	2010-11.....	158,600
2005-06.....	0	2011-12.....	0

Under Act 1 of Special Session No. 1 of 2006 the Gaming Fund is required to repay the Lottery Fund for Property Tax and Rent Rebate program expansions under that Act which are initially paid by Lottery Fund moneys.

Gaming Fund Transfers

Actual		Estimated	
2000-01.....	\$ 0	2006-07.....	\$ 0
2001-02.....	0	2007-08.....	0
2002-03.....	0	2008-09.....	0
2003-04.....	0	2009-10.....	254,500
2004-05.....	0	2010-11.....	255,000
2005-06.....	0	2011-12.....	255,000

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

Miscellaneous Revenue

Actual		Estimated	
2000-01.....	\$ 22,958	2006-07.....	\$ 39,116
2001-02.....	12,866	2007-08.....	48,475
2002-03.....	10,109	2008-09.....	36,765
2003-04.....	18,304	2009-10.....	29,247
2004-05.....	17,909	2010-11.....	29,055
2005-06.....	29,459	2011-12.....	26,676

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



RACING FUND

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

Financial Statement

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 5,959	\$ 1,965	\$ 1,494
Receipts:			
Revenue Estimate.....	\$ 15,717	\$ 17,049	\$ 18,787
Prior Year Lapses.....	554	0	0
Total Receipts.....	<u>\$ 16,271</u>	<u>\$ 17,049</u>	<u>\$ 18,787</u>
Funds Available	<u>\$ 22,230</u>	<u>\$ 19,014</u>	<u>\$ 20,281</u>
Expenditures:			
Appropriated.....	\$ 20,265	\$ 17,520	\$ 20,201
Estimated Expenditures.....	-20,265	-17,520	-20,201
Ending Balance	<u>\$ 1,965</u>	<u>\$ 1,494</u>	<u>\$ 80</u>

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 10	\$ 10
Department of Agriculture			
General Government			
State Racing Commissions.....	\$ 10,589	\$ 10,859	\$ 14,923
Equine Toxicology and Research Laboratory.....	3,259	4,206	3,283
Payments to Pennsylvania Fairs—Administration.....	223	245	252
Subtotal	<u>\$ 14,071</u>	<u>\$ 15,310</u>	<u>\$ 18,458</u>
Grants and Subsidies			
Transfer to the General Fund.....	5,959	1,965	1,494
DEPARTMENT TOTAL	<u>\$ 20,030</u>	<u>\$ 17,275</u>	<u>\$ 19,952</u>
Department of Revenue			
General Government			
Collections—Racing.....	\$ 235	\$ 235	\$ 239
FUND TOTAL	<u>\$ 20,265</u>	<u>\$ 17,520</u>	<u>\$ 20,201</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Tax Revenues.....	\$ 11,684	\$ 13,088	\$ 14,810	\$ 14,810	\$ 14,810	\$ 14,810	\$ 14,810
Licenses and Fees.....	510	486	577	577	577	577	577
Miscellaneous Revenue.....	3,523	3,475	3,400	3,400	3,400	3,400	3,400
TOTAL RACING FUND REVENUES.....	\$ 15,717	\$ 17,049	\$ 18,787	\$ 18,787	\$ 18,787	\$ 18,787	\$ 18,787

Revenue Sources

Tax Revenues

Actual	Estimated
2000-01..... \$ 13,125	2006-07..... \$ 13,088
2001-02..... 12,442	2007-08..... 14,810
2002-03..... 12,252	2008-09..... 14,810
2003-04..... 11,656	2009-10..... 14,810
2004-05..... 11,402	2010-11..... 14,810
2005-06..... 11,684	2011-12..... 14,810

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
2000-01..... \$ 409	2006-07..... \$ 486
2001-02..... 401	2007-08..... 577
2002-03..... 383	2008-09..... 577
2003-04..... 384	2009-10..... 577
2004-05..... 456	2010-11..... 577
2005-06..... 510	2011-12..... 577

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual	Estimated
2000-01..... \$ 3,759	2006-07..... \$ 3,475
2001-02..... 3,383	2007-08..... 3,400
2002-03..... 3,758	2008-09..... 3,400
2003-04..... 3,892	2009-10..... 3,400
2004-05..... 3,656	2010-11..... 3,400
2005-06..... 3,523	2011-12..... 3,400

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)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Tax Revenues			
State Admission Tax.....	\$ 83	\$ 75	\$ 75
Wagering Tax.....	10,680	11,838	13,555
Breakage Tax.....	921	1,175	1,180
TOTAL.....	\$ 11,684	\$ 13,088	\$ 14,810
Licenses and Fees			
License Fees.....	\$ 510	\$ 486	\$ 577
Miscellaneous Revenues			
Uncashed Tickets.....	\$ 3,094	\$ 2,900	\$ 3,200
Interest on Securities.....	429	575	200
TOTAL.....	\$ 3,523	\$ 3,475	\$ 3,400
TOTAL REVENUES.....	\$ 15,717	\$ 17,049	\$ 18,787



TOBACCO SETTLEMENT FUND

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

Health Investment Plan

Act 77 of 2001 created the Tobacco Settlement Fund to receive the revenues from the Master Settlement Agreement (MSA) that was reached with the five major tobacco companies on December 17, 1999. The Tobacco Settlement Fund currently provides funding for health care insurance for the uninsured, home and community-based services for seniors, tobacco use prevention and cessation, broad-based health research, medical care for workers with disabilities and hospital uncompensated care in accordance with the resource allocation plan set forth in Act 77 of 2001. The Tobacco Settlement Fund also maintains an endowment component to preserve a portion of the receipts to ensure funds for future generations, sustain critical programs if tobacco allocations decrease and provide ongoing revenue if tobacco allocations cease.

Beginning in the 2005-06 budget, the Governor and the General Assembly agreed to redirect 12.5 percent of the funds allocated to health care insurance for uninsured adults and 25 percent of the funds allocated to tobacco use prevention and cessation activities, along with Tobacco Fund interest and Endowment Account earnings, to fund the escalating cost of long-term care services for Pennsylvania seniors and persons with disabilities. This budget proposes to continue redirecting these allocation percentages and utilizing the interest and earnings for long-term care services. This budget also proposes to redirect 25 percent of the uncompensated care allocation to fund long-term care services. With the implementation of Cover All Pennsylvanians, which significantly expands eligibility for the adult health insurance program currently funded through the Tobacco Settlement Act, more people will have hospital coverage thereby decreasing the need for uncompensated care payments to hospitals. In addition, this budget recommends re-distribution of 50 percent of the funding allocation for Pharmaceutical Benefits for the Elderly to be shared equally between Biotechnology Commercialization and Health Venture Investment.

In 2005, the commonwealth entered into the Annual Community Health Reinvestment Agreement with Pennsylvania's four Blue Cross/Blue Shield plans. The Blue Cross/Blue Shield plans have agreed to an annual commitment of funds to provide affordable basic health care coverage for thousands of low-income and uninsured Pennsylvanians. The commonwealth receives 60 percent of the fund for statewide initiatives and the plans maintain 40 percent of the funds for community-based initiatives. This budget projects that the annual payment from the Agreement combined with prior year payments will provide a total of \$99.6 million in Community Health Reinvestment funds for 2007-08.

Combining the Tobacco Funds of \$386.1 million and the Community Health Reinvestment Funds of \$99.6 million, this budget allocates a total of \$485.7 million in 2007-08 for the following health care related activities:

Dollar Amounts in Millions

<ul style="list-style-type: none"> ➤ Health Care Insurance for the Uninsured: \$187.5 Subsidize health care insurance coverage for uninsured adults with incomes under 300 percent of the Federal poverty level upon implementation of Cover All Pennsylvanians, and for workers with disabilities with incomes under 250 percent of the Federal poverty level. ➤ Long-Term Living: \$122.8 Provide home and community-based services and nursing home care for seniors and persons with disabilities based on their clinical need and personal preference. ➤ Health Research: \$63.6 Fund health-related research proposals from Pennsylvania-based researchers. Fifty percent of these funds will be used to provide accelerated funding of approximately \$500 million for The Jonas Salk Legacy Fund: <i>Accelerating Medical Research in Pennsylvania</i>. ➤ Tobacco Prevention and Cessation: \$30.1 Fund community-based prevention and cessation programs that are based on best practices for effective intervention from the national Centers for Disease Control. ➤ Hospital Uncompensated Care: \$25.1 Support financially distressed hospitals in the provision of uncompensated care and care to Medical Assistance recipients. ➤ Pharmaceutical Benefits for the Elderly: \$13.4 Support the expansion of the pharmaceutical benefits for the elderly program implemented in 2001. 	<ul style="list-style-type: none"> ➤ Biotechnology Commercialization \$6.7 Provide additional capital for investment in private venture firms that extend financial resources to early stage start-ups and emerging life sciences companies. ➤ Health Venture Investment \$6.7 Expand capacity for the three Life Sciences Greenhouses to invest in companies focused on the research, development and commercialization of cutting-edge therapies and medical technologies. ➤ Life Sciences Greenhouses \$3.0 Continue support for the three Life Sciences Greenhouses that invest in companies focused on the research, development and commercialization of cutting-edge therapies and medical technologies. ➤ Endowment Account: \$26.8 Continue annual contributions to a separate account that can be used to maintain Pennsylvania's commitment to health care spending in the event that the annual allocations cease or decrease to a level that the Governor and General Assembly agree must be augmented
	<p>TOTAL \$485.7</p>
	<p>Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians, Jonas Salk Legacy Fund, Health Venture Investment and Biotechnology Commercialization.</p>

Tobacco Settlement Fund

Financial Statement

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Beginning Balance	\$ 398,606 *	\$ 397,435	\$ 391,577
Beginning Balance Adjustment	53 **	0	0
	<u>\$ 398,659</u>	<u>\$ 397,435</u>	<u>\$ 391,577</u>
Receipts:			
Revenue Estimate.....	\$ 399,005	\$ 386,132	\$ 406,477
Prior Year Lapses.....	4,689	1,611	0
Total Receipts.....	<u>403,694</u>	<u>387,743</u>	<u>406,477</u>
Funds Available	<u>\$ 802,353</u>	<u>\$ 785,178</u>	<u>\$ 798,054</u>
Expenditures:			
Appropriated.....	\$ 404,923	\$ 393,601	\$ 387,743
Current Year Lapse.....	-5	0	0
Estimated Expenditures.....	<u>404,918</u>	<u>393,601</u>	<u>387,743</u>
Ending Balance	<u><u>\$ 397,435</u></u>	<u><u>\$ 391,577</u></u>	<u><u>\$ 410,311</u></u>

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

**Based on final reconciliation of earnings.

Tobacco Settlement Fund

Summary by Department

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Executive Offices			
General Government			
Transfer of Lapse Amounts to the Endowment Acct (04-05) (EA).....	\$ 1,500	\$ 0	\$ 0
Transfer of Lapse Amounts to the Endowment Acct (EA).....	4,446	4,694	1,611
Transfer to Health Endowment Account.....	29,301 ^a	26,898 ^a	26,790 ^a
DEPARTMENT TOTAL.....	<u>\$ 35,247</u>	<u>\$ 31,592</u>	<u>\$ 28,401</u>
Department of Aging			
Grants and Subsidies			
Home and Community-Based Services.....	\$ 20,536	\$ 18,803	\$ 21,293
PACenet Transfer.....	29,301	26,898	13,395 ^b
TOTAL STATE FUNDS.....	<u>\$ 49,837</u>	<u>\$ 45,701</u>	<u>\$ 34,688</u>
Federal Funds.....	\$ 26,264	\$ 27,485	\$ 28,078
Augmentations.....	\$ 6,769	\$ 6,769	\$ 6,769
DEPARTMENT TOTAL.....	<u>\$ 82,870</u>	<u>\$ 79,955</u>	<u>\$ 69,535</u>
Department of Community and Economic Development			
Grants and Subsidies			
Tobacco Settlement Investment Board.....	\$ 0 ^c	\$ 0 ^c	\$ 0 ^c
Health Venture Investment Account.....	0	0	6,698 ^d
Biotechnology Commercialization.....	0	0	6,698 ^d
Life Sciences Greenhouse.....	0	3,000	3,000
DEPARTMENT TOTAL.....	<u>\$ 0</u>	<u>\$ 3,000</u>	<u>\$ 16,396</u>
Department of Health			
Grants and Subsidies			
Health Research - Health Priorities.....	\$ 65,921	\$ 60,521	\$ 60,279
Health Research - National Cancer Institute.....	3,662	3,362	3,349
Tobacco Use Prevention and Cessation.....	32,963	30,260	30,139 ^e
DEPARTMENT TOTAL.....	<u>\$ 102,546</u>	<u>\$ 94,143</u>	<u>\$ 93,767</u>
Department of Insurance			
Grants and Subsidies			
Adult Health Insurance.....	\$ 74,293	\$ 61,597	\$ 28,489 ^f
Cover All Pennsylvanians.....	0	0	31,331
DEPARTMENT TOTAL.....	<u>\$ 74,293</u>	<u>\$ 61,597</u>	<u>\$ 59,820</u>

Tobacco Settlement Fund

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Department of Public Welfare			
Grants and Subsidies			
Medical Care for Workers with Disabilities.....	\$ 21,850	\$ 26,663	\$ 28,086
Uncompensated Care.....	36,626	33,623	25,116 ^g
Medical Assistance - Long-Term Care.....	57,441	65,909	79,227
Home and Community-Based Services.....	27,078	31,373	22,242
Subtotal.....	<u>\$ 142,995</u>	<u>\$ 157,568</u>	<u>\$ 154,671</u>
TOTAL STATE FUNDS.....	<u><u>\$ 142,995</u></u>	<u><u>\$ 157,568</u></u>	<u><u>\$ 154,671</u></u>
Federal Funds.....	\$ 108,001	\$ 109,671	\$ 100,923
DEPARTMENT TOTAL.....	<u>\$ 250,996</u>	<u>\$ 267,239</u>	<u>\$ 255,594</u>
TOTAL STATE FUNDS.....	<u><u>\$ 404,918</u></u>	<u><u>\$ 393,601</u></u>	<u><u>\$ 387,743</u></u>
Federal Funds.....	\$ 134,265	\$ 137,156	\$ 129,001
Augmentations.....	<u>6,769</u>	<u>6,769</u>	<u>6,769</u>
FUND TOTAL.....	<u><u>\$ 545,952</u></u>	<u><u>\$ 537,526</u></u>	<u><u>\$ 523,513</u></u>

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

^b This budget proposes reducing the 8% PACEnet Transfer portion to 4% and re-distributing that percentage to the Health Venture Account at 2% and Biotechnology Commercialization at 2%.

^c Excludes \$376,000 in 2005-06; \$659,000 in 2006-07; and \$813,000 in 2007-08 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).

^d This budget proposes distributing 2% to the Health Venture Account and 2% to Biotechnology Commercialization by decreasing the percentage currently received by the PACEnet Transfer from 8% to 4%.

^e This budget proposes continuing Act 66 of 2006 provisions reducing the 12% Prevention and Cessation program portion by 25% to support health-related expenditures.

^f This budget proposes continuing Act 66 of 2006 provisions reducing the 30% Health Investment program portion by 12.5% to support health-related expenditures.

^g This budget proposes reducing the 10% Uncompensated Care program portion by 25% to support health-related expenditures.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Tobacco Settlement Revenue.....	\$ 336,227	\$ 334,882	\$ 355,227	\$ 355,617	\$ 356,020	\$ 356,436	\$ 356,866
Miscellaneous Revenue.....	62,778	51,250	51,250	51,250	51,250	51,250	51,250
TOTAL TOBACCO FUND REVENUES.....	\$ 399,005	\$ 386,132	\$ 406,477	\$ 406,867	\$ 407,270	\$ 407,686	\$ 408,116

Revenue Sources

Tobacco Settlement Revenue

Actual		Estimated	
2000-01.....	\$ 345,013	2006-07.....	\$ 334,882
2001-02.....	433,529	2007-08.....	355,227
2002-03.....	416,918	2008-09.....	355,617
2003-04.....	370,857	2009-10.....	356,020
2004-05.....	366,258	2010-11.....	356,436
2005-06.....	336,227	2011-12.....	356,866

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

Miscellaneous Revenue

Actual		Estimated	
2000-01.....	\$ 0	2006-07.....	\$ 51,250
2001-02.....	0	2007-08.....	\$ 51,250
2002-03.....	8,153	2008-09.....	\$ 51,250
2003-04.....	0	2009-10.....	\$ 51,250
2004-05.....	26,454	2010-11.....	\$ 51,250
2005-06.....	62,778	2011-12.....	\$ 51,250

Miscellaneous Revenue includes investment earnings which would have otherwise been deposited to or retained in the Health Endowment Account for Long-Term Hope, but were specified for retention within the fund itself by Act 91 of 2002, Act 41 of 2005, and Act 66 of 2006. This budget proposes a similar retention of those earnings to support health-related expenditures.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Gross Settlements.....	\$ 336,227	\$ 334,881	\$ 355,227

Restricted Revenues Not Included in Department Total

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

	Actual		Estimated
2000-01.....	\$ 67,091	2006-07.....	\$ 31,484
2001-02.....	56,611 ^a	2007-08.....	54,074
2002-03.....	43,163 ^a	2008-09.....	52,480
2003-04.....	82,631 ^a	2009-10.....	52,500
2004-05.....	37,723 ^a	2010-11.....	52,519
2005-06.....	32,844	2011-12.....	52,540

Except where otherwise directed by legislation, the Health Endowment Account for Long-Term Hope restricted revenue includes all interest earned in the Tobacco Settlement Fund, the initial payment of Tobacco Settlement funds, strategic contribution payments (beginning in 2007-08), eight percent of each Annual Payment and lapses from the appropriations in the fund except for moneys provided for the Home and Community-Based Care Program and the Health Investment Insurance Program which are reallocated to their respective programs.

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
8% of Annual Tobacco Settlement Payments.....	\$ 26,898	\$ 26,790	\$ 28,418
Strategic Contribution Payments	0	0	24,045
Interest	0	0	0
Lapses.....	5,946	4,694	1,611
Total Health Endowment Account for Long-Term Hope.....	<u>\$ 32,844</u>	<u>\$ 31,484</u>	<u>\$ 54,074</u>

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

	Actual		Estimated
2000-01.....	\$ 0	2006-07.....	\$ 659
2001-02.....	93	2007-08.....	813
2002-03.....	326	2008-09.....	813
2003-04.....	276	2009-10.....	813
2004-05.....	276	2010-11.....	813
2005-06.....	376	2011-12.....	813

The Tobacco Settlement Investment Board restricted revenue represents the approved expenses of the overseeing investment board to be paid from the investment earnings in the Health Endowment Account for Long-Term Hope. These funds are appropriated from the account.

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Revenue.....	\$ 376	\$ 659	\$ 813
Distribution.....	-376	-659	-813
Total Tobacco Settlement Investment Board Account	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

^a Revised from prior year presentation based on final reconciliations.

Restricted Revenues Not Included in Department Total

Community Health Reinvestment Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2000-01.....	\$ 0	2006-07.....	\$ 90,000
2001-02.....	0	2007-08.....	99,600
2002-03.....	0	2008-09.....	72,800
2003-04.....	0	2009-10.....	75,712
2004-05.....	0	2010-11.....	78,740
2005-06.....	59,159	2011-12.....	81,890

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

	2005-06 Actual	2006-07 Estimate	2007-08 Budget
Revenue.....	\$ 59,159	\$ 90,000	\$ 99,600
Distribution.....	-59,159	-90,000	-99,600
Total Community Health Reinvestment Account	\$ 0	\$ 0	\$ 0



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 2007-08 Governor’s Executive Budget presents this tax expenditure analysis covering Commonwealth taxes with annual receipts of at least \$15 million. A complete list of covered taxes is shown in the Table of Contents. The intended purposes of the current analyses are to:

- (1) Identify indirect sources of budgetary support for various activities,
- (2) Present estimated costs associated with each tax expenditure,
- (3) Present actual or estimated costs of administering each tax expenditure,
- (4) Present actual or estimated numbers and descriptions of benefiting taxpayers, and
- (5) Allow for administration, legislative, and public scrutiny and facilitate discussion on each tax expenditure’s merits.

For the purposes of this document, “tax expenditure” is defined as a reduction in revenue that would otherwise be collected by the Commonwealth as the result of an exemption, reduction, deduction, limitation, exclusion, tax deferral, discount, refund, commission, credit, special rate, or special treatment. This definition provides a general framework within which to determine whether to classify certain items as tax expenditures. To facilitate this classification process, six specific criteria have been adopted to augment the general definition of tax expenditure:

- (1) Reduces State revenues,
- (2) Confers special treatment,
- (3) Is included in the defined tax base,
- (4) Is not subjected to equivalent alternative taxation,
- (5) Can be altered by a change in State law, and
- (6) Is not an appropriation.

Tax Expenditure Analysis (continued)

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

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

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

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

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

There are three primary limitations on the tax expenditure estimates. First, estimated revenue foregone due to a tax expenditure should not be construed as the revenue that could be gained if the tax expenditure provision were to be rescinded in legislation. The impact of any particular piece of legislation will vary depending on how the bill is drafted, how its terms are defined, when it becomes effective, and how it relates to other parts of the tax law. In contrast, tax expenditure estimates are often based on concepts that are defined by the way that government statistics on the subject are made available to the Department. Furthermore, no attempt has been made to account for changes in taxpayer behavior that may occur because of tax law changes. For example, if the sales and use tax exemptions were rescinded for equipment and utilities directly used in manufacturing, it is possible that capital investment in manufacturing would be reduced and that these sales and use tax receipts would be less than the tax expenditure estimate.

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

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

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

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

CREDIT PROGRAMS

NEIGHBORHOOD ASSISTANCE PROGRAMS

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

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies (other than foreign fire/casualty insurance companies), as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax that engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations which provide such activities. The credit is allowed for neighborhood assistance, job training, or education for individuals, community services, economic development, or crime prevention in an impoverished area. The program must be approved by the Secretary of Community and Economic Development. The credit available to a taxpayer equals up to 50 percent of the contribution to approved programs during the tax year, but may not exceed \$250,000. An expanded credit of 70 percent (maximum of \$350,000 per taxpayer) may be available for investments in certain priority programs defined by the Secretary of Community and Economic Development. The total amount of credits awarded to all taxpayers cannot exceed \$18 million in a fiscal year. The estimate for fiscal year 2005-06 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 13.5	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0

Beneficiaries: Approximately 660 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

EMPLOYMENT INCENTIVE PAYMENTS

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

Description: Any bank, thrift institution, title insurance and trust company, or insurance company, as well as any corporation or person subject to the corporate net income tax or the personal income tax, employing persons formerly receiving welfare benefits may claim an employment incentive payment as credit against any tax liability in selected taxes. The credit is for a portion of wages paid to a qualifying employee in the first three years of employment. Employment incentive payment credits are available for employees hired up to December 31, 2009. Additional credit is available for financing associated day care costs. Total employment incentive payment credits authorized cannot exceed \$25 million in any fiscal year. The estimate for fiscal year 2005-06 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0

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

HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE FUND

Authorization: Article IV-C of the Housing Finance Agency Law (P.L. 1688, No. 621), 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 2005-06. Limited participation in this program is expected in the future.

Beneficiaries: NA

General Fund Tax Expenditures

JOB CREATION TAX CREDIT

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

Description: A tax credit is available to businesses and individuals creating and sustaining jobs. The tax credit equals \$1,000 per job for each year in the approved term and may be applied to the corporate net income tax, capital stock/foreign franchise tax, insurance premiums tax, gross receipts tax, bank and trust company shares tax, mutual thrift institution tax, title insurance company shares tax, personal income tax, or any combination thereof. The total amount of funds for tax credits available in a year is \$22.5 million. The estimate for fiscal year 2005-06 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

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

Administrative Costs: Costs to administer the Job Creation Tax 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5

Beneficiaries: Approximately 50 companies doing business in Pennsylvania benefit from this tax expenditure.

RESEARCH AND DEVELOPMENT TAX CREDIT

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

Description: A research and development tax credit is available for performing qualified research in Pennsylvania. Beginning in December 2006, total credits in any one fiscal year are capped at \$40 million with \$8 million of the total earmarked exclusively for small businesses. For all credits issued prior to December 2006 for all sizes of businesses, the credit equals 10 percent of the increase in qualified research expenses for the current taxable year over a base period. For credits issued beginning in December 2006, the credit equals 20 percent of the increase in qualified research expenses for the current taxable year over a base period for small businesses. The credit remains at 10 percent for businesses that are not small businesses. Starting in December 2004, unused credits may also be sold or assigned to other taxpayers. The credit may be applied against the corporate net income tax, capital stock/foreign franchise tax, personal income tax, or any combination thereof. Unused credits may be carried forward fifteen taxable years. Credits are available for tax years ending on or before December 31, 2015. The estimate for fiscal year 2005-06 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit is intended to encourage businesses in the Commonwealth to conduct research, especially research of a technological or scientific nature.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 30.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0

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: The Department of Community and Economic Development has designated specific areas of deteriorated property as keystone opportunity zones, keystone opportunity expansion zones, and keystone opportunity improvement zones. The program was last amended by Act 51 of 2003. This Act added a lease-based option allowing companies relocating within Pennsylvania to qualify for zone benefits.

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

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 40.4	\$ 42.6	\$ 46.0	\$ 49.8	\$ 53.9	\$ 58.4	\$ 63.0

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

COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT

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

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

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

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

General Fund Tax Expenditures

EDUCATIONAL IMPROVEMENT TAX CREDIT

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

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies, as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax that contribute to nonprofit scholarship organizations or educational improvement organizations approved by the Department of Community and Economic Development (DCED). A tax credit shall be granted to a business firm providing proof of a contribution to a scholarship organization or an educational improvement organization equal to 75 percent of the total amount contributed during the taxable year. The tax credit must be applied in the taxable year the contribution is made. Any unused portion of the tax credit may not be carried forward or back, nor is it refundable or transferable. A tax credit shall be granted equal to 90 percent of the total amount contributed, if the business provides a written commitment to DCED to contribute the same amount for two consecutive tax years. A tax credit shall not exceed the tax liability of a business for any given taxable year, nor shall the credit exceed \$100,000 per business per taxable year. Through fiscal year 2002-03, the total amount of tax credits approved for all taxpayers was limited to \$30 million in a fiscal year, with \$20 million for contributions to scholarship organizations, and \$10 million for contributions to educational improvement organizations. Beginning in fiscal year 2003-04, the total amount of tax credits approved for all taxpayers cannot exceed \$40 million in a fiscal year, with \$26.7 million for contributions to scholarship organizations, and \$13.3 million for contributions to educational improvement organizations. Beginning in fiscal year 2004-05, an additional \$5.0 million per fiscal year is available for contributions to pre-kindergarten scholarship organizations. Beginning in fiscal year 2005-06, the cap on credits awarded increased to \$44 million per fiscal year, including \$29.3 million for contributions to scholarship organizations and \$14.7 million for contributions to educational improvement organizations. Beginning in fiscal year 2006-07, the cap on credits awarded increased to \$54 million per fiscal year, including \$36 million for scholarship organizations and \$18 million for contributions to educational improvement organizations. The estimate for fiscal year 2005-06 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 48.7	\$ 59.0	\$ 59.0	\$ 59.0	\$ 59.0	\$ 59.0	\$ 59.0

Beneficiaries Approximately 1,065 companies and 550 scholarship organizations, educational improvement organizations, and pre-kindergarten scholarship organizations benefit from this tax expenditure.

General Fund Tax Expenditures

KEYSTONE INNOVATION ZONE

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

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

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

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

KIZ companies may apply for KIZ tax credits beginning September 15, 2006 based on expenses from the prior taxable year. The Department of Community and Economic Development began awarding credits during fiscal year 2006-07.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ --	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0

Beneficiaries: Approximately 250 companies are expected to receive KIZ tax credits beginning in 2006.

General Fund Tax Expenditures

FILM PRODUCTION TAX CREDIT

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

Description: A tax credit in the amount of 20 percent of qualified film production expenses is available for expenses incurred in Pennsylvania after June 30, 2004. The tax credit may be used to offset capital stock/foreign franchise tax, corporate net income tax, or personal income tax. To qualify, the expenses must have been incurred in the production of a film or television show of at least 15 minutes in length that is intended for a national audience. At least 60 percent of total production expenses must have been incurred in Pennsylvania.

The total amount of tax credit that could be awarded in any fiscal year was \$10 million. Initially, the Department of Revenue awarded the tax credit on August 15 for qualified expenses incurred during July through December of the prior calendar year. Beginning in fiscal year 2006-07, the credit program was replaced with a grant program.

Purpose: This tax credit provides an incentive for filmmakers to produce films and television shows in Pennsylvania.

Administrative Costs: The Department of Community and Economic Development will incur the costs of awarding, reviewing and approving the sale or transfer of credit. Annual administrative costs are expected to total \$0.1 million. Costs to administer the Film Production Tax Credit Program credits were borne by the Department of Community and Economic Development and the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 10.0	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Beneficiaries: A limited number of filmmakers that produce films and television shows in Pennsylvania will benefit from this expenditure.

FIRST CLASS CITIES ECONOMIC DEVELOPMENT DISTRICT

Authorization: Act of December 1, 2004 (P.L. 1750, No. 226).

Description: Act 226 of 2004 created the Economic Development District (EDD) program to provide tax benefits for the construction and operation of a produce terminal in Philadelphia. Companies leasing space in this district may earn tax credits for business conducted within the district. Credits may be taken against personal income tax or corporate net income tax. These companies are also exempt from sales and use tax on otherwise taxable services or goods consumed exclusively within the district. If the City of Philadelphia and the School District of Philadelphia agree to waive the respective taxes for the district property through the life of the program, the district will be approved by the Department of Community and Economic Development. Tax benefits may not extend beyond December 31, 2018.

Purpose: To provide incentives for economic development in Philadelphia.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.2	\$ 2.5	\$ 2.8	\$ 2.9	\$ 3.1	\$ 3.2	\$ 3.3

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

General Fund Tax Expenditures

ORGAN AND BONE MARROW DONOR TAX CREDIT

Authorization: Act of July 2, 2006

Description: Act 65 of 2006 allows an organ or bone marrow donor tax credit to be claimed by a business firm against the taxes imposed under Articles III, IV, VI, VII, VIII or XV of the Tax Reform Code, effective January 1, 2006. The amount of the credit is equal to the employee compensation paid during the leave of absence, the cost of temporary replacement help and any miscellaneous expenses authorized by regulation incurred with the leave of absence period. Credits cannot be applied against employer withholding tax under Article III. Credits can be carried forward for three taxable years, however, they cannot be carried back to previous taxable years and they are not refundable. The credit against PIT may be passed through proportionately to the shareholders of S corporations, members of limited liability companies or partners.

Purpose: The purpose of these provisions is to create a greater willingness to donate organs and/or bone marrow through employer tax credits and public education.

Administrative Costs: Costs to administer the Organ and Bone Marrow Tax Credit program are borne by the Department of Department of Revenue. Estimated costs are expected to total \$0.1 million per year.

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ --	\$ 1.7	\$ 1.9	\$ 2.2	\$ 2.5	\$ 2.8	\$ 3.2

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

STRATEGIC DEVELOPMENT AREAS

Authorization: Act of November 20, 2006

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

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

Purpose: To provide incentives for economic development in designated areas to foster growth.

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

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

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

CORPORATION TAXES

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Net Income Tax and Capital Stock/Foreign Franchise Tax						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.6	\$ 3.7	\$ 3.8	\$ 3.9
	Selective Business Taxes						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

CORPORATE NET INCOME TAX

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

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

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

Any deductions, exemptions or types of special treatment that are reflected in line 28 on the IRS form 1120, and not modified or adjusted by Pennsylvania statute, are not included below.

NET OPERATING LOSS CARRYFORWARD

Description: Corporations may deduct from current taxable income the net losses from previous years to arrive at their tax liability.

Act 45 of 1998 increased the three-year carryforward period to ten years for tax years 1995 and thereafter. This act provided a phase-in schedule of net loss deductions making the first ten-year carryforward available in tax year 2005. Suspended losses from 1988 through 1994 could be used variously against 1995 through 1997 tax years. Act 4 of 1999 increased the annual cap on deductions to \$2 million in each of the ten years following the loss, effective January 1, 1999. Act 89 of 2002 increased the ten-year carryforward period to twenty years for losses incurred in the 1998 taxable year and thereafter. Act 116 of 2006 increased the annual cap on deductions to \$3 million or 12.5% of taxable income, whichever is greater, in each of the twenty years following the loss, effective January 1, 2007.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 211.7	\$ 252.4	\$ 303.9	\$ 325.6	\$ 344.8	\$ 361.5	\$ 379.0

Beneficiaries: Approximately 21,000 businesses per year benefit from this tax expenditure.

General Fund Tax Expenditures

SALES FACTOR APPORTIONMENT WEIGHT

Description: Beginning in tax year 1995, corporations apportioned their net income using a three-factor formula (payroll, property, and sales) that double-weighted the sales factor. The sales factor in the numerator of the corporate net income tax apportionment formula was multiplied by two and the denominator was four. Act 4 of 1999 provided for the sales factor to be triple-weighted beginning in tax year 1999. Therefore, the sales factor in the numerator is multiplied by three and the denominator is five. Act 116 of 2006 provided for the sales factor to be weighted 70% of the total beginning in tax year 2007. Therefore, the sales factor in the numerator is multiplied by 70, the property and payroll factors are multiplied by 15, and the denominator is 100.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 56.1	\$ 67.2	\$ 81.8	\$ 86.4	\$ 87.7	\$ 88.0	\$ 88.6

Beneficiaries: More than 33,400 corporations are affected by this expenditure. Of those, 12,100 benefit (i.e., have their taxable income reduced) from the expenditure. The estimates shown above reflect the net impact and represent the change in CNIT from corporations who have their taxable income reduced, as well as the impact on corporations that have their taxable income increased as a result of this tax expenditure.

NONPROFIT CORPORATIONS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 6.5	\$ 6.8	\$ 7.2	\$ 7.6	\$ 8.0	\$ 8.4	\$ 8.8

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

General Fund Tax Expenditures

PENNSYLVANIA S CORPORATIONS

Description: Corporations with a valid Pennsylvania S corporation election in effect for the taxable year are subject to corporate net income tax only to the extent that they have net recognized built-in gains. Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania income tax purposes. The tax expenditure is the difference between what is paid by the shareholders under the personal income tax and what the corporations would have paid had they been fully subject to the corporate net income tax. Act 7 of 1997 provided conformity with the federal Small Business Job Protection Act of 1996 by allowing an increase in the number of shareholders from 35 to 75, effective January 1, 1997. Act 7 also permitted S corporations to have qualified subsidiaries. The subsidiary can be either an S or a C corporation. Act 4 of 1999 eliminated the 25 percent passive income test and waived the five-year waiting period with respect to corporations whose S election was terminated for exceeding the passive income limitation. Act 67 of 2006 requires a Federal S Corporation to be a PA S Corporation unless it files an election not to. If a small corporation opts out, then its choice shall remain in effect for 5 years. The Act also links the PA definition of an S Corporation more closely to the federal law, permitting PA S Corps to have as many as 100 unrelated shareholders (formerly 75).

Purpose: Sub-chapter S corporations are closely-held corporations and are believed to be major job creators. This provision allows tax treatment that is similar to that of the Internal Revenue Service and most other states for these businesses.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 625.4	\$ 655.3	\$ 675.4	\$ 706.2	\$ 738.4	\$ 772.3	\$ 805.8

Beneficiaries: Approximately 160,000 sub-chapter S corporations doing business in Pennsylvania could benefit from this tax expenditure.

LIMITED LIABILITY COMPANIES (LLCs)

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

Purpose: LLCs are a preferred type of business entity for start-up companies. They combine the limited liability of a corporation with the flexibility of a partnership. This provision allows tax treatment that is similar to that of the Internal Revenue Service and most other states for these businesses.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 360.1	\$ 417.0	\$ 471.5	\$ 490.4	\$ 521.7	\$ 554.6	\$ 588.4

Beneficiaries: As many as 110,000 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

COMMERCIAL PRINTERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 for the amount of FICA tax paid on employees' tips was created in the Internal Revenue Code. Taxpayers taking the federal credit may not also take a deduction for tax paid. Pennsylvania does not permit the credit and instead allows this additional deduction from federal taxable income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.9

Beneficiaries: Approximately 2,300 taxpayers representing eating and drinking establishments could benefit from this tax expenditure.

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

Description: Act 40 2005 excluded non-profit nonstock commodity or stock exchanges are excluded from the definition of a corporation for corporate net income tax purposes. This provision applies retroactively to taxable years beginning after December 31, 1997.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

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

CAPITAL STOCK/FOREIGN FRANCHISE TAX

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

The capital stock tax is a property tax imposed on every domestic corporation with capital stock, every joint-stock association and limited partnership, and every other company organized or incorporated in Pennsylvania. The franchise tax is a privilege tax imposed on foreign corporations, joint-stock associations, limited partnerships, and other companies doing business and liable for taxation within Pennsylvania, or having capital or property employed or used in Pennsylvania. Certain corporations are exempt from these taxes, and some corporations are afforded special treatment.

The capital stock/foreign franchise tax is based on capital stock value which is defined as one-half of the sum of the average net income capitalized at the rate of 9.5 percent plus 75 percent of the net worth, less \$150,000. Act 67 of 2006 authorized the increase of the valuation deduction from \$125,000 to \$150,000. Act 89 of 2002 modified the Act 23 of 2000 phase-out schedule by reducing the 2001 rate to 7.24 mills in 2002, further reducing the rate to 6.99 mills in 2003, and by reducing the rate by 1 mill per year thereafter until the tax is eliminated. Act 89 of 2002 also suspended the automatic transfer of 0.25 mill of the tax to the Hazardous Sites Cleanup Fund (HSCF). Beginning in fiscal year 2002-03, the HSCF transfer will only occur if the balance in the HSCF is expected to fall below \$5 million. Act 46 of 2003 further modified the phase-out schedule by setting the 2003 rate to 7.24 mills, the 2004 rate to 6.99 mills, and then reducing the rate by 1 mill per year thereafter until the tax is eliminated. Act 67 of 2006 modified the Act 46 of 2003 phase-out schedule by reducing the 2006 rate to 4.89 mills, and then reducing the rate by 1 mill per year until the tax is eliminated for all tax years beginning after December 31, 2010. The estimates in this analysis include only the General Fund portion of the tax and reflect the current phase-out of the tax.

Various types of assets are exempt from tax. The valuation of capital stock is not affected by these exemptions, but the exemptions are reflected in apportionment formulas used to compute the percentage of the capital stock value base actually subject to tax.

NONPROFIT CORPORATIONS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 3.9	\$ 3.4	\$ 2.8	\$ 2.2	\$ 1.5	\$ 0.7	\$ 0.1

Beneficiaries: Approximately 2,000 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 that devotes at least 75 percent of its assets to agriculture and at least 75 percent of its stock is owned by members of the same family.

Act 45 of 1998 specifically defined LLCs and business trusts to be corporations for capital stock/foreign franchise tax purposes. As a result, LLCs and business trusts are eligible for the family farm exemption, if appropriate.

Purpose: This exemption provides tax relief to family farm corporations thereby recognizing the importance of family-owned farms.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.6	\$ 0.5	\$ 0.4	\$ 0.3	\$ 0.2	\$ 0.1	Nominal

Beneficiaries: Approximately 310 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

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

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 240.6	\$ 211.2	\$ 174.8	\$ 134.6	\$ 90.2	\$ 42.7	\$ 8.1

Beneficiaries: Approximately 8,000 corporations operating in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

APPORTIONMENT FORMULA

Description: Corporations that have multistate operations have the option of using either a single-factor or a three-factor formula to compute the portion of the capital stock value that is subject to tax. The single-factor formula is based on the ratio of the book value of taxable assets to book value of total assets. The three-factor formula is based on property, payroll, and sales within and without Pennsylvania. Historically, only domestic corporations were permitted to choose the single-factor apportionment method until the Pennsylvania Supreme Court ruled that foreign corporations must be allowed the same option.

Purpose: This option provides tax relief to those corporations with considerable tangible investment in the Commonwealth and thereby encourages corporate investment in Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 262.1	\$ 230.2	\$ 190.5	\$ 146.6	\$ 98.2	\$ 46.5	\$ 8.8

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

POLLUTION CONTROL DEVICES

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.0	\$ 0.9	\$ 0.7	\$ 0.5	\$ 0.4	\$ 0.2	Nominal

Beneficiaries: Approximately 20 companies doing business in Pennsylvania benefit from this tax expenditure.

DEDUCTION FROM THE FIXED FORMULA

Description: Act 67 establishes that for tax years beginning in 2007 and thereafter, corporations may deduct \$150,000 from the capital stock value which is then subject to apportionment to determine the taxable base. The valuation deduction for tax years 1997 through 2006 was \$125,000. The valuation deduction was \$100,000 for tax years 1995 and 1996.

Purpose: This exemption provides a tax-free portion of capital stock value for corporations, particularly beneficial to new businesses realizing little or no profit during their early years.

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 70.9	\$ 64.1	\$ 57.1	\$ 44.9	\$ 30.3	\$ 14.3	\$ 2.7

Beneficiaries: Approximately 206,000 corporations doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

HOLDING COMPANIES

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 280.5	\$ 246.3	\$ 203.8	\$ 156.9	\$ 105.1	\$ 49.8	\$ 9.4

Beneficiaries: Approximately 1,125 companies doing business in Pennsylvania benefit from this tax expenditure.

REGULATED INVESTMENT COMPANIES/REAL ESTATE INVESTMENT TRUSTS

Description: Regulated investment companies (RICs) are subject to special valuation for capital stock/foreign franchise tax purposes. Their tax is computed by adding the net asset value multiplied by \$75 and divided by one million to the apportioned undistributed personal income multiplied by the personal income tax rate. Undistributed taxable personal income is apportioned to Pennsylvania by a fraction, the numerator of which is all income distributed during the taxable year to resident shareholders and the denominator of which is all income distributed to all shareholders.

There is a potential revenue loss from regulated investment companies and real estate investment trusts (REITs) organized as business trusts. These entities are not subject to capital stock/foreign franchise tax; no cost estimate is available.

There is also a potential revenue loss associated with corporations that conduct Pennsylvania business activity through an investment in business trust RICs, REITs, and certain other related entities. Generally, a corporation's interest in an entity that is not a corporation is considered to be a direct ownership interest in the assets of the entity rather than an intangible interest. Act 232 of 2002 created exceptions to this general rule for RICs, REITs, and certain other related entities that are organized as business trusts. No cost estimate is available.

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

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 6.4	\$ 5.6	\$ 4.6	\$ 3.6	\$ 2.4	\$ 1.1	\$ 0.2

Beneficiaries: At least 70 RICs, REITs, and other related entities doing business in Pennsylvania benefit from this tax expenditure. In addition, an unknown number of corporations may benefit from the provisions of Act 232 of 2002.

General Fund Tax Expenditures

COMMERCIAL PRINTERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

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

RESTRICTED PROFESSIONAL COMPANIES

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

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	1.9	\$5.0	\$4.6	\$3.5	\$2.2	\$0.9	\$0.2

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

General Fund Tax Expenditures

EXEMPTION FOR STUDENT LOAN ASSETS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

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

FINANCIAL INSTITUTION BUSINESS TRUSTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

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

GROSS RECEIPTS TAX

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

The gross receipts tax is imposed on the following companies conducting business in Pennsylvania: pipeline, conduit, steamboat, canal, slack water navigation and transportation companies; freight or oil transporters; telephone and telegraph companies; express service, palace car or sleeping car companies; and electric light, water power and hydroelectric energy companies. Municipalities are entitled to exemptions.

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

MUNICIPALLY-OWNED PUBLIC UTILITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 5.6	\$ 5.9	\$ 6.1	\$ 6.3	\$ 6.0	\$ 6.5	\$ 6.3

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

NUCLEAR GENERATING FACILITY DAMAGE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 37 electric suppliers could potentially benefit from this tax expenditure.

General Fund Tax Expenditures

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the tax. The figures for this expenditure are at the statutory utility gross receipts tax rates applicable to the appropriate tax year.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 12.1	\$ 12.7	\$ 12.9	\$ 13.4	\$ 13.4	\$ 14.0	\$ 13.8

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

TELECOMMUNICATIONS SALE FOR RESALE EXEMPTION

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 36.9	\$ 43.6	\$ 42.3	\$ 43.0	\$ 43.5	\$ 44.0	\$ 44.7

Beneficiaries: Approximately 350 telecommunication companies could benefit from this tax expenditure.

PUBLIC UTILITY REALTY TAX

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

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

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

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

For fiscal years prior to 2003-04, an additional 7.6 mills of the PURTA tax base was transferred to the Public Transportation Assistance Fund. Beginning in fiscal year 2003-04, the additional 7.6 mills of the PURTA tax base remains in the General Fund. The estimates in this portion of the analysis include the variable tax as well as the additional 7.6 mill levy.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968, is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968, to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.8	\$ 2.8	\$ 2.9	\$ 2.9

Beneficiaries: The 452 public utilities could benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity that entitles the public utility company to limited use related to the provision of utility service.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.6

Beneficiaries: The 452 public utilities could benefit from this tax expenditure.

General Fund Tax Expenditures

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 5.4	\$ 5.6	\$ 5.7	\$ 5.7	\$ 5.8	\$ 5.9	\$ 6.0

Beneficiaries: The 74 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.8	\$ 4.9	\$ 5.0	\$ 5.1	\$ 5.1	\$ 5.2	\$ 5.2

Beneficiaries: The 85 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.2	\$ 3.2	\$ 3.2

Beneficiaries: The 493 municipal authorities and the 35 municipal public utilities benefit from this tax expenditure.

General Fund Tax Expenditures

ELECTRIC GENERATION FACILITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 21.9	\$ 22.5	\$ 22.8	\$ 23.1	\$ 23.4	\$ 23.7	\$ 24.0

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

TRANSITION CREDIT

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 85 taxpayers benefit from this tax expenditure.

INSURANCE PREMIUMS TAX

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

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

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

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

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

MUTUAL BENEFICIAL ASSOCIATIONS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 7.9	\$ 10.0	\$ 10.3	\$ 10.5	\$ 10.9	\$ 11.3	\$ 11.8

Beneficiaries: The 72 mutual beneficial associations doing business in Pennsylvania benefit from this tax expenditure.

NONPROFIT HOSPITAL AND MEDICAL CARE SERVICE ORGANIZATIONS

Description: Companies organized under the Nonprofit Hospital Plan Act (Act of June 21, 1937, P.L. 1948, No. 378) and the Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act (Act of June 27, 1939, P.L. 1125, No. 399) are exempt from the insurance premiums tax. Those exempt include, for example, Capital Blue Cross, Hospital Service Association of Northeastern Pennsylvania, Highmark Inc., Pennsylvania Dental Services Corp., Geisinger Health Plan, and Inter-County Health Plan, Inc..

Purpose: These companies are deemed to be charitable and benevolent institutions that provide hospital and/or medical care to their subscribers. The exemption provides indirect tax relief to subscribers to the extent that it is reflected in lower premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 107.6	\$ 136.0	\$ 146.2	\$ 153.5	\$ 161.3	\$ 170.9	\$ 181.7

Beneficiaries: The 13 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2

Beneficiaries: The 520 life, accident, and health insurance companies doing business in Pennsylvania may benefit from this tax expenditure.

General Fund Tax Expenditures

PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION (PP&CIGA) CREDIT

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 27.9	\$ 23.3	\$ 21.9	\$ 16.9	\$ 10.2	\$ 4.7	\$ 6.0

Beneficiaries: The 1,005 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 principles with the following major exceptions: income earned from United States obligations or Pennsylvania state and local obligations is excluded; the interest expense associated with tax exempt interest income is disallowed as a deduction; and net operating losses from previous years may be carried forward for a maximum of three years. Taxable net income is apportioned to Pennsylvania by a three-factor formula comprised of payroll, receipts, and deposits.

The current tax rate is 11.5 percent.

General Fund Tax Expenditures

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.3	\$ 1.8	\$ 1.9	\$ 1.8	\$ 1.8	\$ 1.7	\$ 1.7

Beneficiaries: The 164 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 19.9	\$ 21.2	\$ 22.6	\$ 24.1	\$ 25.7	\$ 27.4	\$ 29.2

Beneficiaries: The 655 state and federal credit unions operating in Pennsylvania benefit from this tax expenditure.

SALES AND USE TAX

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

Administrative Costs: Costs incurred to administer the multiple tax expenditures associated with the sales and use tax cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of compliance audits. These audits contribute significantly to the volume of appeals processed by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 12.5	\$ 12.6	\$ 12.8	\$ 13.0	\$ 13.2	\$ 13.4	\$ 13.6

Beneficiaries: Information provided under the sales and use tax "Beneficiaries" heading represent an actual or estimated number and description of Pennsylvania residents, households, or businesses benefiting from that specific tax expenditure. An unreported number of non-Pennsylvania entities may also benefit from the tax expenditure.

GENERAL/PERSONAL EXPENDITURES

FOOD

Description: Generally food and beverages intended for human consumption are exempt from taxation. These foods may be purchased from a bakery, pastry shop, donut shop, delicatessen, grocery store, supermarket, farmer's market, convenience store, or vending machine. Sales of ready-to-eat foods are not exempt from tax and include the sale of meals, sandwiches, food from salad bars, hand-dipped or hand-served iced based products including ice cream and yogurt, hot soup, hot pizza and other hot food items, brewed coffee, and hot beverages. In addition, the exemption does not apply to soft drinks, alcoholic beverages, or food purchased from an establishment from which ready-to-eat food and beverages are sold.

Purpose: Food is considered to be a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$1,082.3	\$1,122.8	\$1,153.9	\$1,188.1	\$1,221.8	\$1,255.9	\$1,291.7

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

General Fund Tax Expenditures

CANDY AND GUM

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 47.4	\$ 49.2	\$ 50.5	\$ 52.0	\$ 53.5	\$ 55.0	\$ 56.6

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 42.9	\$ 45.8	\$ 48.9	\$ 52.4	\$ 56.1	\$ 59.9	\$ 63.8

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

NEWSPAPERS

Description: The purchase or use of newspapers or publications containing information of general interest and reports of current events that qualify as a "newspaper of general circulation qualified to carry a legal advertisement," not including magazines, is exempt from taxation.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 37.8	\$ 38.2	\$ 38.6	\$ 39.0	\$ 39.4	\$ 39.8	\$ 40.2

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 19.7	\$ 19.6	\$ 19.6	\$ 19.5	\$ 19.5	\$ 19.4	\$ 19.4

Beneficiaries: Approximately 2.9 million households benefit from this tax expenditure.

CLOTHING AND FOOTWEAR

Description: The purchase at retail or use of wearing apparel, footwear, and other articles of clothing worn on the human body is exempt from taxation. Additionally, the purchase at retail or use of clothing patterns and other items that are to be a component part of clothing is exempt from tax. Accessories, ornamental wear, formal day or evening apparel, furs, and sporting goods are taxable.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 875.9	\$ 897.8	\$ 930.3	\$ 969.1	\$1,006.9	\$1,036.0	\$1,060.0

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

AMUSEMENT DEVICES

Description: Expenditures to play amusement devices are not rentals and therefore are not taxable. Examples of such devices are flipper games, video games, pool tables, soccer tables, arcade games, and kiddie rides.

Purpose: These expenditures are considered to be payments for nontaxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 15.5	\$ 15.5	\$ 15.5	\$ 15.5	\$ 15.5	\$ 15.5	\$ 15.5

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 408.9	\$ 441.5	\$ 469.4	\$ 497.0	\$ 526.8	\$ 559.0	\$ 593.4

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 70.3	\$ 71.7	\$ 73.1	\$ 74.5	\$ 76.0	\$ 77.4	\$ 79.0

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

LIQUOR OR MALT BEVERAGE PURCHASED FROM RETAIL DISPENSER

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 102.9	\$ 107.8	\$ 112.9	\$ 118.2	\$ 123.7	\$ 129.6	\$ 135.7

Beneficiaries: Approximately 4.3 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 19.4	\$ 20.7	\$ 22.0	\$ 23.4	\$ 25.0	\$ 26.7	\$ 28.5

Beneficiaries: Approximately 267,700 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 65,000 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 25.6	\$ 27.1	\$ 28.9	\$ 31.0	\$ 33.1	\$ 35.2	\$ 37.2

Beneficiaries: As many as 126,600 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6

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

TEXTBOOKS

Description: The purchase or use of textbooks for use in schools, colleges, and universities is exempt from taxation. The purchase must be on behalf of or through schools recognized by the Department of Education as institutions of learning.

Purpose: The education of the Commonwealth's citizens is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 24.9	\$ 25.8	\$ 26.6	\$ 27.5	\$ 28.5	\$ 29.4	\$ 30.4

Beneficiaries: As many as 660,600 college students may benefit from this tax expenditure.

CATALOGS AND DIRECT MAIL ADVERTISING

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

Purpose: The purchase of these items may be perceived as incidental to the advertising service being provided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 70.0	\$ 74.1	\$ 78.5	\$ 83.1	\$ 88.0	\$ 93.2	\$ 98.7

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.0	\$ 4.1	\$ 4.3	\$ 4.5	\$ 4.7	\$ 4.9	\$ 5.2

Beneficiaries: Approximately 454,400 households benefit from this tax expenditure.

GRATUITIES

Description: Any amount paid, in excess of charges and tax, for service relating to the purchase of food or beverages or hotel or motel accommodations is an exempt gratuity.

Purpose: Gratuities or tips are not included in the cost of the meal or accommodation acquired by the purchaser but are considered costs of the accompanying non-taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 63.6	\$ 65.8	\$ 68.1	\$ 70.5	\$ 72.9	\$ 75.4	\$ 78.0

Beneficiaries: Approximately 4.6 million households and an unknown number of businesses benefit from this tax expenditure.

FUELS AND UTILITIES

COAL

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 94.6	\$ 91.9	\$ 89.3	\$ 86.8	\$ 84.3	\$ 81.9	\$ 79.6

Beneficiaries: Approximately 103,500 households and 10,600 businesses benefit from this tax expenditure.

General Fund Tax Expenditures

FIREWOOD

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.8	\$ 0.9	\$ 1.0	\$ 1.2	\$ 1.3	\$ 1.6	\$ 1.8

Beneficiaries: Approximately 562,000 households that use firewood or wood pellets as their primary heat source benefit from this tax expenditure. Also, there are an estimated 841,000 households with usable, wood burning fireplaces that may benefit from this tax expenditure.

RESIDENTIAL UTILITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Electric:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
		\$ 272.0	\$ 277.6	\$ 283.1	\$ 288.6	\$ 294.3	\$ 300.1	\$ 306.0
	Fuel Oil/Gas:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
		\$ 385.0	\$ 331.4	\$ 307.3	\$ 305.2	\$ 305.3	\$ 307.1	\$ 303.4
	Telephone:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
		\$ 97.5	\$ 100.9	\$ 104.3	\$ 108.8	\$ 112.3	\$ 113.2	\$ 114.0

Beneficiaries: Approximately 4.7 million households (electricity), 3.9 million households (fuel oil/gas), and 4.7 million households (telephone) benefit from this tax expenditure.

General Fund Tax Expenditures

WATER

Description: The purchase at retail or use of water or ice is exempt from taxation.

Purpose: Water is a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on this product.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 203.0	\$ 215.4	\$ 226.3	\$ 237.5	\$ 249.1	\$ 261.3	\$ 274.2

Beneficiaries: Approximately 4.2 million households and about 269,300 businesses benefit from this tax expenditure.

GASOLINE AND MOTOR FUELS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 786.6	\$ 954.5	\$ 999.6	\$ 974.8	\$ 979.6	\$ 995.2	\$1,014.3

Beneficiaries: Approximately 4.5 million households and owners of more than 1.6 million heavy trucks, buses, etc., benefit from this tax expenditure.

MOTOR VEHICLES / VESSELS

COMMON CARRIERS

Description: Vehicles purchased by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 292.2	\$ 300.9	\$ 309.8	\$ 319.0	\$ 328.4	\$ 338.2	\$ 348.2

Beneficiaries: Approximately 6,100 common carriers could benefit from this tax expenditure.

General Fund Tax Expenditures

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.4	\$ 3.5	\$ 3.7

Beneficiaries: NA

COMMERCIAL VESSELS (Repair)

Description: Property or services purchased or used in building, rebuilding, repairing and making additions to, or replacements in commercial vessels of fifty tons or more are exempt from taxation.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania ship repair facilities at a competitive disadvantage relative to those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.7	\$ 0.8	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.2

Beneficiaries: As many as 5 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment, Maintenance)

Description: The purchase or use of fuel, supplies, equipment, ships or sea stores, and cleaning or maintenance supplies is exempt from taxation. This exemption applies to vessels of fifty tons or more designed for commercial use.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania vendors at a competitive disadvantage relative to those vendors operating in other states that allow this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SCHOOL BUSES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 12.2	\$ 12.1	\$ 12.1	\$ 12.1	\$ 12.1	\$ 12.1	\$ 12.1

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

PRODUCTION EXPENDITURES

MANUFACTURING EXEMPTION (Manufacture and Processing)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies including utilities used directly or consumed in the manufacture and processing of personal property or remanufacture of certain motor vehicle parts. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of manufacturing equipment and supplies prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 948.0	\$ 964.9	\$ 983.0	\$1,010.2	\$1,020.9	\$1,027.0	\$1,039.7

Beneficiaries: Approximately 17,000 manufacturers and an unknown number of processors and remanufacturers benefit from this tax expenditure.

General Fund Tax Expenditures

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, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 144.8	\$ 146.8	\$ 148.8	\$ 151.0	\$ 153.1	\$ 155.4	\$ 157.7

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

MANUFACTURING EXEMPTION (Public Utility)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts, and supplies used directly or consumed in producing, delivering, or rendering a public utility service. This exemption does not apply to motor vehicles (except those used as common carriers), maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of equipment and supplies used in producing and delivering a public utility service prevents the multiple taxation that could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 6,900 public utilities could benefit from this tax expenditure.

General Fund Tax Expenditures

MANUFACTURING EXEMPTION (Foundations for Machinery and Equipment)

Description: Foundations for machinery and equipment used directly in manufacturing, farming, dairying, agriculture, horticulture, floriculture, aquaculture, processing or producing, and delivering or rendering a public utility service are exempt from taxation. Included for a public utility, are sand, gravel, crushed rock, concrete, or similar material used as bedding or surrounding pipe used directly to render sewer or water service.

Purpose: Exemption of foundations for manufacturing equipment prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.4

Beneficiaries: Approximately 81,000 entities benefit from this tax expenditure.

CONTRACT FARMING

Description: The purchase or use of tangible personal property or services that are directly used in farming, dairying, or agriculture for the production of food are exempt from tax, even if the purchaser is not the entity directly involved in the agricultural activity. This exemption applies to machinery, equipment, parts, supplies, and utilities used in the production of food.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural food commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 21.9	\$ 22.1	\$ 22.4	\$ 22.7	\$ 22.9	\$ 23.2	\$ 23.4

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

COMMERCIAL MOTION PICTURES

Description: Tangible personal property used directly in the production of a feature-length commercial motion picture distributed to a national audience is exempt from taxation. This exemption does not apply to nonoperational activities or materials.

Purpose: Exemption of property used directly in producing a commercial motion picture provides an incentive for businesses to operate in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.3	\$ 4.6	\$ 4.9	\$ 5.2	\$ 5.4	\$ 5.6	\$ 5.9

Beneficiaries: Approximately 15 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 are exempt from tax.

Purpose: This tax exemption lowers the cost of catered food and non-alcoholic beverages purchased by airlines, which may also reduce the cost of airline travel for consumers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 3.6	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.5

Beneficiaries: Approximately 27 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.6	\$ 2.7

Beneficiaries: As many as 649 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8

Beneficiaries: Approximately 1,400 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 65.0	\$ 67.7	\$ 70.0	\$ 72.7	\$ 75.5	\$ 78.1	\$ 80.9

Beneficiaries: Approximately 211,000 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

TRADE-IN VALUE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 306.8	\$ 311.9	\$ 316.9	\$ 323.4	\$ 330.5	\$ 335.7	\$ 341.0

Beneficiaries: Approximately 90 purchasers of aircraft, 11,100 purchasers of computers, 11,800 purchasers of boats, and 702,000 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 that must be registered or licensed are not granted this exemption.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 66.8	\$ 69.7	\$ 72.0	\$ 74.8	\$ 77.7	\$ 80.4	\$ 83.2

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4

Beneficiaries: Approximately 2,000 Standard bred horse purchasers and an unknown number of purchasers of other types of horses benefit from this tax expenditure.

General Fund Tax Expenditures

YOUTH SPORTS PROGRAMS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Charitable Organizations:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 220.7	\$ 223.9	\$ 227.6	\$ 232.1	\$ 236.7	\$ 241.9	\$ 247.9
	Volunteer Firemen's Organizations:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 48.3	\$ 49.0	\$ 49.8	\$ 50.8	\$ 51.8	\$ 52.9	\$ 54.2
	Nonprofit Educational Institutions:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 56.9	\$ 57.7	\$ 58.7	\$ 59.8	\$ 61.0	\$ 62.4	\$ 63.9
	Religious Organizations:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 40.8	\$ 41.4	\$ 42.1	\$ 42.9	\$ 43.8	\$ 44.7	\$ 45.8

Beneficiaries: Approximately 28,500 organizations currently benefit from this tax expenditure.

General Fund Tax Expenditures

EXEMPT GOVERNMENTAL UNITS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 388.1	\$ 404.7	\$ 422.9	\$ 443.1	\$ 463.0	\$ 482.3	\$ 503.0

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 veterans' organizations for benevolent, charitable, or patriotic purposes is exempt from taxation. Certain machinery and equipment, purchased for or used in construction contracts with veterans' organizations, is also exempt, whether purchased or used by a contractor or the veterans' 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6

Beneficiaries: Approximately 1,400 organizations benefit from this tax expenditure.

SUBSTITUTED TAX BASE

Description: The tax on tangible personal property purchased at least six months prior to the first taxable use in Pennsylvania may be based on the prevailing market price at the time of the taxable use. This substituted base would be in lieu of taxing the original purchase price.

Purpose: This alternative tax base permits taxpayers to pay tax relative to the current market value of such assets that most closely approximates current taxable value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 from being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 that raise fish intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 171 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 that receive state grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.4	\$ 0.4	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 34 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 34.5	\$ 36.7	\$ 39.0	\$ 41.5	\$ 44.2	\$ 47.0	\$ 50.0

Beneficiaries: NA

PUBLIC TRANSPORTATION (Local)

Description: Expenditures for public transportation fares are not taxable.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 158.0	\$ 164.2	\$ 170.8	\$ 178.0	\$ 185.0	\$ 191.8	\$ 198.8

Beneficiaries: Approximately 6.9 million people benefit from this tax expenditure.

STAIR LIFT DEVICES

Description: The purchase or use of property or services used in installing or repairing stair lift devices is exempt from taxation when the device is installed or used in the residence of a physically disabled person requiring the device to ascend or descend stairs. The physical disability must be certified by a physician.

Purpose: Stair lift devices could be considered essential for people with a physical disability that prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: As many as 1.0 million residents who have difficulty ascending and descending stairs may 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. This expenditure is based on actual refund amounts approved by the Department.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.4

Beneficiaries: Any of the 250,000 licensed vendors could benefit from this tax expenditure, if they extend credit or accept checks for payment.

UNIFORM COMMERCIAL CODE FILING FEES

Description: Separately stated Uniform Commercial Code (UCC) filing fees, copy requests, and certification fees paid to a state or local agency are exempt from tax.

Purpose: UCC filing legally identifies the lien holder for personal property collateral. These fees may be perceived as incidental to the purchase or use of the tangible personal property and as such, are exempt from tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9

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

CALL CENTER CREDIT

Description: A tax credit is available to call centers for the sales and use tax paid on incoming and outgoing interstate telecommunications. The credit is equal to the gross receipts tax paid by a telephone company on the receipts derived from the incoming and outgoing interstate telecommunications. An eligible call center must be located in Pennsylvania, employ 150 or more employees who initiate or answer telephone calls using at least 200 phone lines, and utilize an automated call distribution system. The total amount of credits awarded is limited to \$30 million per year. The tax credit is available for sales and use tax paid for periods on or after January 1, 2004. The estimate for fiscal year 2005-06 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This exemption retains jobs by providing an incentive for call centers to maintain and expand operations in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.3	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0

Beneficiaries: Approximately 30 call-centers located in Pennsylvania will benefit from this tax credit.

General Fund Tax Expenditures

RENTAL OF FILMS FOR COMMERCIAL EXHIBITION

Description: The purchase at retail or use of motion picture films rented or licensed from a distributor for the purpose of commercial exhibition are exempt from taxation.

Purpose: This provision allows the entertainment services associated with these films to be delivered to the public at a reduced cost. Were these films not exempt, the additional cost would likely be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8

Beneficiaries: Approximately 195 motion pictures and video exhibition companies, 62 television broadcasting stations, and 13 cable and subscription programming companies benefit from this expenditure.

COPIES OF AN OFFICIAL DOCUMENT

Description: The sale at retail or use of copies of an official document sold by a government agency or court are exempt from taxation. Included in copies of official documents are any copies in tangible form, including compact discs, microfilm, and similar forms of electronic media. Examples of such documents include notes of court testimony, deposition transcripts, driving records, accident reports, birth and death certificates, deeds, divorce decrees, and other similar documents.

Purpose: This provision eases reporting and administrative burdens on state, county, and local governments, including courts and political subdivisions.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

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

INVESTMENT METAL BULLION AND INVESTMENT COINS

Description: The purchase or use of investment metal bullion and investment coins are exempt from taxation. This exemption includes the purchase or use of precious metals, where the value of the metal is primarily a function of the metal content, or a coin, where the market value exceeds the face value. This exemption does not include jewelry, works of art made from coins, or medallions.

Purpose: These purchases are generally for investment purposes only and as such, are exempt from tax.

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	\$ 2.0	\$ 2.2	\$ 2.4	\$ 2.7	\$ 2.9	\$ 3.2

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

General Fund Tax Expenditures

SERVICES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
LODGING							
Recreational parks, camps & campgrounds.....	\$ 12.8	\$ 13.6	\$ 14.5	\$ 15.4	\$ 16.4	\$ 17.4	\$ 18.5
PERSONAL SERVICES							
Cleaning, storage & repair of clothing & shoes ⁽¹⁾	\$ 9.6	\$ 9.8	\$ 10.0	\$ 10.2	\$ 10.4	\$ 10.6	\$ 10.8
Dry-cleaning of clothing & garments ⁽¹⁾	8.9	9.0	9.1	9.2	9.3	9.4	9.5
Hair and nail services	53.3	55.5	57.8	60.2	62.7	65.3	68.0
Funeral parlors, crematories & death care services...	27.8	28.5	29.2	29.9	30.7	31.5	32.3
Other: diet, dating, tanning, beauty, message, etc.	8.5	9.0	9.5	10.1	10.7	11.3	12.0
BUSINESS SERVICES							
Placement of local advertisements (except Internet) ..	\$ 393.8	\$ 410.3	\$ 427.5	\$ 445.5	\$ 464.3	\$ 484.0	\$ 504.6
Interior office cleaning services (employee cost only).	44.6	48.4	52.5	56.9	61.7	66.9	72.6
Consulting, public relations & office administration	498.2	527.1	557.7	590.1	624.4	660.6	698.9
Scientific research & development services	195.9	217.4	241.2	267.7	297.1	329.7	365.9
Investigation, guard & security systems services	81.9	87.5	93.5	99.9	106.7	114.0	121.8
COMPUTER SERVICES							
Custom programming, design & data processing	\$ 424.0	\$ 459.9	\$ 489.7	\$ 519.9	\$ 543.5	\$ 563.0	\$ 585.3
AUTOMOTIVE SERVICES							
Parking lots & garages	\$ 27.5	\$ 28.6	\$ 29.8	\$ 31.0	\$ 32.2	\$ 33.5	\$ 34.9
RECREATION SERVICES							
Spectator sports admissions (excludes schools)	\$ 55.1	\$ 58.7	\$ 62.5	\$ 66.6	\$ 70.9	\$ 75.5	\$ 80.4
Theater, dance, music & performing arts admissions ..	10.7	11.3	12.0	12.7	13.5	14.3	15.2
Memberships and lessons: golf, fitness, skiing, etc. ...	50.2	52.3	54.5	56.8	59.2	61.7	64.3
Other admissions: scenic tours, museums, movies, amusement parks, etc	65.5	69.5	73.7	78.2	82.9	87.9	93.2
HEALTH SERVICES							
Health, except hospitals, physicians and dentists	\$ 1,331.2	\$ 1,424.4	\$ 1,524.1	\$ 1,630.8	\$ 1,744.9	\$ 1,867.0	\$ 1,997.7
Hospitals	1,782.2	1,924.4	2,045.8	2,166.3	2,295.9	2,436.4	2,586.4
Physician office services	798.9	856.0	917.2	982.7	1,052.9	1,128.1	1,208.7
Dental office services	197.7	210.7	224.6	239.4	255.2	272.0	289.9
PROFESSIONAL SERVICES							
Legal	\$ 544.6	\$ 580.5	\$ 618.8	\$ 659.6	\$ 703.1	\$ 749.5	\$ 799.0
Engineering	306.9	322.6	339.1	356.4	374.6	393.7	413.8
Surveying, architectural	117.1	123.2	129.6	136.3	143.3	150.7	158.5
Accounting, auditing and bookkeeping services	197.9	208.7	220.1	232.1	244.7	258.0	272.0
Specialized design	21.9	22.6	23.4	24.2	25.0	25.8	26.7
MISCELLANEOUS SERVICES							
Basic television ⁽¹⁾	\$ 107.8	\$ 114.0	\$ 121.6	\$ 130.6	\$ 139.7	\$ 148.7	\$ 157.0
Tuition (college, vocational training & instruction)	572.8	606.0	646.6	694.2	742.5	790.4	834.7
Electrical, plumbing, heating & air conditioning service fees	NA	NA	NA	NA	NA	NA	NA
Veterinary fees	40.5	42.8	45.7	49.1	52.5	55.9	59.0
Stockbroker fees	NA	NA	NA	NA	NA	NA	NA
Real estate agent fees	NA	NA	NA	NA	NA	NA	NA
Financial institution fees	368.0	388.7	414.5	444.9	476.2	506.0	532.4
Pilots fees	NA	NA	NA	NA	NA	NA	NA
Other: waste management, libraries, archives, other Professional, scientific & information services, etc.....	184.9	195.1	205.8	217.1	229.1	241.7	254.9

⁽¹⁾ These services are specifically exempt by statute.

Beneficiaries: Virtually all 4.9 million households benefit from one or more of these service tax expenditures.

CIGARETTE TAX

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

The cigarette tax is an excise tax, based on a rate of 6.75 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Prior to January 7, 2004 the tax rate was 5.0 cents per cigarette. Only one sale of cigarettes, whether individual cigarettes, packages, cartons, or cases, is taxable. Beginning in fiscal year 2002-03, fixed annual amounts of \$30.73 million and \$20.485 million of cigarette tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of cigarette tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of cigarette tax receipts to the ACEP fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. Beginning January 7, 2004, 18.52 percent of cigarette tax receipts are transferred to the Health Care Provider Retention Account (HCPRA). The analyses below reflect only the General Fund portion of the tax expenditures.

Administrative Costs: Costs to administer the cigarette tax expenditures are nominal.

STATE VETERANS HOMES

Description: Sales to retail dealers located in state veterans homes for resale to residents in such homes are exempt. Federal veterans hospitals are exempt under federal law.

Purpose: It is perceived to be good public policy to reduce taxes for veterans who have served their country and are now residing in a veteran's home or hospital.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Residents in four state veteran's homes benefit from this tax expenditure.

UNSTAMPED CIGARETTES (200 AND UNDER)

Description: Vacationers or tourists crossing state lines with one carton or less of unstamped cigarettes are not required to pay tax on those cigarettes. The carton (200 cigarettes) cannot be resold and must be for personal use only.

Purpose: Persons crossing state lines with one carton or less of cigarettes are presumed to possess such cigarettes for personal use rather than intentionally avoiding payment of the cigarette tax. This expenditure helps to relieve administration and enforcement burdens as well as promote tourism.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of 0.98 percent of the value of all cigarette tax stamps purchased from the Department of Revenue or its authorized agents to be affixed to cigarettes for sale within the Commonwealth. Prior to January 7, 2004, the commission was equal to 1.25 percent. The commission does not apply to purchases of stamps by a cigarette-stamping agent in amounts of less than one hundred dollars (\$100).

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 10.0	\$ 9.8	\$ 9.6	\$ 9.4	\$ 9.2	\$ 9.1	\$8.9

Beneficiaries: Approximately 120 cigarette stamping agents may benefit from this tax expenditure.

MALT BEVERAGE TAX

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

The malt beverage tax is levied on malt and brewed beverages manufactured, sold, and used in Pennsylvania or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors, and importers remit the tax to the Commonwealth.

Administrative Costs: Costs to administer the malt beverage tax expenditures are nominal.

EMERGENCY TAX CREDIT

Description: The emergency tax credit provides manufacturers of malt or brewed beverages, whose annual production of malt or brewed beverages does not exceed 1.5 million barrels, a maximum annual credit of \$200,000 for capital improvement expenditures. Prior to January 1, 2004, the tax credit was limited to manufacturers whose annual production of malt or brewed beverages did not exceed 300,000 barrels. This tax credit cannot exceed the amount of qualifying capital expenditures made during the emergency tax credit period (items of plant, equipment, and machinery intended for use in the manufacture and sale of malt or brewed beverages within the Commonwealth). Under current law, the tax credit period expires after December 31, 2008. This tax credit may only be used during the emergency tax credit period.

Purpose: This credit grants a limited tax subsidy for capital improvements made by small brewers. This provision could help lower the risk of business failure and subsequent loss of employment opportunities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	NA	NA	NA

Beneficiaries: Approximately 10 manufacturers of malt or brewed beverages may benefit from this tax expenditure.

LIQUOR TAX

Enabling legislation is the Liquor Code, Act of June 29, 1987 (P.L. 32, No. 14) and the Emergency Liquor Sales Tax Act, Act of June 9, 1936 (Special Session, P.L. 13). The liquor tax is imposed on all liquor sold by the Pennsylvania Liquor Control Board. The tax is assessed, since 1968, at the rate of 18 percent of the net price paid by the consumer.

The liquor tax contains no tax expenditures as defined for this tax expenditure analysis.

PERSONAL INCOME TAX

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

The personal income tax is levied against the taxable income of resident and nonresident individuals, estates and trusts, partnerships, S corporations, business trusts, and limited liability companies that are not taxed as corporations for federal purposes. Pennsylvania taxes eight classes of income: (1) compensation; (2) net profits from the operation of a business, profession, or farm; (3) net gains on income less net losses from dispositions of property; (4) net gains on income from rents, royalties, patents, and copyrights; (5) dividends; (6) interest; (7) gambling and lottery winnings; and (8) net gains on income derived through estates or trusts.

Administrative Costs: Costs to administer the various tax expenditures associated with the personal income tax cannot be separately identified. The existence of tax expenditures may result in taxpayer uncertainties, which create an administrative burden on the department relative to additional compliance audits, letter rulings, pronouncements, and bulletins.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 3.4	\$ 3.5	\$ 3.6	\$ 3.7	\$ 3.8	\$ 3.9	\$ 4.0

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$1,898.5	\$1,992.2	\$2,090.4	\$2,193.5	\$2,301.7	\$2,445.2	\$2,534.3

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

General Fund Tax Expenditures

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 843.2	\$ 885.3	\$ 929.6	\$ 974.0	\$1,016.6	\$1,058.4	\$1,102.0

Beneficiaries: As many as 5.6 million employees benefit from this tax expenditure.

NONQUALIFIED DEFERRED COMPENSATION

Description: Following the federal constructive receipt rule, Act 40-2005 stipulated that deferrals to nonqualified deferred compensation plans are not includible in compensation. This change applies to appeals which arise prior to or after the effective date of this act, July 7, 2005, and applies to taxable years beginning after December 31, 2002.

Purpose: With certain significant exceptions, Pennsylvania's constructive receipt rules were generally made consistent with the federal constructive receipt rules used to determine when compensation is received by a cash basis taxpayer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 15.2	\$ 15.7	\$ 16.2	\$ 16.6	\$ 17.1	\$ 17.6	\$ 18.2

Beneficiaries: Approximately 6,000 residents benefit from this tax expenditure.

HEALTH SAVINGS ACCOUNTS/ARCHER MEDICAL SAVINGS ACCOUNTS (ARCHER MSAs)

Description: The taxation of Health Savings Accounts and Archer MSAs will generally follow federal rules. Under the federal rules, employer contributions are excluded from the employee's taxable income and employee contributions are deducted from income if they meet the criteria outlined in the Internal Revenue Code. Distributions that are not used for qualified medical expenses will be taxable as interest income. These changes will apply to tax years beginning after December 31, 2005.

Purpose: This provision reduces the cost and could improve the quality and availability of health care to Pennsylvanians.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	0.5	\$ 4.6	\$ 5.4	\$ 6.3	\$ 7.2	\$ 8.4	\$ 9.7

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

General Fund Tax Expenditures

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation. Effective January 1, 1998, this expenditure also includes personal use of employer provided property and services.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 959.2	\$1,007.2	\$1,057.5	\$1,108.1	\$1,156.4	\$1,204.0	\$1,253.6

Beneficiaries: As many as 5.6 million employees benefit from this tax expenditure.

CAFETERIA PLANS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 78.3	\$ 82.2	\$ 86.4	\$ 90.5	\$ 94.4	\$ 98.3	\$ 102.4

Beneficiaries: NA

LIFE INSURANCE PROCEEDS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 85.1	\$ 89.1	\$ 93.2	\$ 97.6	\$ 102.1	\$ 106.9	\$ 111.9

Beneficiaries: The death payment beneficiaries of approximately 193,900 life insurance policies benefit from this tax expenditure.

General Fund Tax Expenditures

SICKNESS OR DISABILITY PROCEEDS

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

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

(Dollar Amounts in Millions)

<i>Estimates</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 76.1	\$ 74.9	\$ 77.0	\$ 79.1	\$ 81.3	\$ 83.6	\$ 85.9

Beneficiaries: Approximately 676,000 people benefit from this tax expenditure.

WORKER'S COMPENSATION

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 82.3	\$ 84.2	\$ 86.0	\$ 87.9	\$ 89.9	\$ 91.8	\$ 93.9

Beneficiaries: As many as 93,600 residents benefit from this tax expenditure.

General Fund Tax Expenditures

STRIKE BENEFITS

Description: Amounts designated as strike benefits are exempt from tax.

Purpose: These benefits are not considered compensation for services rendered and are thus excluded from tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 15.5	\$ 15.8	\$ 15.9	\$ 16.0	\$ 16.1	\$ 16.2	\$ 16.3

Beneficiaries: Approximately 286,900 people benefit from this tax expenditure.

SALE OF A PRINCIPAL RESIDENCE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 180.6	\$ 180.8	\$ 165.2	\$ 165.2	\$ 167.9	\$ 171.4	\$ 175.5

Beneficiaries: The owners of approximately 218,800 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the Commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation. Income received for active state duty for emergency within or outside the Commonwealth of PA is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 100.8	\$ 106.7	\$ 112.9	\$ 119.2	\$ 125.3	\$ 131.3	\$ 137.3

Beneficiaries: Approximately 61,500 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 65.2	\$ 68.9	\$ 72.8	\$ 76.9	\$ 81.3	\$ 85.9	\$ 90.8

Beneficiaries: The recipients of approximately 154,200 state grants and scholarships, 154,000 federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends benefit from this tax expenditure.

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision insures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

UNREIMBURSED EXPENSES

Description: Unreimbursed expenditures made by employees are excludable from compensation if they are: necessary to enable the taxpayer to properly perform the duties of employment, reasonable in amount, directly related to the taxpayer's occupation, and customary in the taxpayer's occupation.

Purpose: This provision enhances the fairness of the tax for those employees who incur expenses for the benefit of the employer, in order to properly perform a job, or to retain a rate of compensation.

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 75.3	\$ 75.9	\$ 76.4	\$ 76.9	\$ 77.4	\$ 77.9	\$ 78.4

Beneficiaries: Individuals filing approximately 1.2 million returns benefit from this tax expenditure.

BUSINESS INCOME DEDUCTIONS

Description: Ordinary and reasonable expenses necessary to operate a business or profession may be deducted from the gross receipts of that business or profession. This expenditure does not measure the cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts in Millions)

Estimates:	<u>Depreciation:</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
		\$ 101.8	\$ 104.9	\$ 109.8	\$ 115.7	\$ 122.5	\$ 129.2	\$ 136.6
	<u>Other:</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
		\$1,128.3	\$1,161.8	\$1,216.6	\$1,282.1	\$1,356.7	\$1,431.3	\$1,513.6

Beneficiaries: Approximately 1.2 million businesses and professions benefit from this tax expenditure.

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 10.6	\$ 11.9	\$ 13.3	\$ 15.0	\$ 16.9	\$ 19.0	\$ 21.4

Beneficiaries: The foster parents of approximately 33,918 children benefit from this tax expenditure.

General Fund Tax Expenditures

QUALIFIED TUITION PROGRAMS

Description: Contributions to a qualified tuition program as defined in section 529 of the Internal Revenue Code will be deductible from taxable income. The amount deducted for each designated beneficiary cannot exceed the annual limitation on gifts permitted by the Internal Revenue Code for purposes of federal estate and gift tax, which is currently \$12,000. The deduction cannot result in taxable income being less than zero. Distributions used for qualified higher education expenses, as well as undistributed earnings in the accounts, will not be taxable. Federally qualified rollovers between accounts and beneficiary changes will not be taxable events for Pennsylvania purposes. The value of credits or payments received from a tuition prepayment program is also exempt from taxation when used for specific educational purposes. Distributions that are not used for qualified higher education expenses will be subject to tax. These changes will apply to tax years beginning after December 31, 2005.

Purpose: These provisions lessen the burden of tax on families saving for college education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	\$ 25.4	\$ 27.2	\$ 29.1	\$ 31.2	\$ 33.3	\$ 35.5

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

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9

Beneficiaries: As many as 104,400 election officials benefit from this tax expenditure.

PENNSYLVANIA LOTTERY WINNINGS

Description: Prizes of the Pennsylvania Lottery are exempt from the state personal income tax. Prior to fiscal year 1999-00, an amount equal to total Lottery prizes paid multiplied by the current PIT rate was transferred from the Lottery Fund to the General Fund. Since the General Fund was reimbursed for the exemption of Lottery prizes, this transfer was considered a Lottery expenditure. Act 4 of 1999 eliminated the transfer, creating an actual General Fund expenditure. Since Pennsylvania Lottery winnings paid (if they were reported on a taxpayer return) could be offset by lottery and other gambling losses on a taxpayer's return, an estimate of this expenditure is not available.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

CREDITS

SPECIAL POVERTY PROVISIONS (TAX FORGIVENESS)

Description: Special tax forgiveness provisions allow eligible claimants to reduce their tax liability depending on the amount of their eligibility income. For tax year 2004, a taxpayer with no dependents and with eligibility income of \$8,750 or less will qualify for some amount of forgiveness. A married couple with no dependents and with eligibility income of \$15,250 or less will also qualify for some amount of forgiveness. The eligibility income limits increase by \$9,500 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 302.2	\$ 293.1	\$ 284.3	\$ 275.8	\$ 267.5	\$ 259.5	\$ 251.7

Beneficiaries: Individuals filing approximately 1.4 million returns benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim the lesser of the actual tax paid to the other state or country, or the tax calculated using PA taxable income earned in the other state or country, multiplied by the current PA tax rate as a credit against the personal income tax.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state or country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 186.4	\$ 195.9	\$ 206.7	\$ 219.1	\$ 230.5	\$ 241.7	\$ 253.3

Beneficiaries: Individuals filing approximately 118,000 returns benefit from this tax expenditure.

ESTIMATED TAXES

ESTIMATED TAXES FOR FIDUCIARIES

Description: Act 40-2005 states that fiduciaries are allowed to adopt the federal annualization rules for calculating estimated payments. This change may lower or eliminate one or more estimated payments. These provisions apply to payments made after June 30, 2006.

Purpose: Adoption of annualized federal rules for calculating estimated payments for estates and trusts to allow fiduciaries to have consistent payments between state and federal laws.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ --	\$ 1.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9

Beneficiaries: Approximately 34,000 fiduciaries are estimated to benefit from this tax expenditure.

General Fund Tax Expenditures

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Farmers operating approximately 59,000 farms benefit from this tax expenditure.

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with taxable income of \$8,000 or less not subject to withholding are not required to pay estimated taxes. The threshold was changed from \$2,500 effective January 1, 2000.

Purpose: These provisions reduce paperwork for the Department of Revenue and taxpayers with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.9	\$ 0.8	\$ 0.8	\$ 0.7	\$ 0.7	\$ 0.6	\$ 0.6

Beneficiaries: Approximately 1.6 million Pennsylvania residents benefit from this tax expenditure.

REALTY TRANSFER TAX

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

The realty transfer tax is a documentary stamp tax on the value of any interest in real estate transferred by deed. The tax rate is 1 percent of the value of the real estate transferred. Each party to a document is jointly and severally liable for the tax imposed, unless the party is an excluded party or the document evidences an excludable transaction. The excluded status of a party does not relieve the other parties to a transaction from the entire tax due. The amounts below represent the General Fund portion of the realty transfer tax expenditures only and do not include expenditures for the portion transferred to the Keystone Recreation, Park, and Conservation Fund pursuant to Act 50 of 1993, as amended by Act 89 of 2002. Prior to Act 89 of 2002, 15 percent of the state levied realty transfer tax was transferred to the Keystone Recreation, Park, and Conservation Fund. Act 89 of 2002 lowered the transfer to 10 percent for January 2002 through June 2002 and to 7.5 percent for July 2002 through June 2003. For July 2003 and thereafter the transfer rate returns to 15 percent. Act 67 of 2006 lowered the transfer rate to 2.1 percent for Fiscal Year 2006-07 only. For July 2007 and thereafter rate will return to 15 percent.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately \$0.3 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the Commonwealth, the federal government or their agencies, political subdivisions, or instrumentalities by gift, dedication, condemnation or in lieu of condemnation is exempt from taxation.

Purpose: This exemption provides tax relief to the grantor of property to a governmental entity. Without an exemption, the grantor would be required to pay the tax. The exemption may encourage donation of property to a governmental entity.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.1	\$ 5.5	\$ 3.8	\$ 3.9	\$ 4.1	\$ 4.2	\$ 4.3

Beneficiaries: Approximately 3,200 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY CO-TENANTS

Description: A partition of realty, passed by testate or intestate succession and held by co-tenants, into two or more distinctive portions with each party taking shares equal to their undivided interest is an excluded transaction.

Purpose: Tax relief is given to the heirs to assist in the equitable settlement of the estate. Heirs to realty do not always want joint ownership in the realty willed to them as co-tenants. This exemption enables the parties to partition the realty into two or more distinct portions with each party taking shares equal to their undivided interest without incurring tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 78.3	\$ 106.4	\$ 73.1	\$ 75.7	\$ 78.6	\$ 81.8	\$ 83.5

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.8	\$ 2.5	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9

Beneficiaries: NA

TRANSFERS TO OR FROM A NONPROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a nonprofit industrial development agency or authority is an excluded transaction. A transfer from a nonprofit industrial development agency or authority to a grantee purchasing directly from it is an excluded transaction if (1) the grantee uses such real estate for the primary purpose of manufacturing, fabricating, compounding, processing, publishing, research and development, transportation, energy conversion, energy production, pollution control, warehousing, or agriculture and (2) the authority has full ownership interest in the real estate transferred.

Purpose: These exemptions encourage transfers of realty to nonprofit organizations for industrial development and from nonprofit organizations for use in various activities that may contribute to economic development in the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.0	\$ 5.4	\$ 3.7	\$ 3.8	\$ 4.0	\$ 4.2	\$ 4.2

Beneficiaries: NA

General Fund Tax Expenditures

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax-exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations that are perceived to provide social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.5	\$ 2.1	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6

Beneficiaries: Approximately 15,800 religious organizations could benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy that possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural, or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.2	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 70 land conservancies could benefit from this tax expenditure.

REAL ESTATE DEVOTED TO AGRICULTURE

Description: A transfer of real estate devoted to the business of agriculture to a family farm corporation or family farm partnership by a member of the same family is an excluded transaction. The family must own at least 75 percent of each class of stock in a family farm corporation. The family farm may also lease the farmland as long as it is used for farming.

Purpose: This exemption provides tax relief for the establishment or expansion of the family farm corporation or family farm partnership thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,850 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,850 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,350 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 452 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

INHERITANCE TAX

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

Administrative Costs: Costs to administer the inheritance tax expenditures are approximately \$0.3 million annually. Costs incurred to administer the multiple tax expenditures associated with inheritance tax cannot be separately identified.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL BENEFICIARIES

Description: Effective July 1, 2000, assets transferred to lineal beneficiaries are taxed at a 4.5 percent rate rather than the 15 percent rate for assets transferred to non-lineal heirs. Lineal beneficiaries include grandparents, parents, and lineal descendants (including adopted or step children). Prior to July 1, 2000, transfers to lineal beneficiaries were taxed at a rate of 6 percent.

Purpose: This provision reduces the tax burden on the immediate family members of the decedent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 654.8	\$ 661.4	\$ 675.8	\$ 695.9	\$ 717.8	\$ 740.2	\$ 762.3

Beneficiaries: Approximately 34,300 estates benefit from this tax expenditure.

TRANSFERS OF PROPERTY TO SPOUSE

Description: Property passing to a spouse of a decedent is exempt from inheritance tax. This estimate is based on the difference between taxing all assets transferred between spouses at the lineal rate of 4.5 percent and the spousal rate of 0 percent.

Purpose: This provision prevents an undue tax burden on a surviving spouse especially when assets cannot be jointly owned. It allows spouses to maintain homes and other assets without being subject to inheritance tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$1,354.3	\$1,388.1	\$1,422.7	\$1,458.2	\$1,494.6	\$1,531.9	\$1,570.2

Beneficiaries: Approximately 33,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

EXEMPTION FOR TRANSFERS OF PROPERTY FROM A CHILD TO PARENT

Description: Property passing from a child twenty-one years of age or younger to a parent is subject to a 0 percent tax rate. This estimate measures the difference between taxing child to parent transfers at the lineal rate of 4.5 percent and the child to parent rate of 0 percent.

Purpose: This provision reduces the tax burden on families receiving assets due to the untimely death of a child. The transfer of assets to parents was previously taxed as a lineal transfer. This rate change, authorized by Act 23 of 2000, is effective for decedents dying July 1, 2000 or later.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4

Beneficiaries: Approximately 150 estates benefit from this tax expenditure.

PREFERENTIAL RATE FOR TRANSFERS TO SIBLINGS

Description: Effective July 1, 2000, assets transferred to siblings, defined as brothers or sisters with at least one parent in common, by blood or adoption, are taxed at a rate of 12 percent rather than the rate of 15 percent for assets transferred to non-lineal heirs. Prior to July 1, 2000, transfers to siblings were taxed at a rate of 15 percent.

Purpose: This provision reduces the tax burden on estates that transfer assets to a sibling of the decedent. It recognizes that a sibling is often a decedent's closest relative and that transfers to siblings should be taxed at a lower rate than transfers to unrelated beneficiaries.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 18.8	\$ 19.0	\$ 19.4	\$ 20.0	\$ 20.6	\$ 21.3	\$ 21.9

Beneficiaries: Approximately 5,900 estates benefit from this tax expenditure.

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of inheritance and estate taxes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 89.0	\$ 93.5	\$ 98.3	\$ 103.3	\$ 108.6	\$ 114.1	\$ 119.9

Beneficiaries: Estates of the decedents associated with approximately 171,000 life insurance policies benefit from this expenditure.

General Fund Tax Expenditures

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.6	\$ 0.4	\$ 0.4	NA	NA	NA	NA

Beneficiaries: The families of fallen Pennsylvanians benefit from this tax expenditure.

FAMILY EXEMPTION

Description: A \$3,500 family exemption from inheritance tax is permitted for the decedent's surviving spouse, children, or parents living in the decedent's household at the time of death.

Purpose: This provision allows a small tax-free transfer of property to immediate family members residing with the decedent. Smaller taxable estates benefit to a greater extent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.7

Beneficiaries: Approximately 8,100 families benefit from this tax expenditure.

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign, or anticipate before death are exempt from inheritance tax. Exempt benefits include pensions, stock-bonuses, profit-sharing plans, Keoghs, Individual Retirement Accounts, and other retirement plans. If the decedent did have the right to possess, enjoy, assign, or anticipate the benefits, they are exempt from Pennsylvania inheritance tax only to the same extent they are exempt from the federal estate tax.

Purpose: This provision limits inheritance tax on employment benefits to which the decedent did not have full rights. An individual is presumed to have full rights to these employment benefits after age 59 ½ -- the age at which someone may utilize at least a portion of these funds without penalty under the Internal Revenue Code.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 25.3	\$ 27.6	\$ 30.2	\$ 33.0	\$ 36.1	\$ 39.4	\$ 43.1

Beneficiaries: Estates of the approximately 7,000 decedents of working age and under 59½ at death may benefit from this tax expenditure.

General Fund Tax Expenditures

ESTATE ADMINISTRATION EXPENSES

Description: Expenses for attorney fees, funeral and burial expenses, tombstones and grave markers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 60.8	\$ 62.3	\$ 63.8	\$ 65.4	\$ 67.1	\$ 68.7	\$ 70.5

Beneficiaries: Approximately 49,400 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 40.6	\$ 41.7	\$ 42.7	\$ 43.8	\$ 44.9	\$ 46.0	\$ 47.1

Beneficiaries: Approximately 34,400 estates benefit from this tax expenditure.

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The social security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

Beneficiaries: Approximately 47,300 estates benefit from this tax expenditure.

General Fund Tax Expenditures

RAILROAD RETIREMENT BURIAL BENEFITS

Description: The lump-sum railroad retirement burial benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The railroad retirement burial benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 56,000 estates might benefit from this tax expenditure.

PROPERTY SUBJECT TO POWER OF APPOINTMENT

Description: Property left to a trust by the decedent (grantor) subject to a power of appointment (by a grantee), whether or not exercised and notwithstanding any blending of such property with property of the grantee, is exempt from inheritance tax in the estate of the grantee.

Purpose: Pennsylvania taxes the transfer of these assets subject to a power of appointment at the time the interest is created (when the grantor dies). The grantee may have a life interest in the estate with any remainder passing to some other person. This provision prevents taxation when the property is subsequently distributed upon the death of the grantee, having already been taxed in the estate of the grantor.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

NOMINAL OWNERSHIP OF PROPERTY

Description: Property held in the name of a decedent who held no beneficial interest in the property is exempt from inheritance tax.

Purpose: This provision prevents property in which the decedent had no real interest from being included in the taxable estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

BUSINESS RELATED EXCLUSIONS AND DEDUCTIONS

PREFERENTIAL VALUATION OF FARMLAND

Description: Farmland which was devoted to agricultural use for the three years preceding the death of the decedent and is not less than ten contiguous acres or has an anticipated yearly gross income derived from agricultural use of \$2,000 or more, is valued based on its current use rather than its highest use.

Purpose: This provision helps to maintain family farms since land currently devoted to agricultural use is often more valuable if developed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in 20 consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small businesses upon the death of the owner from a sudden tax burden. Payments are spread out over time so that asset sales can be avoided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

PREFERENTIAL VALUATION OF AGRICULTURAL CONSERVATION EASEMENTS

Description: An agricultural conservation easement is a deed restriction landowners voluntarily place on their property to protect productive agricultural land. They are used to authorize a qualified conservation organization or public agency to monitor and enforce the restrictions set forth in the agreement. Act 67 of 2006 provided that the value of an agricultural conservation easement is set at 50 percent of what the land would otherwise be valued for purposes of inheritance tax assessments.

Purpose: This provision helps to maintain family farms and increase participation in the preservation of the Commonwealth's farmland.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.4

Beneficiaries: The owners of 58,200 farms might benefit from this tax expenditure.

OTHER EXCLUSIONS

TRANSFERS TO GOVERNMENTS

Description: Intervivos transfers and bequests to governments are exempt from inheritance tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2

Beneficiaries: Approximately 5,000 governmental units could benefit from this tax expenditure.

TRANSFERS TO CHARITABLE AND FRATERNAL ORGANIZATIONS

Description: Intervivos transfers and bequests to charitable and fraternal organizations are exempt from inheritance tax.

Purpose: Charitable and fraternal organizations provide public services that are believed to benefit citizens. This exemption represents an indirect means of assistance to these entities and may increase the money available for charitable purposes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 155.0	\$ 158.9	\$ 162.9	\$ 166.9	\$ 171.1	\$ 175.4	\$ 179.8

Beneficiaries: An estimated 31,500 charitable and fraternal organizations might benefit from this tax expenditure.

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes. The tax is a permanent trust fund tax of 12.0 cents per gallon imposed on all liquid fuels and fuels used or sold and delivered by distributors in the Commonwealth beginning October 1, 1997. Prior to this date, liquid fuels were taxed under the provisions of the Act of May 21, 1931 (P.L. 149, No. 105), as amended, known as the Liquid Fuels Tax Act and fuels were taxed under the Act of January 14, 1952 (P.L. 1965 No. 550), as amended, known as the Fuels Use Tax Act. Both of these acts were repealed effective October 1, 1997. Aviation gasoline and jet fuel are also taxed under the liquid fuels and fuels tax. However, separate tax rates are set for these fuels. Effective January 1, 2006, the tax rate for aviation gasoline is 5.3 cents per gallon and the tax rate for jet fuels is 2.0 cents per gallon.

OIL COMPANY FRANCHISE TAX

Authorization: Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes. 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 2007 is 19.2 cents per gallon for liquid fuels and 26.1 cents per gallon for fuels. Receipts from 57 mills of the tax are deposited as unrestricted Motor License Fund revenue. 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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)

Estimates:

Liquid Fuels:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 4.2	\$ 4.3	\$ 4.4	\$ 4.4	\$ 4.5	\$ 4.5	\$ 4.5

Jet Fuel & Aviation Gasoline:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 6.2	\$ 6.2	\$ 6.3	\$ 6.4	\$ 6.4	\$ 6.5	\$ 6.5

Oil Company Franchise:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 19.5	\$ 20.5	\$ 20.7	\$ 20.9	\$ 21.1	\$ 21.2	\$ 21.4

Beneficiaries: Approximately 3,100 governmental units benefit from these tax expenditures.

VOLUNTEER EMERGENCY VEHICLES

Description: Fuel purchased by a volunteer fire company, volunteer ambulance service, or volunteer rescue squad and used solely in official vehicles is exempt from the tax.

Purpose: Volunteer emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9

Jet Fuel & Aviation Gasoline:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.4

Oil Company Franchise:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 6.0	\$ 6.4	\$ 6.4	\$ 6.5	\$ 6.5	\$ 6.6	\$ 6.6

Beneficiaries: Approximately 2,000 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

Motor License Fund Tax Expenditures

NONPROFIT NONPUBLIC SCHOOLS

Description: Fuel purchased by any nonprofit nonpublic school in which a Commonwealth resident may legally fulfill compulsory school attendance requirements is granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Jet Fuel & Aviation Gasoline:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: As many as 3,000 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuel by second class county port authorities are exempt from the tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Jet Fuel & Aviation Gasoline:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 fuel consumed in agricultural use relating to the actual production of farm products. Fuel used in farm machinery or equipment engaged in the production or harvesting of agricultural products is exempt from taxation under these provisions.

Purpose: This exemption allows farmers to provide agricultural products at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2
	Jet Fuel & Aviation Gasoline:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.1	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.4

Beneficiaries: Individuals operating approximately 58,200 farms benefit from these tax expenditures.

Motor License Fund Tax Expenditures

TRUCK REFRIGERATION UNITS

Description: A full refund of tax paid is granted for undyed diesel fuel used in truck refrigeration units when the tank that fuels the refrigeration unit is used solely for that purpose and is separate from that which powers the vehicle.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5

Beneficiaries: Approximately 200 entities benefit from these tax expenditures.

POWER TAKE-OFF

Description: A full refund of tax paid is granted for undyed fuel consumed in a power takeoff unit used to load for delivery to a farm or to unload at a farm, farm feed, feed products, lime, or limestone products for agricultural use. Tax paid will be refunded provided that the fuel usage is documented by an electronic monitoring device used in conjunction with an electronically controlled engine.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Fewer than 20 taxpayers benefit from these tax expenditures.

Motor License Fund Tax Expenditures

DISCOUNT

Description: A distributor is permitted a variable percentage discount based on gross tax due provided the liquid fuels and fuels tax return and payment due are timely filed. Returns and payments are generally due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.4	\$ 4.5	\$ 4.6	\$ 4.6	\$ 4.7	\$ 4.7	\$ 4.7
	Jet Fuel & Aviation Gasoline:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.7

Beneficiaries: Approximately 490 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	NA
	Fuels:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: Approximately 100 bus companies benefit from this tax expenditure.

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes. The motor carriers road tax is equal to the current Pennsylvania liquid fuels and fuels or alternative fuels tax rate per gallon plus the oil franchise tax currently in effect. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. Effective October 1, 1997, this tax was repealed and replaced by a tax of 55 mills on each gallon of fuels and collected through the oil franchise tax. Effective January 1, 1996, under Act 75 of 1995, Pennsylvania implemented the provisions of the International Fuel Tax Agreement (IFTA). Under IFTA, fuel consumed in "qualified motor vehicles" is subject to taxation at current rates. A qualified motor vehicle is a motor vehicle, other than a recreational vehicle, which is used, designed, or maintained for transportation of persons or property and which has two axles and a registered gross weight exceeding 26,000 pounds, three axles or more regardless of weight, or used in combination when the registered gross weight exceeds 26,000 pounds. IFTA provisions do not distinguish taxable use by vehicle types, only by weight and axle configuration. Therefore, Act 75 of 1995 repealed the motorbus road tax effective January 1, 1996. The following estimates reflect the full tax rate imposed.

Administrative Costs: Costs to administer the multiple tax expenditures associated with motor carrier road tax/IFTA cannot be identified separately. Tax expenditures are not believed to be a significant factor associated with the need for more compliance audits and contribute minimally to the length of time necessary to complete such audits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.7	\$ 0.7	\$ 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 14.3	\$ 14.9	\$ 15.0	\$ 15.2	\$ 15.3	\$ 15.4	\$ 15.6

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

FARM VEHICLES

Description: Qualified motor vehicles bearing a Pennsylvania farm truck registration, operating under restricted use, and farm vehicles exempt from registration are exempt from the motor carriers road tax.

Purpose: This exemption allows farmers to provide agricultural products at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 4.3	\$ 4.5	\$ 4.5	\$ 4.6	\$ 4.6	\$ 4.6	\$ 4.7

Beneficiaries: Individuals operating approximately 58,200 farms benefit from this tax expenditure.

EMERGENCY VEHICLES

Description: Fire, rescue, ambulance, and select other emergency vehicles are exempt from the motor carriers road tax.

Purpose: Emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 8.5	\$ 8.9	\$ 8.9	\$ 9.0	\$ 9.1	\$ 9.2	\$ 9.2

Beneficiaries: Approximately 2,500 fire departments and an unknown number of other organizations benefit from this tax expenditure.

Motor License Fund Tax Expenditures

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property and that only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving, and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The owners of approximately 2,200 special mobile equipment vehicles benefit from this tax expenditure.

IMPLEMENTS OF HUSBANDRY

Description: A vehicle designed or adapted to be used exclusively for agricultural operations is exempt from the motor carriers road tax.

Purpose: This exemption allows the farmer to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The owners of approximately 200 implements of husbandry vehicles benefit from this tax expenditure.

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.2

Beneficiaries: Approximately 26,000 charitable and religious organizations may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CHURCHES

Description: A motorbus owned by and registered to a church, exempt under section 1901 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 10,500 churches may benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Qualified motor vehicles operated by electric cooperatives are exempt from the motor carriers road tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SCHOOL BUSES

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary, or secondary school students to or from public, private, or parochial schools or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 9.7	\$ 10.1	\$ 10.1	\$ 10.2	\$ 10.3	\$ 10.4	\$ 10.5

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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 the motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

Estimates:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2

VEHICLE REGISTRATIONS

Description: Specific entities that request the authority to operate are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	<i>Disabled/Severely Disabled Veterans:</i>						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 8,300 vehicles benefit from this tax expenditure.

Charitable Organizations:

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2

Beneficiaries: The owners of approximately 15600 vehicles benefit from this tax expenditure.

Former Prisoners of War:

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 930 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Farm Trucks:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 3.3	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.5	\$ 3.5

Beneficiaries: The owners of approximately 11,200 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 3.9	\$ 3.9	\$ 4.0	\$ 4.0	\$ 4.0	\$ 4.1	\$ 4.1

Beneficiaries: Approximately 2,500 volunteer fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 3.9	\$ 4.0	\$ 4.0	\$ 4.1	\$ 4.1	\$ 4.1	\$ 4.2

Beneficiaries: Approximately 2,500 fire departments benefit from this tax expenditure.

Political Subdivisions:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 15.8	\$ 16.0	\$ 16.1	\$ 16.3	\$ 16.4	\$ 16.6	\$ 16.8

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 5.8	\$ 6.1	\$ 6.4	\$ 6.7	\$ 7.1	\$ 7.4	\$ 7.8

Beneficiaries: Older Pennsylvanians owning approximately 176,800 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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 130 carnival vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles, and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided an exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 8,000 vehicles benefit from this tax expenditure.

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

BRIDGE PERMITS

Description: Bridges on state owned rights-of-way need periodic maintenance and construction work. Permits are issued, for a fee, by the state to perform such work. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions who are performing work for the state.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.

UNEMPLOYMENT COMPENSATION INSURANCE TAX

Administrative Costs: The costs of administering the tax expenditure associated with the unemployment compensation insurance tax are nominal.

LIMITATION OF THE TAXABLE WAGE BASE _____

Authorization: Act of December 5, 1936 (2nd special session, 1937 P.L. 2897, No. 1), 4(x)(1), as amended, 43 P.S. 753(x)(1).

The purpose of the tax is to provide a fund from which compensation is paid to workers who have become unemployed through no fault of their own. Contributions are required to be made by all employers who pay wages to individuals working in Pennsylvania and whose services are covered under the unemployment compensation law. This tax may include employee contributions withheld by employers from each employee's gross wages. The Pennsylvania Unemployment Compensation Law is administered by the Department of Labor and Industry.

Description: The Commonwealth's unemployment compensation law provides for a limitation of the taxable wage base to the first \$8,000 of wages paid to each employee during a calendar year by an employer. Prior to 1984 the limitation on taxable remuneration had been \$7,000. All state governments are required by the federal government to tax at least the first \$7,000 of subject wages. Many states, including Pennsylvania, have chosen to keep their bases close to the federal minimum. The estimate represents the cost of this limitation as measured by the difference between contributions based on taxable wages and contributions based on total wages. In 1988, legislation was enacted which provides for a "trigger" mechanism to regulate employer and employee contributions. The trigger mechanism working in conjunction with the experience rating system would change tax rates in response to a change in the taxable wage base. The methodology used for this estimate does not incorporate the changes that would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$7,263.0	\$7,492.3	\$7,337.5	\$7,562.4	\$8,063.8	\$8,434.1	\$8,818.2

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 2006 there were 263,355 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division¹:

Natural Resources and Mining	2,627	Financial Activities	18,950
Construction	30,669	Professional and Business Services	45,099
Manufacturing	14,949	Education and Health Services	35,077
Trade	51,238	Leisure and Hospitality	25,206
Transportation, Warehousing, Utilities	6,941	Other Services	27,933
Information	3,382	Local Government	951

¹Based on NAICS industry classification. Data may not add to totals due to the unavailability of industry classification for some employers.

PUBLIC TRANSPORTATION ASSISTANCE FUND

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

The Public Transportation Assistance Fund provides for the capital, asset maintenance, and certain other transportation needs of the Commonwealth's public transit entities.

Fund revenues are derived from a motor vehicle lease tax; a motor vehicle rental fee; a fee on the sale of new tires; 0.44 percent of total sales and use tax receipts in lieu of the repealed periodicals tax; 0.09 percent of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers, and 0.417 percent of sales and use tax in lieu of transfers from the public utility realty tax (PURTA) and the utilities gross receipts tax. By provisions of Act 46 of 2003, beginning in fiscal year 2003-04, revenues associated with the 7.6 mills of PURTA, previously transferred to this fund, will remain in the General Fund. Act 138 of 1996 (electric competition) provided for transfers from the utility gross receipts tax to the Public Transportation Assistance Fund beginning in fiscal year 1998-99. Act 46 of 2003 repealed this transfer effective for fiscal year 2003-04 and forward. Certain entities and transactions are exempt from these taxes and fees. With the exception of the fee on tires and the class 4 and above motor carrier tax expenditure, the remaining tax expenditures parallel those in the General Fund sales and use tax expenditures.

Administrative Costs: Administrative costs are believed to be nominal.

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The Commonwealth levies a 3 percent tax on the total price charged for each lease of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

A fee of \$2 per day or portion of a day is imposed on each rental of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

COMMON CARRIERS

Description: Vehicles leased or rented by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of these types of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 6,100 common carriers could benefit from this tax expenditure.

Special Fund Tax Expenditures

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.6	\$ 3.6
	Motor Vehicle Rentals:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: Approximately 5,700 schools may benefit from this tax expenditure.

MOTOR CARRIERS (CLASS 4 AND ABOVE)

Description: Motor carriers in vehicle classes 4 and above are exempt from the motor vehicle lease tax.

Purpose: This exemption benefits those entities engaged in commercial leasing. Presumably, many of these vehicles are operated as common carriers that are normally treated as a utility service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of 296,300 motor carrier vehicles (class 4 and above) benefit from this tax expenditure.

Special Fund Tax Expenditures

EXEMPT ORGANIZATIONS

Description: The lease or rental of personal property to or for use by any (1) charitable organization, (2) volunteer fireman's organization, (3) nonprofit educational institution, or (4) religious organization is exempt from taxation. Transactions unrelated to the trade or business of such organizations are taxable.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:

Motor Vehicle Leases:							
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Motor Vehicle Rentals:							
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 33,200 organizations may benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

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

(Dollar Amounts in Millions)

Estimates:

Motor Vehicle Leases:							
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

Special Fund Tax Expenditures

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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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)

2005-06 2006-07 2007-08
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Governor's Office.....	\$ 7,400	\$ 7,359	\$ 7,959
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Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 7,400	\$ 7,359	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959
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.....	\$ 7,400	\$ 7,359	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959
ALL PROGRAMS:							
GENERAL FUND.....	\$ 7,400	\$ 7,359	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 7,400	\$ 7,359	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the Commonwealth can be accomplished.

Program: Executive Direction

The Pennsylvania Constitution vests the executive authority of the Commonwealth in the Governor. It is the duty of the Governor to ensure that the laws of the Commonwealth are faithfully executed. The Governor also oversees the publication of public information including bulletins of the work of State Government. The Governor submits an annual budget to the General Assembly and performs all other functions required of this office as delegated by the State Constitution and in law.

This program also provides for the Governor's Residence. The residence is used for State functions and to provide a domicile for the Governor and the First Family. The expenses for official functions, as well as those essential to managing a household, are paid from the Governor's Office appropriation. The maintenance of the residence is primarily the responsibility of the Department of General Services. Equipment, supplies (except food) and housekeeping services are provided by the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Governor's Office
 \$ 600 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Governor's Office	\$ 7,400	\$ 7,359	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959	\$ 7,959



EXECUTIVE OFFICES

To assist the Governor in the administration of State Government, the Office of Administration performs the duties of a central management agency and coordinates through the Office of Information Technology the Commonwealth's information technology strategies. The Office of the Budget performs the duties of a central financial management agency, prepares the annual Governor's Budget and Five Year Financial Plan based upon the Governor's priorities and analysis of program effectiveness, and provides comptroller services for the maintenance and management of all agency accounts in the Commonwealth.

The Office of General Counsel provides legal counsel in matters affecting the operation of State agencies. The Juvenile Court Judges Commission provides technical and financial assistance to the juvenile probation staffs of the county courts. The Inspector General investigates suspected improper use of State resources and investigates and recovers funds disbursed as a result of fraud or overpayment of welfare benefits. The Commission on Crime and Delinquency provides the planning and technical assistance for the improvement of the criminal justice system as well as financial assistance to relieve the financial hardship of individuals who have been victimized by criminal acts.

The Human Relations Commission, the Commission for Women, the African-American Affairs Commission and the Latino Affairs Commission promote equal opportunities for all people in employment, housing, public accommodations and education.

The Rural Development Council works to promote rural development in Pennsylvania. The Council on the Arts provides for encouragement and development of the arts in Pennsylvania. The Public Employee Retirement Commission monitors public employe retirement plans to assure their actuarial viability.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
General Government:			
Office of Administration	\$ 7,951^a	\$ 8,131	\$ 8,372
(F)Medicaid Service Assurance Initiative.....	20	0	0
(A)Classification and Pay Services.....	2,525	2,508	2,457
(A)Workplace Support Division (SEAP).....	2,172	1,636	2,361
(A)Temporary Clerical Pool.....	3,305	4,683	4,813
(A)Bureau of Management Consulting.....	2,452	2,421	2,275
(A)Executive Board/Directives Management.....	178	343	427
(A)Labor Relations.....	792	1,771	1,771
(A)Managing for Government Responsiveness Training.....	198	214	211
(A)Group Life Insurance Program Commissions.....	88	88	88
(A)Leadership Development Institute.....	143	102	102
Subtotal.....	<u>\$ 19,824</u>	<u>\$ 21,897</u>	<u>\$ 22,877</u>
Medicare Part B Penalties	536	521	519
Commonwealth Technology Services	99,437^b	61,905^b	63,055
(A)Integrated Enterprise System.....	0	35,955	38,840
(A)Information Technology Services.....	0	1,378	0
(A)Applications Development.....	0	804	0
(A)Project Management Resources.....	0	0	50
(F)DCSI - Electronic Reporting (EA).....	1,150	769	0
(F)Juvenile Tracking System Development (EA).....	350	279	0
(F)Public Health Preparedness (EA).....	500	0	0
(F)Geospatial Homeland Security (EA).....	0	1,400	0
(F)Geospatial Emergency Asset Reporting System (EA).....	0	129	0
Subtotal.....	<u>\$ 101,437</u>	<u>\$ 102,619</u>	<u>\$ 101,945</u>
Statewide Public Safety Radio System	0	0	12,724
Office of Inspector General	3,339	3,356	3,356
(A)Reimbursements for Special Fund Investigations.....	1,104	1,100	1,111
Subtotal.....	<u>\$ 4,443</u>	<u>\$ 4,456</u>	<u>\$ 4,467</u>
Inspector General - Welfare Fraud	13,100	13,697	14,296
(F)TANFBG - Program Accountability.....	1,500	1,500	1,500
(F)Food Stamps - Program Accountability.....	5,825	6,324	5,440
(F)Medical Assistance - Program Accountability.....	4,000	4,286	5,030
(F)CCDFBG - Subsidized Day Care Fraud.....	395	1,057	1,000
Subtotal.....	<u>\$ 24,820</u>	<u>\$ 26,864</u>	<u>\$ 27,266</u>
Office of the Budget	30,317^c	30,719^c	31,942
(F)WIA - Program Accountability.....	400	400	400
(F)Hurricane Katrina Victims Travel Expenses (EA).....	5,000	0	0
(A)Support for Commonwealth Payroll Operations.....	6,270	7,083	7,836
(A)Support for PLCB Comptroller's Office.....	7,750	8,070	8,379
(A)Support for Comptroller Services.....	20,409	19,187	19,686
Subtotal.....	<u>\$ 70,146</u>	<u>\$ 65,459</u>	<u>\$ 68,243</u>
Audit of the Auditor General	100	0	0
Office of Health Care Reform	1,209^d	1,209^d	1,242
(F)Aging and Disability Resource Center.....	384	462	500
(F)Health Care Access.....	900	260	0
(F)Long-term Care Initiative.....	391	322	100
(F)Quality Assurance Improvement.....	303	416	100
(F)Real Choice - Housing Integration.....	575	490	750
(F)Medical Assistance Disabled Access.....	145	100	120
Subtotal.....	<u>\$ 3,907</u>	<u>\$ 3,259</u>	<u>\$ 2,812</u>
Rx for PA - Plan Implementation	0	0	1,200

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Rx for PA - Chronic Care Management	0	0	2,450
Rx for PA - Hospital-Acquired Infections	0	0	300
Office of General Counsel	3,987	4,007	4,809
(A)CLE Registration Fees.....	53	71	64
Subtotal.....	\$ 4,040	\$ 4,078	\$ 4,873
Rural Development Council	188	213	220
(F)Rural Development.....	50	0	0
(F)National Rural Development Partnership (EA).....	7	0	0
Subtotal.....	\$ 245	\$ 213	\$ 220
Human Relations Commission	10,323	10,744	10,905
(F)EEOC - Special Project Grant.....	2,000	2,000	2,000
(F)HUD - Special Project Grant.....	1,500	3,500	1,500
(A)Miscellaneous Revenues.....	13	25	25
Subtotal.....	\$ 13,836	\$ 16,269	\$ 14,430
Latino Affairs Commission	212	238	243
African American Affairs Commission	318	333	347
Asian-American Affairs Commission	139	145	230
Council on the Arts	1,138	1,210	1,295
(F)NEA - Grants to the Arts - Administration.....	240	240	240
Subtotal.....	\$ 1,378	\$ 1,450	\$ 1,535
Commission for Women	273	305	324
(A)State Tourism Funds.....	30	0	0
Subtotal.....	\$ 303	\$ 305	\$ 324
Juvenile Court Judges Commission	2,129	2,243	2,400
Public Employee Retirement Commission	721	753	786
Commission on Crime and Delinquency	4,073	4,111	4,605
(F)Plan for Juvenile Justice.....	350	350	325
(F)DCSI - Administration.....	1,712	1,883	604
(F)DCSI - Program Grants.....	30,000	30,000	20,000
(F)Justice Assistance Grants.....	1,000	20,000	23,000
(F)Justice Assistance Grants - Administration.....	0	0	1,154
(F)DCSI - Criminal History Records.....	10	10	10
(F)Juvenile Justice - Title V.....	700	2,000	1,100
(F)Juvenile Justice - Title V - Administration.....	28	28	10
(F)Statistical Analysis Center.....	50	150	150
(F)Criminal Identification Technology.....	4,800	4,800	3,800
(F)Crime Victims Compensation Services.....	98	6,101	4,628
(F)Crime Victims Assistance.....	14,973	18,000	18,000
(F)Violence Against Women.....	4,500	6,000	6,000
(F)Violence Against Women - Administration.....	250	250	250
(F)Juvenile Justice State Challenge Grants.....	8	100	0
(F)Local Law Enforcement Block Grant.....	1,122	1,000	0
(F)Truth in Sentencing Incentive Grants.....	60,000	40,000	0
(F)Residential Substance Abuse Treatment Program.....	1,648	3,000	2,500
(F)DFSC - Special Programs.....	4,745	5,200	4,500
(F)Crime Victims Assistance (VOCA) - Admin/Operations.....	1,148	1,148	1,148
(F)Juvenile Accountability Incentive Program.....	5,500	8,000	6,000
(F)Juvenile Accountability Incentive Program - Administration.....	240	190	130
(F)Combat Underage Drinking Program.....	550	550	800
(F)Pennsylvanians Against Underage Drinking.....	500	1,000	1,000
(F)Juvenile Justice and Delinquency Prevention.....	2,511	4,500	4,500
(F)Safe Neighborhoods.....	1,600	1,600	1,750
(F)Forensic Science Program.....	400	500	550
(F)Drug Court Coordination.....	0	200	200
(F)Integrated Justice Data Hubs.....	247	500	500

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F)Services for Human Trafficking Victims.....	0	295	295
(F)Victims' Rights Compliance Project.....	75	100	175
(F)Protection Orders.....	0	1,031	1,000
(F)Sexual Assault Services Program.....	0	2,000	2,000
(F)Statewide Automated Victim Information Notification.....	600	1,250	1,250
(F)VOCA - Flight 93 Disaster - Assistance & Reimbursements (EA).....	2	0	0
(A)PCCD - Special Projects.....	3	2	3
Subtotal.....	<u>\$ 143,443</u>	<u>\$ 165,849</u>	<u>\$ 111,937</u>
Partnership for Safe Children.....	5,675	5,680	5,713
(F)Early Childhood Analysis (EA).....	74	75	0
Subtotal.....	<u>\$ 5,749</u>	<u>\$ 5,755</u>	<u>\$ 5,713</u>
Victims of Juvenile Crime.....	3,450	3,454	3,462
Weed and Seed Program (06/08).....	3,423	3,677	3,185
Subtotal - State Funds.....	<u>\$ 192,038</u>	<u>\$ 156,651</u>	<u>\$ 177,980</u>
Subtotal - Federal Funds.....	165,076	185,745	126,009
Subtotal - Augmentations.....	47,485	87,441	90,499
Total - General Government.....	<u>\$ 404,599</u>	<u>\$ 429,837</u>	<u>\$ 394,488</u>
Grants and Subsidies:			
Intermediate Punishment Programs.....	<u>\$ 3,430</u>	<u>\$ 3,430</u>	<u>\$ 3,430</u>
Intermediate Punishment Drug and Alcohol Treatment.....	15,825	15,825	18,000
Interstate Law Enforcement and Patrolling.....	2,023	0	0
Violence Reduction Partnership.....	0	250	0
Drug Education and Law Enforcement.....	2,791	2,791	2,791
Research-Based Violence Prevention.....	5,965	4,790	4,790
Violence Reduction.....	1,150	1,150	0
Police on Patrol.....	0	10,000 ^e	10,000
Improvement of Juvenile Probation Services.....	5,918	5,918	5,918
Specialized Probation Services.....	13,793	13,793	13,793
Law Enforcement Activities.....	7,500	7,500	0
Safe Neighborhoods (06/08).....	6,825	11,525	0
Grants to the Arts.....	14,500	15,225	15,225
(F)NEA - Grants to the Arts.....	623	526	650
Cultural Activities.....	5,260	0	0
Subtotal - State Funds.....	<u>\$ 84,980</u>	<u>\$ 92,197</u>	<u>\$ 73,947</u>
Subtotal - Federal Funds.....	623	526	650
Total - Grants and Subsidies.....	<u>\$ 85,603</u>	<u>\$ 92,723</u>	<u>\$ 74,597</u>
STATE FUNDS.....	<u>\$ 277,018</u>	<u>\$ 248,848</u>	<u>\$ 251,927</u>
FEDERAL FUNDS.....	165,699	186,271	126,659
AUGMENTATIONS.....	47,485	87,441	90,499
GENERAL FUND TOTAL.....	<u>\$ 490,202</u>	<u>\$ 522,560</u>	<u>\$ 469,085</u>
MOTOR LICENSE FUND:			
General Government:			
Office of the Budget.....	<u>\$ 5,831</u>	<u>\$ 5,831</u>	<u>\$ 6,005</u>
(A)Reimbursement for Comptroller Services.....	614	792	802
Subtotal.....	<u>\$ 6,445</u>	<u>\$ 6,623</u>	<u>\$ 6,807</u>
Statewide Public Safety Radio System.....	5,871	10,751	17,562
Integrated Enterprise System Plant Maintenance.....	0	5,034	3,901
(A)Reimbursement for Plant Maintenance Services.....	0	5,829	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal.....	\$ 0	\$ 10,863	\$ 3,901
Interstate Law Enforcement and Patrolling (06/07).....	5,477	0	0
Subtotal - State Funds.....	\$ 17,179	\$ 21,616	\$ 27,468
Subtotal - Augmentations.....	614	6,621	802
Total - General Government.....	\$ 17,793	\$ 28,237	\$ 28,270
STATE FUNDS.....	\$ 17,179	\$ 21,616	\$ 27,468
AUGMENTATIONS.....	614	6,621	802
MOTOR LICENSE FUND TOTAL.....	\$ 17,793	\$ 28,237	\$ 28,270
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Transfer to Health Endowment Account (EA).....	\$ 29,301 ^f	\$ 26,898 ^f	\$ 26,790 ^f
Transfer of Lapse Amounts to the Endowment Acct (04-05) (EA).....	1,500	0	0
Transfer of Lapse Amounts to the Endowment Acct (EA).....	4,446	4,694	1,611
Total - Grants and Subsidies.....	\$ 35,247	\$ 31,592	\$ 28,401
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 35,247	\$ 31,592	\$ 28,401
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Victim/Witness Services.....	\$ 6,804	\$ 7,483	\$ 7,522
Crime Victims Reimbursements.....	12,603	7,884	10,143
Constables Education and Training Account.....	2,385	2,118	2,423
Deputy Sheriffs Education and Training Account.....	3,721	3,094	3,765
Drug Abuse Resistance Education.....	4	68	68
Cash and Counseling.....	0	250	0
GENERAL FUND TOTAL.....	\$ 25,517	\$ 20,897	\$ 23,921
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND:			
Substance Abuse Education & Demand Reduction Programs.....	\$ 850	\$ 5,439	\$ 6,350
Substance Abuse Education & Demand Reduction - Admin.....	1	120	150
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND TOTAL.....	\$ 851	\$ 5,559	\$ 6,500
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 277,018	\$ 248,848	\$ 251,927
SPECIAL FUNDS.....	52,426	53,208	55,869
FEDERAL FUNDS.....	165,699	186,271	126,659
AUGMENTATIONS.....	48,099	94,062	91,301
OTHER FUNDS.....	26,368	26,456	30,421
TOTAL ALL FUNDS.....	\$ 569,610	\$ 608,845	\$ 556,177

^a 2005-06 Actual appropriated as \$8,516,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^b 2005-06 Actual appropriated as \$60,144,000 for Commonwealth Technology Services and \$39,710,000 for Integrated Enterprise System. 2006-07 Available appropriated as \$61,101,000 for Commonwealth Technology Services. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

Footnotes to Summary by Fund and Appropriation

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- ^c 2005-06 Actual appropriated as \$30,544,000 and 2006-07 Available appropriated as \$31,928,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.
- ^d 2005-06 Actual and 2006-07 Available actually appropriated as part of the Office of the Budget.
- ^e Actually appropriated as a part of the Local Government Resources and Development appropriation in the Department of Community and Economic Development.
- ^f Funds are actually deposited to the Endowment Account for Long-Term Hope immediately upon receipt of settlement payments.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 164,398	\$ 128,004	\$ 140,462	\$ 140,521	\$ 140,405	\$ 140,388	\$ 140,471
SPECIAL FUNDS.....	52,426	53,208	55,869	57,497	57,528	57,561	57,594
FEDERAL FUNDS.....	21,895	18,194	14,940	14,940	14,940	14,940	14,940
OTHER FUNDS.....	48,000	94,214	91,209	91,159	91,159	91,159	91,159
SUBCATEGORY TOTAL.....	\$ 286,719	\$ 293,620	\$ 302,480	\$ 304,117	\$ 304,032	\$ 304,048	\$ 304,164
LEGAL SERVICES							
GENERAL FUND.....	\$ 3,987	\$ 4,007	\$ 4,809	\$ 4,809	\$ 4,809	\$ 4,809	\$ 4,809
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	53	71	64	64	64	64	64
SUBCATEGORY TOTAL.....	\$ 4,040	\$ 4,078	\$ 4,873	\$ 4,873	\$ 4,873	\$ 4,873	\$ 4,873
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND.....	\$ 11,265	\$ 11,765	\$ 12,049	\$ 12,049	\$ 12,049	\$ 12,049	\$ 12,049
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,500	5,500	3,500	3,500	3,500	3,500	3,500
OTHER FUNDS.....	43	25	25	25	25	25	25
SUBCATEGORY TOTAL.....	\$ 14,808	\$ 17,290	\$ 15,574	\$ 15,574	\$ 15,574	\$ 15,574	\$ 15,574
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND.....	\$ 20,898	\$ 16,435	\$ 16,520	\$ 16,520	\$ 16,520	\$ 16,520	\$ 16,520
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	863	766	890	890	890	890	890
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 21,761	\$ 17,201	\$ 17,410	\$ 17,410	\$ 17,410	\$ 17,410	\$ 17,410
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND.....	\$ 46,655	\$ 54,008	\$ 55,976	\$ 55,976	\$ 55,976	\$ 55,976	\$ 55,976
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	139,441	161,811	107,329	107,329	107,329	107,329	107,329
OTHER FUNDS.....	26,371	26,208	30,424	30,424	30,424	30,424	30,424
SUBCATEGORY TOTAL.....	\$ 212,467	\$ 242,027	\$ 193,729	\$ 193,729	\$ 193,729	\$ 193,729	\$ 193,729
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND.....	\$ 29,815	\$ 34,629	\$ 22,111	\$ 22,111	\$ 22,111	\$ 22,111	\$ 22,111
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.....	\$ 29,815	\$ 34,629	\$ 22,111	\$ 22,111	\$ 22,111	\$ 22,111	\$ 22,111

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 277,018	\$ 248,848	\$ 251,927	\$ 251,986	\$ 251,870	\$ 251,853	\$ 251,936
SPECIAL FUNDS.....	52,426	53,208	55,869	57,497	57,528	57,561	57,594
FEDERAL FUNDS.....	165,699	186,271	126,659	126,659	126,659	126,659	126,659
OTHER FUNDS.....	74,467	120,518	121,722	121,672	121,672	121,672	121,672
DEPARTMENT TOTAL.....	\$ 569,610	\$ 608,845	\$ 556,177	\$ 557,814	\$ 557,729	\$ 557,745	\$ 557,861

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the Commonwealth can be achieved.

Program: Executive Direction

The Executive Direction Program provides administrative support and policy direction for implementing, maintaining and monitoring the substantive programs of the Commonwealth.

Program Element: Administration

The Office of Administration provides administrative support and policy direction of centralized human resource services to all agencies under the Governor's jurisdiction. The Office of Administration provides leadership in transformation of human resource business systems and processes through implementation of the Enterprise Resource Planning initiative, Integrated Enterprise System. The Office of Administration sustains positive working relationships with unions, negotiating and administering collective bargaining agreements between the Commonwealth and the various unions representing State employees under the provision of the Public Employee Relations Act of 1970, as well as administering the classification, salary, and benefits structures for all employees. The Office of Administration maximizes performance through attracting, developing, training and retaining human resources. The Office of Administration also assures a diverse workforce and workplace free from discrimination by administering the Commonwealth's Equal Employment Opportunity (EEO) policy and programs.

The Office of Administration also provides overall direction and support for the Governor's cost saving, revenue enhancement and customer service initiatives through the Office of Management and Productivity and the Statewide Public Safety Radio System (a two way wireless communications network for both voice and data, which includes a statewide web of radio towers and smaller cell sites linked together with fiber optics and microwave relays).

Program Element: Information Technology

The Office of Administration is responsible for developing and administering statewide policies and standards governing management and use of the Commonwealth's information technology (IT) resources.

The Deputy Secretary for Information Technology/ State Chief Information Officer (CIO) is responsible for developing and administering statewide policies and standards governing the management and use of the Commonwealth's IT resources. The Deputy oversees enterprise-wide initiatives such as Operation Secure Enterprise (OSE). OSE provides the intelligence and real-time monitoring necessary to safeguard the devices that manage and maintain Commonwealth critical business resources and data. A Communities of Practice (CoP)

Deputy CIO monitors agency IT project performance, sets strategic direction, approves plans, addresses IT staff and budget issues and drives the CoP agencies toward system integration and shared application and maintenance paradigms.

The Deputy CIO for the Health and Human Services Team supports agencies by providing project and contract management for selected projects. This Deputy is responsible for identifying, supporting and furthering IT initiatives focused on health care cost containment such as electronic Health Records (eHR) and Health Information Technology (HIT).

The Deputy CIO for Environment oversees and leads geospatial technology (GT) projects involving local, state and federal agencies, and implements GT data standards to facilitate data and system interoperability at all levels of government. Agencies within the Environmental Community of Practice are among those Commonwealth agencies working to preserve and maintain Pennsylvania's natural resources and natural habitats, maintain cultural and historical resources, protect the environment, promote travel, tourism, and recreation. In addition, they are charged with upholding state and federal laws that protect our air, land, and waterways.

The Deputy CIO for the Public Safety Team manages the Justice Network (JNET), a secure, virtual system for the sharing of justice information by authorized users at the federal, state, county and local levels. This team supports Public Safety agencies such as PSP, DOC, and PCCD by providing project oversight and contract management for selected projects.

The Deputy CIO for General Government Operations Team and agency members are responsible for developing a coordinated approach for grants management within the Commonwealth enterprise and providing IT services for OB and DGS. This team is also responsible for exploring a variety of ways to increase revenues and taking a comprehensive look at the way licensing across agencies can be provided in a more economical, expedient and customer friendly manner.

The Integrated Enterprise System serves to maintain, improve, and grow the Enterprise Resource Planning (ERP) system to accommodate the administrative and operational requirements of the Commonwealth and to promote standardization of business processes in an effective, efficient manner. The IES Team works directly with business owner agencies (Governor's Budget Office, Comptroller Operations, Department of General Services, and the Office of Human Resources & Management) to refine business processes and system operating

Program: Executive Direction (continued)

efficiencies. In addition, IES supports the deployment of additional ERP modules like Plant Maintenance with the PA Department of Transportation.

Program Element: Fraud Detection and Prevention

The purpose of the Office of Inspector General is to detect, deter and eradicate fraud and waste of State resources, and misconduct by State employees; keep the Governor fully informed of problems and deficiencies in executive agencies; and help ensure that executive agencies operate efficiently, with integrity, and in accordance with applicable laws and regulations. The Office of Inspector General is designed to maintain public confidence, integrity and efficiency in State Government.

The Office of Inspector General's Welfare Fraud Investigations and Recovery Operation is responsible for conducting investigations into suspected welfare fraud and abuse as well as performing collection activities for welfare programs administered by the Department of Public Welfare. The collection activities involve the recovery of benefits provided due to clerical errors, omissions or inaccurate information supplied by applicants, and in the case of medical assistance, charges for services exceeding allowable amounts. In addition, the Office of Inspector General recovers the costs of benefits provided to recipients who are eligible for Supplemental Security Income, tort recoveries, unemployment compensation, workers' compensation and veterans' benefits.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the Governor in formulating fiscal policies and procedures and in preparing the Commonwealth Budget for delivery to the General Assembly. The establishment of authorized complement

levels for those agencies within the scope of authority of the Governor is the responsibility of the Office of the Budget. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all Commonwealth agencies and is responsible for the publishing of the Comprehensive Annual Financial Report (CAFR). The office also provides resources and support to the Integrated Enterprise System.

Program Element: Rural Development

The Rural Development Council is responsible for the development and implementation of plans that integrate private expertise and Federal, State and local government efforts for the promotion of rural development in Pennsylvania. The Council's responsibilities include: assessing Pennsylvania's rural development needs, identifying the State's various available resources and compiling and analyzing data to produce insights into rural development.

Program Element: Public Employee Pensions

The Public Employee Retirement Commission, in accordance with Act 66 of 1981, is mandated to provide actuarial analyses to the General Assembly and the Governor in conjunction with their consideration of public pension legislation and to study and advise on public employee pension policy. Under Act 293 of 1972, the commission reviews actuarial valuation reports filed by county employee retirement plans. Under Act 205 of 1984, the commission regulates and enforces the actuarial funding standards governing municipal pension plans and certifies the cost data utilized in allocating General Municipal Pension System State Aid.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Office of Administration:							
Cost per contract hour of management/supervisory training.....	\$34.68	\$34.68	\$34.68	\$34.68	\$34.68	\$34.68	\$34.68
Contact hours of briefings and training for Human Resource professionals and others.....	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Reclassification requests (Approved/Disapproved/Modified/Returned Without Action).....	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Vacancies Filled by New Hires (Permanent/Temporary).....	9,532	9,500	9,500	9,500	9,500	9,500	9,500
EEO complaints investigated.....	260	260	260	260	260	260	260
Office of Information Technology:							
Enterprise Help Desk - System Availability Application is accessible 99% during business hours (Bureau of Services and Solutions).....	99.5%	99.5%	99.7%	99.9%	99.9%	99.9%	99.9%
Maintain high availability (99.5%) of e-mail system during working hours(Bureau of Infrastructure and Operations).....	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%

Program: Executive Direction (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Application availability to law enforcement and other government agencies (JNET)...	98.5%	98.3%	98.8%	98.8%	99.0%	99.0%	99.2%
User online availability of SAP to Commonwealth employees (IES)	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Average Daily Email Volume (in thousands)*	2,200	2,400	2,500	2,600	2,800	3,000	3,000
Percent of Emails Delivered in less than 30 seconds*	50.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Data PowerHouse Data Center: Maintain high level of Production and Batch Critical Output Services*	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Voice Network Availability*	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Data Network Availability*	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Office of the Budget:							
Months between fiscal year end and CAFR publication	6.0	6.0	5.5	5.0	4.5	4.0	4.0
Percent of invoices that are electronic invoices	53%	53%	45%	47%	49%	51%	53%
Pay percentage of invoices with 30 days from receipt of invoice (baseline date in SAP)	80%	78%	85%	86%	87%	88%	89%
Audits and Engagements - Percentage of comments/recommendations implemented	82%	82%	87%	88%	89%	90%	91%
Comptroller Operations Federal Accounting - Percent of Federal funds drawn within seven calendar days	99.0%	99.0%	99.5%	99.5%	99.5%	99.5%	99.5%
Office of Inspector General:							
General investigations	327	292	292	292	292	292	292
Arrest investigations	18	12	12	12	12	12	12
Background investigations	140	140	140	140	140	140	140
Office of Inspector General - Welfare Fraud:							
Collections, recovery, and recoupments (in thousands)	\$31,575	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Fraud Prevention: DPW Referrals	22,825	23,000	23,000	23,000	23,000	23,000	23,000
Fraud Prevention: Investigations	22,051	22,500	22,500	22,500	22,500	22,500	22,500
Fraud Prevention: Ineligibility Determination	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Fraud Investigations/Prosecutions/Administrative Disqualification Hearings...	13,384	6,500	6,500	6,500	6,500	6,500	6,500
Pharmacy Reviews: Reviews conducted....	106	100	100	100	100	100	100
Durable medical/equipment reviews - Reviews Conducted	22	25	25	25	25	25	25

*New program measure.

Costs per contract hour of management/supervisory training reflects continued refinement of metric collections methodologies.

Contact hours of briefings and training for Human Resource professionals and others reflects increases in activity over the previous data collection period.

Office of the Budget: the reduction in time to produce the CAFR may have a favorable impact on the Commonwealth's bond rating as well as provide more timely financial information for management.

Office of Inspector General: general investigations decreased from the projection shown in last year's budget due to a reduction in the number of actual identity fraud cases generated.

Arrest investigations decreased from the projection shown in last year's budget due to a decrease in arrest case referrals from client agencies.

Office of Inspector General - Welfare Fraud: collections, recovery and recoupments decreased from the projection shown in last year's budget due to a decrease in overpayment referrals from the Department of Public Welfare.

Fraud investigations/Prosecutions/Administrative Disqualification Hearings increased from the projection shown in last year's budget due to the Office of Inspector General being assigned additional sites for investigation.

Durable medical/equipment reviews decreased from the projection shown in last year's budget due to a limit on the number of Durable Medical Equipment Providers that the Department of Public Welfare may refer to the Office of Inspector General for review.

Program: Executive Direction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	Office of Administration		\$	2,450	Rx for PA - Chronic Care Management
\$	241	—to continue current program.			—Initiative—Improving Chronic Care Management. To develop a chronic care information system that track patient health information for use by primary care providers and establishes regional collaboratives to promote the use of a comprehensive, evidence-based care model for persons with chronic disease to improve health outcomes and quality of life.
	Medicare Part B Penalties		\$	-2	
		—to continue current program.			
	Commonwealth Technology Services		\$	-527	
		—Initiative—Contractor Replacement. Savings from replacing contracted information technology services with agency staff.			
	4,000	—Initiative—Geographic Information Systems. To support enterprise-wide geospatial initiatives.	\$	300	Rx for PA - Hospital-Acquired Infections
	2,734	—consolidate information technology resources and support functions transferred from the Department of General Services.			—Initiative—Reducing hospital-acquired infections. To provide training on infection control best practices.
	-7,346	—transfer of Statewide Public Safety Radio System resources to new appropriation.	\$	7	Rural Development Council
	2,289	—to continue current program.			—to continue current program.
			\$	33	Public Employee Retirement Commission
\$	1,150	<i>Appropriation Increase</i>			—to continue current program.
			\$	-7,500	Law Enforcement Activities
					—nonrecurring project.
	Statewide Public Safety Radio System				MOTOR LICENSE FUND
\$	7,346	—to continue current program from Commonwealth Technology Services.			Office of the Budget
	5,378	—to support continued development and operation of the Statewide Public Safety Radio System.	\$	174	—to continue current program.
			\$	6,811	Statewide Public Safety Radio System
\$	12,724	<i>Appropriation Total</i>			—to continue current program.
			\$	-1,133	Integrated Enterprise System Plant Maintenance
\$	599	Inspector General - Welfare Fraud			—reduction in operating costs.
		—to continue current program.			
\$	1,223	Office of the Budget			TOBACCO SETTLEMENT FUND
		—to continue current program.			Transfer to Health Endowment Account (EA)
\$	33	Office of Health Care Reform	\$	-108	—reduction based on current Master Settlement Agreement payment estimates.
		—to continue current program.			
\$	1,200	Rx for PA - Plan Implementation	\$	-3,083	Transfer of Lapse Amounts to the Endowment Account (EA)
		—Initiative—Implementing Prescription for Pennsylvanians. To implement the Prescription for Pennsylvania initiatives designed to improve the affordability, accessibility and quality of health care.			—reduction in lapse amounts.

All other appropriations are recommended at the current year funding levels.

Program: Executive Direction (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Office of Administration.....	\$ 7,951	\$ 8,131	\$ 8,372	\$ 8,372	\$ 8,372	\$ 8,372	\$ 8,372
Medicare Part B Penalties.....	536	521	519	519	519	519	519
Commonwealth Technology Services.....	99,437	61,905	63,055	63,039	63,023	63,006	62,989
Statewide Public Safety Radio System	0	0	12,724	12,724	12,724	12,724	12,724
Office of Inspector General.....	3,339	3,356	3,356	3,356	3,356	3,356	3,356
Inspector General - Welfare Fraud.....	13,100	13,697	14,296	14,296	14,296	14,296	14,296
Office of the Budget.....	30,317	30,719	31,942	31,942	31,942	31,942	31,942
Audit of the Auditor General	100	0	0	100	0	0	100
Office of Health Care Reform	1,209	1,209	1,242	1,217	1,217	1,217	1,217
Rx for PA - Plan Implementation.....	0	0	1,200	1,200	1,200	1,200	1,200
Rx for PA - Chronic Care Management	0	0	2,450	2,450	2,450	2,450	2,450
Rx for PA - Hospital-Acquired Infections....	0	0	300	300	300	300	300
Rural Development Council.....	188	213	220	220	220	220	220
Public Employee Retirement Commission	721	753	786	786	786	786	786
Law Enforcement Activities.....	7,500	7,500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 164,398	\$ 128,004	\$ 140,462	\$ 140,521	\$ 140,405	\$ 140,388	\$ 140,471
MOTOR LICENSE FUND:							
Office of the Budget.....	\$ 5,831	\$ 5,831	\$ 6,005	\$ 6,005	\$ 6,005	\$ 6,005	\$ 6,005
Statewide Public Safety Radio System	5,871	10,751	17,562	17,562	17,562	17,562	17,562
Integrated Enterprise System Plant Maintenance	0	5,034	3,901	3,901	3,901	3,901	3,901
Interstate Law Enforcement and Patrolling (06/07)	5,477	0	0	0	0	0	0
TOTAL MOTOR LICENSE FUND.....	\$ 17,179	\$ 21,616	\$ 27,468	\$ 27,468	\$ 27,468	\$ 27,468	\$ 27,468
TOBACCO SETTLEMENT FUND:							
Transfer to Health Endowment Account (EA).....	\$ 29,301	\$ 26,898	\$ 26,790	\$ 28,418	\$ 28,449	\$ 28,482	\$ 28,515
Transfer of Lapse Amounts to the Endowment Acct (04-05) (EA)	1,500	0	0	0	0	0	0
Transfer of Lapse Amounts to the Endowment Acct (EA).....	4,446	4,694	1,611	1,611	1,611	1,611	1,611
TOTAL TOBACCO SETTLEMENT FUND.....	\$ 35,247	\$ 31,592	\$ 28,401	\$ 30,029	\$ 30,060	\$ 30,093	\$ 30,126

PROGRAM OBJECTIVE: To provide legal advice to the Governor and the Cabinet, and to supervise, coordinate and administer legal services for the Commonwealth.

Program: Legal Services

The Office of the General Counsel was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor and has the responsibility to appoint deputy general counsel, the chief counsel and assistant counsel in each Executive Branch agency and to supervise, coordinate and administer legal services throughout the Executive Branch.

There are several areas of responsibility for the Office of General Counsel (OGC). The major responsibility is to provide general legal advice to the Governor, his staff and the Cabinet. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of agencies under the Governor’s jurisdiction. The office and agency chief counsel review and approve for form and legality all Commonwealth deeds, leases, contracts, rules and regulations.

The Office of General Counsel provides advice to the Governor on pending legislative matters and issues and

reviews for constitutionality and legality all legislation presented to the Governor for approval. OGC also is responsible for initiating appropriate actions or defending the Commonwealth when the Attorney General delegates or declines to initiate appropriate proceedings. It also has the authority to intervene in any action by or against an agency under the Governor’s jurisdiction whenever the Governor requests. The General Counsel administers the operations of the Juvenile Court Judges Commission and provides the legal representation for the Pennsylvania Public Television Network.

In addition, the General Counsel serves as a member of the Board of Commissioners on Uniform State Laws, the 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
\$	302	—to continue current program.
	500	—increased litigation costs.
	<hr/>	
\$	802	<i>Appropriation Total</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Office of General Counsel	\$ 3,987	\$ 4,007	\$ 4,809	\$ 4,809	\$ 4,809	\$ 4,809	\$ 4,809

PROGRAM OBJECTIVE: To insure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.

Program: Prevention and Elimination of Discriminatory Practices

The Human Relations Commission is responsible for identifying, preventing and eliminating illegal discriminatory practices as defined by the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act. The two principal methods utilized by the commission to secure compliance with the law are processing complaints of discrimination that might result in legal proceedings being initiated, and providing technical assistance to organizations, businesses, governmental bodies and individuals to promote voluntary compliance. Processing formal complaints continues to be the major activity of the commission.

Substantial resources are also devoted to providing technical assistance to anyone who requests guidance in avoiding illegal discriminatory acts. The commission coordinates the State's response to racial and ethnic tensions, and trains law enforcement officials and local government and community leaders on appropriate responses. The commission is also involved with major outreach programs to provide information to community leaders and public officials regarding the Pennsylvania Human Relations Act and its procedures.

The commission, in conjunction with the Pennsylvania Department of Education, is working with several urban school districts to improve the educational achievement of minority and disadvantaged students.

Federal funds are received for investigating complaints that are dual filed with the commission and with either the Equal Employment Opportunity Commission or the U.S. Department of Housing and Urban Development.

The commission's efforts to identify and remedy systemic discrimination continue in order to address the major problems of discrimination against whole classes of individuals. In addition, litigation remains a significant feature of the commission's workload.

The Latino Affairs Commission functions as an advocate for the Latino community. The commission advises the Governor on policies, procedures, legislation and regulations that impact 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 also provides information from State government directly to the African American community.

The Commission for Women functions as the Commonwealth's advocate for women and girls, and is responsible for developing and implementing policies and programs that work to ensure equal opportunity. In addition to legislative advocacy, the commission monitors women's employment and educational needs, promotes healthcare awareness and political participation. The commission's work includes the dissemination of information through its website and hotline, as well as the publication of periodicals and handbooks; news releases to press and broadcast media; speeches to groups and media appearances.

The Commission on Asian American Affairs is an advocate agency for the Asian American residents of the Commonwealth. It advises the Governor on policies, procedures, legislation and regulations that affect the growing Asian American community in Pennsylvania. The commission also serves as a resource to Commonwealth departments and agencies on how to better serve the Asian American community.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Human Relations Commission:							
Formal complaint investigation:							
Average complaints active	12,077	12,100	12,100	12,100	12,100	12,100	12,100
Complaints closed	4,507	4,800	4,800	4,800	4,800	4,800	4,800
Financial awards to complainants							
(thousands)	\$7,956	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Case settlement rate	26.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Commission for Women:							
Website visits for educational, employment, and health care information	180,000	205,000	205,000	205,000	205,000	205,000	205,000

Program: Prevention and Elimination of Discriminatory Practices (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Human Relations Commission \$ 161 —to continue current program.</p> <p>Latino Affairs Commission \$ 5 —to continue current program.</p> <p>African American Affairs Commission \$ 14 —to continue current program.</p>	<p>Asian American Affairs Commission \$ 85 —to continue current program.</p> <p>Commission for Women \$ 19 —to continue current program.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Human Relations Commission	\$ 10,323	\$ 10,744	\$ 10,905	\$ 10,905	\$ 10,905	\$ 10,905	\$ 10,905
Latino Affairs Commission	212	238	243	243	243	243	243
African American Affairs Commission	318	333	347	347	347	347	347
Asian-American Affairs Commission	139	145	230	230	230	230	230
Commission for Women	273	305	324	324	324	324	324
TOTAL GENERAL FUND	\$ 11,265	\$ 11,765	\$ 12,049	\$ 12,049	\$ 12,049	\$ 12,049	\$ 12,049

PROGRAM OBJECTIVE: To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.

Program: Development of Artists and Audiences

The Commonwealth encourages cultural development in the arts through the Pennsylvania Council on the Arts. The 19-member Council supports the arts through a grant program, service programs and community organizations. The organizations and artists served are geographically, culturally and ethnically diverse and range from small community organizations that engender and support local arts programs to world-renowned orchestras, museums, dance companies, theatres and festivals.

The Council functions with input from more than 40 advisory review panels that provide an evaluation of applications and feedback on program structures.

The Council supports and assists the arts in the Commonwealth in several specific areas: 1) a grant

program that responds to most applications and program initiatives either directly or through a decentralized network of 14 regional funding partners, 2) partnerships and initiatives developed by the Council to seek opportunities and address issues affecting the arts that are beyond the capacity of a single arts institution, and 3) additional services provided by staff and through partnerships with state, regional and national service organizations.

Through programs such as Accessibility to the Arts for Individuals with Disabilities, Arts in Education Partnership, Pennsylvania Performing Arts on Tour, Local Government, and Preserving Diverse Cultures, ethnically diverse organizations, artists and ensembles are encouraged to participate in the arts.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Attendance at supported events (in thousands).....	28,000	30,000	30,500	31,000	31,500	32,000	32,500
Grant applications received/reviewed.....	2,600	2,600	2,700	2,800	2,900	3,000	3,200
Grant Awards made.....	1,850	1,935	1,990	2,050	2,060	2,070	2,080

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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GENERAL FUND:
Council on the Arts
 \$ 85 —to continue current program.

The Grants to the Arts appropriation is recommended at the current year funding level.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Council on the Arts	\$ 1,138	\$ 1,210	\$ 1,295	\$ 1,295	\$ 1,295	\$ 1,295	\$ 1,295
Grants to the Arts.....	14,500	15,225	15,225	15,225	15,225	15,225	15,225
Cultural Activities	5,260	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 20,898	\$ 16,435	\$ 16,520	\$ 16,520	\$ 16,520	\$ 16,520	\$ 16,520

PROGRAM OBJECTIVE: To provide criminal and juvenile justice system policy analysis, coordination and planning to improve criminal justice programs.

Program: Criminal and Juvenile Justice Planning and Coordination

Program Element: Planning and Coordination

The Pennsylvania Commission on Crime and Delinquency (PCCD) supports the criminal and juvenile justice systems by providing system-wide criminal statistical and analytical services, and by fostering interagency coordination and cooperation, as well as by rendering training and technical assistance. Appointed task forces, advisory groups and planning committees, encompassing commission and non-commission members, advise the commission in addressing specific problem areas.

The commission also administers a mix of State and Federal grant programs that are designed to provide support to local elements of the criminal justice system and, through selective financing of proposals, demonstrate new solutions to statewide problems.

The commission fosters the development of criminal justice policy by conducting research on timely criminal justice issues and has established a link to Pennsylvania's academic community through the formation of an evaluation advisory committee composed of leading criminal justice researchers. Integral to its role in criminal justice coordination and analysis of legislative issues, PCCD has formed a multi-agency correctional population projection committee that provides policymakers with accurate projections of the Commonwealth's correctional population and conducts policy impact analysis. In the area of criminal justice record information, PCCD coordinates a multidisciplinary committee that analyzes criminal justice information and develops and implements strategies to improve the quality and value of the information.

The commission is the designated State agency to administer the Federal Violence Against Women and Department of Justice Reauthorization Act of 2005. The program provides funding to Pennsylvania to develop a coordinated and integrated approach to improving the criminal justice system's response to violence against women.

Under the guidance of its gubernatorially appointed Juvenile and Delinquency Prevention Advisory Committee, PCCD has responsibility for preparing and updating a comprehensive juvenile justice and delinquency prevention plan on behalf of the Commonwealth. PCCD plays a central role in collaborative initiatives involving the Department of Public Welfare, the Juvenile Court Judges Commission, the Department of Education and other agencies in the development and implementation of policy and programming relative to juvenile justice and delinquency prevention—especially research-based, evidence-based prevention programs. The Research-Based Delinquency and Violence Prevention Program

has supported these efforts since 1998-99. PCCD is the State's focal point for promoting local efforts to implement risk-focused, community mobilization programming directed toward preventing delinquency, violence, substance abuse and other adolescent problem behaviors. The Partnership for Safe Children funding has supported these efforts since 1999-00. The commission administers the Federal Juvenile Justice and Delinquency Prevention Act Formula Grant Program, as well as the Juvenile Accountability Block Grant Program—both of which provide funds that support treatment/intervention programs and juvenile justice system improvement projects. The commission also administers the Governor's portion of the Commonwealth's Federal Safe and Drug Free Schools and Communities Act funding allocation that is used to support projects and programs that prevent drug use/abuse and violence among children and youth. The commission administers Federal Enforcing Underage Drinking Laws Block Grant funds, which support enforcement efforts and the Campus/Community Underage Drinking Prevention Coalition Project

The commission provides training and technical assistance to county prison boards and local officials through the County Intermediate Punishment Act. This act provided counties with opportunities to develop various intermediate punishment programs for nonviolent offenders to alleviate overcrowding in the county prisons. In addition, PCCD administers the Drug and Alcohol Treatment-Based Restrictive Intermediate Punishment Program which provides support to counties for drug and alcohol assessment, evaluation and treatment services. The projects link drug and alcohol treatment with a combination of restrictive sanctions including: residential rehabilitation centers; halfway houses; day reporting centers; work release centers; intensive supervision with electronic monitoring; house arrest with intensive supervision; and house arrest with electronic monitoring. Act 198 of 2002 established the Substance Abuse Education and Demand Reduction Fund. State funds are earmarked for research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse and implement statewide programs to assist families in accessing such services. Monies for the fund are obtained through offender fines.

Through the use of Federal Drug Control and System Improvement (DCSI) and Byrne Memorial Justice Assistance Act (JAG) formula grant funds administered by PCCD, State and local units of government receive start-up monies for projects to improve the justice system. Major priorities for new local projects include juvenile justice

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

initiatives; community-based criminal justice initiatives; corrections; community-based planning initiatives; new and expanded county criminal justice automation efforts; comprehensive victim services; training; and evaluation activities.

PCCD administers a training program for deputy sheriffs, financed through a surcharge on fees levied by the sheriffs for legal services executed. A 760-hour basic training curriculum provides for certification of deputy sheriffs and biennial continuing education provides for re-certification. The PCCD also provides training and certification for constables including an 80-hour basic training, mandatory 20-hour annual continuing education, and basic and annual firearms training. Constables training is funded through a surcharge on constable services.

PCCD provides Statewide training and technical assistance for law enforcement personnel to implement community-based crime reduction strategies; coordinates Statewide efforts promoting law enforcement's involvement in policing practices, and sponsors an annual program to recognize citizen contributions to local crime reduction projects. PCCD also provides training to law enforcement agencies to implement drug education and law enforcement education in the schools, and provides funds for School Resource Officers underwriting a Statewide Law Enforcement Accreditation program, designed specifically for the multitude of mid-sized and smaller departments.

The commission administers the Federal Residential Substance Abuse Treatment Program. This program provides funding to develop and implement residential substance abuse treatment programs within State and local correctional facilities in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment.

Through Act 30 of 2001, the powers and duties of PCCD were expanded to include the continuing development of comprehensive, community-based violence prevention plans including efforts initiated by the Governor's Partnership for Safe Children, as well as the development and promotion of comprehensive targeted crime prevention efforts and a planning process for the revitalization of high-crime and distressed communities, such as those already underway with the Weed and Seed Program.

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. In addition, the Victims of Juvenile Offenders Program supports community-based

services to assist victims of juvenile offenders through grants to district attorneys, juvenile probation offices, and community-based victims services providers in 66 of the State's 67 counties. Grants are made using court imposed costs authorized by Act 96 of 1984, as amended by Act 85 of 2002, the Federal Victims of Crime Act of 1984, and a State appropriation for services for victims of juvenile offenders. In addition, the commission is the State-administering agency for the S.T.O.P. (Services, Training, Officers, and Prosecution) Grant Program authorized through the Violence Against Women Act. These funds support the efforts of teams in 46 counties comprised of law enforcement, prosecutors, and victims' services programs.

Act 86 of 2000 amended the Crime Victims Act by adding definitions for adult, juvenile and preadjudication disposition. The act provides victims of crimes committed by juvenile offenders with the same rights as victims of crimes committed by adult offenders including receiving basic information pertaining to victims assistance, obtaining access to information concerning disposition of cases and receiving reimbursement of losses. Act 85 of 2002 further amended the act to provide victims notification of an adult offender's release from a boot camp, facility, and the right to witness the execution of an offender.

The Victims Compensation Assistance Program was created by Act 139 of 1976 as a response to the financial losses incurred by victims of crime. The Office of Victim Services is responsible for the administration of the program. Currently, individuals who are injured during a crime may be compensated for uninsured or unreimbursable medical expenses, counseling, relocation expenses, crime scene clean-up expenses, and loss of earnings and monies that are stolen or defrauded from individuals on fixed incomes. In the case of a homicide, funeral expenses, within limits, and loss of support may be compensated to those who qualify. The program does not pay for pain and suffering nor does it pay for property loss, in most instances. The maximum award is \$35,000, including \$20,000 for loss of support and \$15,000 for loss of earnings. Payments for counseling, crime-scene cleanup and certain other costs are over and above the \$35,000 maximum award. The Victims Compensation Assistance Program is the payer of last resort for crime victims' losses and the office is required to verify all aspects of each claim prior to payment.

Payments to victims are disbursed from a special nonlapsing restricted revenue account that receives its funding from a penalty assessment of at least \$35 levied against certain offenders who plead guilty or nolo contendere, who are convicted of a crime or who are placed in a diversionary program. Juveniles, when there is a consent decree or an adjudication of delinquency, pay a penalty assessment of at least \$25, which is also paid into the fund.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Payment funds are also provided by the Federal Victims of Crime Act of 1984 that allocates Federal reimbursements to states for compensation programs based on a formula of prior year payments to victims

The passage of Act 45 of 2003 became effective on February 21, 2004. Prior to its passage, crime victims' restitution payments unclaimed by rightful owners for

more than five years were presumed abandoned and deposited in the Commonwealth's General Fund. The act directs the State Treasurer to deposit the unclaimed restitution payments in the Crime Victims Compensation Fund (CVCF) on or before June 30 of each year. The total revenue in 2006 from Unclaimed Restitution was \$79,000.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Planning and Coordination							
Number of youth served in Communities that Care (CTC) sites*	NA	7,000	7,500	7,500	7,500	7,500	7,500
Number of CTC Prevention Boards participating in an online Self Assessment Survey (SAS)*	NA	75	77	78	78	78	78
Number of intensive treatment model programs currently funded*	NA	17	30	32	32	32	32
Number of non-intensive treatment model programs currently funded*	NA	55	72	73	73	73	73
Active offenders sentenced to the Intermediate Punishment Program successfully completing their sentence (as determined by the Court)	70%	65%	65%	65%	65%	65%	65%
Average number of jail days saved per active offender through participation in the Intermediate Punishment Program	80	60	60	60	60	60	60
Active offenders in the program that will successfully complete the treatment-based Restrictive Intermediate Punishment portion of their sentence	51%	60%	53%	53%	53%	53%	53%
Average number of jail days saved per active offender through participation in treatment-based Restrictive Intermediate Punishment	335	335	340	340	340	340	340
Number of youth in afterschool programs* .	NA	3,000	3,000	3,000	3,000	3,000	3,000
Number of new businesses started in a Weed and Seed site	3	3	10	10	10	10	10
Reduction in blighted properties in a Weed and Seed site**	NA	210	210	210	210	210	210
Victim Services							
Victims compensation claim processing time - new claims (weeks)	11.00	10.75	10.00	10.00	10.00	10.00	10.00
Victims compensation claims paid	4,952	5,145	5,100	5,200	5,200	5,200	5,200

*New program measure.

**Previously shown as a percentage-based reduction of blighted properties. This measure now illustrates actual and projected reductions of blighted properties in Weed and Seed sites.

The average Crime Victim's Compensation program reimbursement per claim in 2005-06 was \$2,714.

Average number of jail days saved per active offender through participation in the Intermediate Punishment Program increased from the projection shown in last year's budget due to receipt of updated data.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	Commission on Crime and Delinquency				Intermediate Punishment Drug & Alcohol Treatment
\$ 494	—to continue current program.		\$ 2,175		—Initiative—Enhanced Drug and Alcohol Treatment. To provide additional resources for county intermediate punishment drug and alcohol treatment.
	Partnership for Safe Children				
\$ 33	—to continue current program.				
	Victims of Juvenile Crime				Violence Reduction Partnership
\$ 8	—to continue current program.		\$ -250		—nonrecurring project.
	Weed and Seed Program (06/08)				
\$ -492	—nonrecurring project.				

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency ...	\$ 4,073	\$ 4,111	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605
Partnership for Safe Children	5,675	5,680	5,713	5,713	5,713	5,713	5,713
Victims of Juvenile Crime	3,450	3,454	3,462	3,462	3,462	3,462	3,462
Weed and Seed Program (06/08).....	3,423	3,677	3,185	3,185	3,185	3,185	3,185
Intermediate Punishment Programs	3,430	3,430	3,430	3,430	3,430	3,430	3,430
Intermediate Punishment Drug and Alcohol Treatment	15,825	15,825	18,000	18,000	18,000	18,000	18,000
Interstate Law Enforcement and Patrolling	2,023	0	0	0	0	0	0
Violence Reduction Partnership	0	250	0	0	0	0	0
Drug Education and Law Enforcement.....	2,791	2,791	2,791	2,791	2,791	2,791	2,791
Research-Based Violence Prevention.....	5,965	4,790	4,790	4,790	4,790	4,790	4,790
Police on Patrol	0	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL GENERAL FUND	\$ 46,655	\$ 54,008	\$ 55,976	\$ 55,976	\$ 55,976	\$ 55,976	\$ 55,976

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.

Sixty-six of the Commonwealth's sixty-seven counties participated in the JCJC's grant-in-aid program in FY 2005-06, and adopted the JCJC's required Juvenile Court Standards, participated in JCJC-sponsored training programs and complied with all JCJC statistical reporting requirements. The grant-in-aid program is the only source of State funding for juvenile probation services. It supports the JCJC's major programs including training, education and specialized projects such as the provision of liability insurance and financial support for necessary equipment and software to enable counties to participate in the JCJC's juvenile probation management information system.

The JCJC annually sponsors from 40 to 45 state-of-the-art-training programs for juvenile justice practitioners. In addition to the provision of training, the JCJC, in conjunction with Shippensburg University and Mercyhurst College, provides the support to enable probation officers to receive Master of Science Degrees in the Administration of Justice. By the end of 2007-08, 528 juvenile justice professionals will have earned graduate degrees through this program since its inception in 1982.

The JCJC continues to support the Specialized Probation Services Program, including school-based probation, community-based probation, intensive probation and aftercare services including assistance for drug and alcohol abuse prevention and treatment. The commission provides support for 384 specialized probation officers pursuant to JCJC standards. Of these positions, 109 are for school-based probation, 161 are for community-based probation, 36 are for intensive probation, 55 are for aftercare services, and 23 are specialized probation services supervisors. The JCJC will continue this program during 2007-08.

The JCJC'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 5,134 in 2004 to 5,381 in 2005. The arrest rate per 100,000 juveniles increased from 372 in 2004 to 390 in 2005.

The JCJC participates in the Commonwealth's Justice Network. The JCJC's primary role in the project is to assist in the design, development and implementation of the Juvenile Tracking System (JTS). The JTS is part of the Statewide Integrated Criminal Justice System. The system electronically connects criminal justice agencies to facilitate information sharing.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Children referred to court.....	41,036	41,000	47,000	47,000	47,000	47,000	47,000
Commitments as a percentage of referrals.....	14%	14%	14%	14%	14%	14%	14%
Children arrested for violent crime.....	4,901	4,900	5,400	5,400	5,400	5,400	5,400
Full-time equivalent juvenile probation officer positions.....	1,511	1,500	1,400	1,400	1,400	1,400	1,400
Juvenile cases closed that received probation supervision or other services....	17,983	18,000	18,000	18,000	18,000	18,000	18,000
Percentage employed or engaged in an educational/vocational activity at case closing.....	80.5%	81.0%	78.0%	78.0%	78.0%	78.0%	78.0%
Juvenile offenders who completed supervision without a new offense resulting in a Consent Decree, adjudication of delinquency, or.... conviction.....	15,583	15,600	15,500	15,500	15,500	15,500	15,500

Program: Reintegration of Juvenile Delinquents (continued)

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:			Safe Neighborhoods
\$ 157	Juvenile Court Judges Commission	\$ -11,525		—nonrecurring projects.
	—to continue current program.			
\$ -1,150	Violence Reduction			
	—nonrecurring projects.			

All other appropriations are recommended at the current year funding level.

Appropriations within this Program: (Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	\$ 2,129	\$ 2,243	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Violence Reduction.....	1,150	1,150	0	0	0	0	0
Improvement of Juvenile Probation Services	5,918	5,918	5,918	5,918	5,918	5,918	5,918
Specialized Probation Services.....	13,793	13,793	13,793	13,793	13,793	13,793	13,793
Safe Neighborhoods (06/08)	6,825	11,525	0	0	0	0	0
TOTAL GENERAL FUND	\$ 29,815	\$ 34,629	\$ 22,111	\$ 22,111	\$ 22,111	\$ 22,111	\$ 22,111



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)
 2005-06 2006-07 2007-08
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Lieutenant Governor's Office.....	\$	979	\$	982	\$	1,088
Board of Pardons.....		384		406		454
		<hr/>		<hr/>		<hr/>
Total - General Government.....	\$	1,363	\$	1,388	\$	1,542
		<hr/>		<hr/>		<hr/>
GENERAL FUND TOTAL.....	\$	1,363	\$	1,388	\$	1,542

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 1,363	\$ 1,388	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542
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.....	\$ 1,363	\$ 1,388	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,363	\$ 1,388	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542
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.....	\$ 1,363	\$ 1,388	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542

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)

Lieutenant Governor
 \$ 106 —to continue current program.

Board of Pardons
 \$ 48 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Lieutenant Governor's Office.....	\$ 979	\$ 982	\$ 1,088	\$ 1,088	\$ 1,088	\$ 1,088	\$ 1,088
Board of Pardons.....	384	406	454	454	454	454	454
TOTAL GENERAL FUND	\$ 1,363	\$ 1,388	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542	\$ 1,542



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 40,796	\$ 42,606	\$ 43,458
(F)Medicaid Fraud.....	3,516	4,155	4,272
(F)MAGLOCLEN.....	6,933	7,461	8,304
(F)DCSI - Senior Crime Prevention University (EA).....	20	0	0
(A)Legal Fees Reimbursement.....	9	10	10
(A)Medicaid Fraud Reimbursements.....	5	4	4
(A)Collections - Legal.....	62	20	20
(A)Investigative Costs Reimbursements.....	15	50	50
(A)Environmental Crimes Investigative Costs.....	1	48	48
(A)Public Protection Law Enforcement.....	0	3,000	3,000
(A)Continuing Legal Education.....	1	5	5
Subtotal.....	\$ 51,358	\$ 57,359	\$ 59,171
(R)Office of Consumer Advocate.....	4,846	4,899	5,069
Computer Enhancements.....	1,000	1,000	0
Drug Law Enforcement.....	24,221	25,532	26,043
(F)High Intensity Drug Trafficking Areas.....	3,226	3,318	3,327
(F)Prescription Drug Monitoring.....	152	0	0
(F)Methamphetamine Control.....	0	124 ^a	0
(F)DCSI - Witness Relocation (EA).....	91	0	0
(A)Seized/Forfeited Property - State Court Awarded.....	0	1,500	1,000
(A)Seized/Forfeited Property - U.S. Department of Justice.....	0	951	0
(A)Seized/Forfeited Property-Homeland Security.....	0	0	500
(A)Recovery of Narcotics Investigation Overtime Costs.....	58	50	50
Subtotal.....	\$ 27,748	\$ 31,475	\$ 30,920
Local Drug Task Forces.....	9,308	10,534	10,745
Drug Strike Task Force.....	1,804	1,908	1,946
Joint Local-State Firearm Task Force.....	0	5,000	5,000
Witness Relocation Program.....	437	437	437
Gun Violence Reduction Witness Relocation.....	563	563	563
Child Predator Unit.....	680	921	939
Capital Appeals Case Unit.....	612	612	624
Charitable Nonprofit Conversions.....	949	949	968
Tobacco Law Enforcement.....	680	680	694
Subtotal - State Funds.....	\$ 81,050	\$ 90,742	\$ 91,417
Subtotal - Federal Funds.....	13,938	15,058	15,903
Subtotal - Augmentations.....	151	5,638	4,687
Subtotal - Restricted Revenues.....	4,846	4,899	5,069
Total - General Government.....	\$ 99,985	\$ 116,337	\$ 117,076
Grants and Subsidies:			
County Trial Reimbursement.....	\$ 150	\$ 150	\$ 150
Full Time District Attorney County Reimbursement.....	5,063	5,063	0
(A)Reimbursement for District Attorneys.....	0	0	5,643
Subtotal.....	\$ 0	\$ 0	\$ 5,643
Subtotal - State Funds.....	\$ 5,213	\$ 5,213	\$ 150
Subtotal - Augmentations.....	0	0	5,643
Total - Grants and Subsidies.....	\$ 5,213	\$ 5,213	\$ 5,793

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
STATE FUNDS.....	\$ 86,263	\$ 95,955	\$ 91,567
FEDERAL FUNDS.....	13,938	15,058	15,903
AUGMENTATIONS.....	151	5,638	10,330
RESTRICTED REVENUES.....	4,846	4,899	5,069
GENERAL FUND TOTAL.....	\$ 105,198	\$ 121,550	\$ 122,869
 OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - State Court Awarded.....	\$ 3,095	\$ 3,245	\$ 2,756
Seized/Forfeited Property - U.S. Department of Justice.....	106	1,457	150
Seized/Forfeited Property - PSP-OAG Agreement.....	510	850	800
OAG Investigative Funds - Outside Sources.....	3,470	4,300	4,347
Seized/Forfeited Property - U.S. Treasury Department.....	0	30	25
Public Protection Law Enforcement.....	669	3,426	3,340
Coroner's Education Board.....	46	33	33
Community Drug Abuse Prevention Program.....	70	215	224
Seized / Forfeited Propty- US Dept of Homeland Security.....	0	750	530
GENERAL FUND TOTAL.....	\$ 7,966	\$ 14,306	\$ 12,205
 STATE GAMING FUND:			
(R)Gaming Enforcement.....	\$ 0	\$ 0	\$ 799
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 86,263	\$ 95,955	\$ 91,567
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	13,938	15,058	15,903
AUGMENTATIONS.....	151	5,638	10,330
RESTRICTED.....	4,846	4,899	5,069
OTHER FUNDS.....	7,966	14,306	13,004
TOTAL ALL FUNDS.....	\$ 113,164	\$ 135,856	\$ 135,873

^a Includes recommended supplemental appropriation of \$124,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 86,263	\$ 95,955	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	13,938	15,058	15,903	15,903	15,903	15,903	15,903
OTHER FUNDS.....	12,963	24,843	28,403	28,403	28,403	28,403	28,403
SUBCATEGORY TOTAL.....	\$ 113,164	\$ 135,856	\$ 135,873	\$ 135,873	\$ 135,873	\$ 135,873	\$ 135,873
ALL PROGRAMS:							
GENERAL FUND.....	\$ 86,263	\$ 95,955	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	13,938	15,058	15,903	15,903	15,903	15,903	15,903
OTHER FUNDS.....	12,963	24,843	28,403	28,403	28,403	28,403	28,403
DEPARTMENT TOTAL.....	\$ 113,164	\$ 135,856	\$ 135,873	\$ 135,873	\$ 135,873	\$ 135,873	\$ 135,873

PROGRAM OBJECTIVE: To enforce the criminal laws of the Commonwealth to protect the interests of Pennsylvania citizens in areas of consumer protection, antitrust enforcement, operation of charitable trusts and organizations, and civil rights; and to provide legal services to Commonwealth agencies.

Program: Public Protection and Law Enforcement

The Attorney General, as the chief law enforcement officer of the Commonwealth is charged with the responsibility for the investigation and prosecution of organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act and utilizes statewide investigative grand juries as appropriate. The Office of Attorney General works with the State Police to curtail drug abuse in the Commonwealth by apprehending illegal drug traffickers. Act 166 of 1994 established a section of Insurance Fraud within the Office of Attorney General to prosecute and investigate insurance fraud. Responsibilities also include the investigation and prosecution of Medicaid fraud, environmental crimes, and cases referred by district attorneys across the state that have a conflict of interest or lack the resources to prosecute certain crimes.

Other major activities of this program involve: decreasing the incidence of fraud and deceptive business practices and securing recovery of damages to the Commonwealth and its citizens; encouraging free enterprise and competition; investigating and prosecuting consumer fraud, unfair trade practices, antitrust violations, civil rights violations and charitable scams; and providing for representation of the consumer in utility rate proceedings before the Public Utility Commission through the Office of the Consumer

Advocate. The Consumer Advocate also represents the consumer in cases such as competition in the electric, gas and telecommunications industries, filings of alternative regulatory plans by telephone utilities, purchased gas cases and filings by major natural gas pipelines.

This program also provides legal services for governmental agencies of the Commonwealth, as required by Section 204 of the Commonwealth Attorneys Act. Specifically, the Office of the Attorney General represents the Commonwealth in any action brought by or against the Commonwealth or its agencies, particularly tort claims.

Act 57 of 2005 amended the County Code to provide for full-time district attorneys under certain conditions. The salary to be paid the full-time district attorney is set at \$1,000 less than a common pleas court judge in that county. The Commonwealth annually reimburses counties for 65 percent of the salary for the full-time district attorney beginning in calendar year 2006. This budget assumes that increased fees and fines will be enacted to provide the funds for the reimbursement in 2007-08.

The Joint Local-State Firearm Task Force is comprised of the Philadelphia District Attorney's Office, the Philadelphia Police Department and the Office of Attorney General and is established to fight increasing gun violence in the Philadelphia area.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Cases presented to the Statewide							
Investigating Grand Jury.....	49	45	45	45	45	45	45
Local drug task force arrests	6,564	5,500	5,500	5,500	5,500	5,500	5,500
Drug arrests resulting from Grand							
Jury presentments	188	185	185	185	185	185	185
Review of estates, charities, nonprofits,							
and healthcare conversions for compliance							
with rules and regulations.....	2,344	2,400	2,400	2,400	2,400	2,400	2,400
Consumer complaints concerning							
business practices investigated and							
mediated.....	42,899	40,000	40,000	40,000	40,000	40,000	40,000
Dollar value of recoupment to consumers							
regarding business practices							
(in thousands).....	\$6,534	\$6,300	\$6,300	\$6,300	\$6,300	\$6,300	\$6,300
Consumer complaints concerning business							
practices - healthcare industry.....	1,759	1,800	1,800	1,800	1,800	1,800	1,800

Program: Public Protection and Law Enforcement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	General Government Operations	\$	19
\$ 852	—to continue current program.		Charitable Nonprofit Conversions
			—to continue current program.
	Computer Enhancements	\$	14
\$ -1,000	—nonrecurring project.		Tobacco Law Enforcement
			—to continue current program.
	Drug Law Enforcement	\$	-5,063
\$ 511	—to continue current program.		Full Time District Attorney County Reimbursement
			—this budget assumes that increased fees and fines will be enacted to provide the funds for the reimbursement in 2007-08.
	Local Drug Task Forces		
\$ 211	—to continue current program.		
	Drug Strike Task Force		
\$ 38	—to continue current program.		
	Child Predator Unit		
\$ 18	—to continue current program.		
	Capital Appeals Case Unit	\$	170
\$ 12	—to continue current program.		Office of the Consumer Advocate
			—to continue current program.

All other 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.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 40,796	\$ 42,606	\$ 43,458	\$ 43,458	\$ 43,458	\$ 43,458	\$ 43,458
Computer Enhancements.....	1,000	1,000	0	0	0	0	0
Drug Law Enforcement.....	24,221	25,532	26,043	26,043	26,043	26,043	26,043
Local Drug Task Forces.....	9,308	10,534	10,745	10,745	10,745	10,745	10,745
Drug Strike Task Force.....	1,804	1,908	1,946	1,946	1,946	1,946	1,946
Witness Relocation Program.....	437	437	437	437	437	437	437
Joint Local-State Firearm Task Force.....	0	5,000	5,000	5,000	5,000	5,000	5,000
Gun Violence Reduction Witness Relocation.....	563	563	563	563	563	563	563
Child Predator Unit	680	921	939	939	939	939	939
Capital Appeals Case Unit.....	612	612	624	624	624	624	624
Charitable Nonprofit Conversions.....	949	949	968	968	968	968	968
Tobacco Law Enforcement	680	680	694	694	694	694	694
County Trial Reimbursement.....	150	150	150	150	150	150	150
Full Time District Attorney County Reimbursement	5,063	5,063	0	0	0	0	0
TOTAL GENERAL FUND	\$ 86,263	\$ 95,955	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567	\$ 91,567



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
Auditor General's Office	\$ 48,059	\$ 50,059	\$ 51,060
(A) Reimbursement Auditing Services.....	9,292	9,894	10,300
(A) Sale of Autos.....	3	0	0
Subtotal.....	<u>\$ 57,354</u>	<u>\$ 59,953</u>	<u>\$ 61,360</u>
Board of Claims	1,920	1,920	1,958
Computer Enhancements	1,000	1,800	0
Subtotal.....	<u>\$ 1,000</u>	<u>\$ 1,800</u>	<u>\$ 0</u>
Subtotal - State Funds.....	\$ 50,979	\$ 53,779	\$ 53,018
Subtotal - Augmentations.....	9,295	9,894	10,300
Total - General Government.....	<u>\$ 60,274</u>	<u>\$ 63,673</u>	<u>\$ 63,318</u>
STATE FUNDS.....	\$ 50,979	\$ 53,779	\$ 53,018
AUGMENTATIONS.....	9,295	9,894	10,300
GENERAL FUND TOTAL	<u><u>\$ 60,274</u></u>	<u><u>\$ 63,673</u></u>	<u><u>\$ 63,318</u></u>
<u>OTHER FUNDS:</u>			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid.....	<u>\$ 200,263</u>	<u>\$ 201,880</u>	<u>\$ 220,000</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 50,979	\$ 53,779	\$ 53,018
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	9,295	9,894	10,300
OTHER FUNDS.....	200,263	201,880	220,000
TOTAL ALL FUNDS	<u><u>\$ 260,537</u></u>	<u><u>\$ 265,553</u></u>	<u><u>\$ 283,318</u></u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
AUDITING							
GENERAL FUND.....	\$ 50,979	\$ 53,779	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	9,295	9,894	10,300	10,300	10,300	10,300	10,300
SUBCATEGORY TOTAL.....	\$ 60,274	\$ 63,673	\$ 63,318	\$ 63,318	\$ 63,318	\$ 63,318	\$ 63,318
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	200,263	201,880	220,000	220,000	220,000	220,000	220,000
SUBCATEGORY TOTAL.....	\$ 200,263	\$ 201,880	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000
ALL PROGRAMS:							
GENERAL FUND.....	\$ 50,979	\$ 53,779	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	209,558	211,774	230,300	230,300	230,300	230,300	230,300
DEPARTMENT TOTAL.....	\$ 260,537	\$ 265,553	\$ 283,318	\$ 283,318	\$ 283,318	\$ 283,318	\$ 283,318

PROGRAM OBJECTIVE: To insure that all revenue to which the Commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.

Program: Auditing

The Auditor General is required by the Fiscal Code to audit the financial affairs of State Government and certain local government entities. The Auditor General is mandated to perform audits of any entity receiving funds from the Commonwealth or any entity collecting funds that belong to the Commonwealth. Each year, the department performs thousands of regular and special post audits of Commonwealth agencies, persons, associations and corporations to insure money is disbursed legally and properly. The Auditor General also examines accounts of revenue collecting agents to assure that all funds due the Commonwealth have been reported and transmitted properly and that the Commonwealth's financial statements conform to Generally Accepted Accounting Principles (GAAP).

The Single Audit, which is a single financial/compliance audit of the Commonwealth's Federal aid programs, and an audit of the Commonwealth's General Purpose Financial Statements are jointly performed each year by the Auditor General and an independent certified public accounting firm.

Special audits may be made when the Auditor General determines they appear to be necessary. Special audits must also be conducted when the Governor calls upon the Auditor General to do them.

The Fiscal Code also requires the Auditor General to audit public assistance payments to determine the eligibility of persons receiving public assistance grants. Recipients are subject to continuous audit. These audits serve to adjust grants to persons either ineligible or receiving overpayments or underpayments.

In addition to fiscal duties, by statute the Auditor General serves as a member of the State Public School Building Authority and other major Commonwealth boards and commissions.

The Board of Claims operates within this program as an independent judicial and administrative body with jurisdiction to hear and determine claims against the Commonwealth that equal or exceed \$300.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		Computer Enhancements
	Auditor General's Office	\$	-1,800
\$ 1,001	—to continue current program.		—nonrecurring program.
	Board of Claims		
\$ 38	—to continue current program.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Auditor General's Office	\$ 48,059	\$ 50,059	\$ 51,060	\$ 51,060	\$ 51,060	\$ 51,060	\$ 51,060
Board of Claims	1,920	1,920	1,958	1,958	1,958	1,958	1,958
Computer Enhancements.....	1,000	1,800	0	0	0	0	0
TOTAL GENERAL FUND	\$ 50,979	\$ 53,779	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018	\$ 53,018

PROGRAM OBJECTIVE: To assist municipal pension systems through review and audit of their pension funds.

Program: Municipal Pension Systems

In 1984, the General Assembly passed Act 205, known as the Municipal Pension Plan Funding Standard and Recovery Act. The enactment of this legislation was in response to the solvency problems facing many of the Commonwealth's municipal pension systems. The act requires the submission of municipal pension plan actuarial reports to the Public Employee Retirement Commission (PERC) every two years and establishes criteria for determination of actuarial soundness and the amount of State financed support that will be provided. The Auditor General is responsible for audits of approximately 1,300 municipal pension funds for nonuniformed employees where municipalities choose to allocate State aid to those funds.

The Auditor General administers the Municipal Pension Systems Aid program, established by Act 205 to distribute funding to municipal pension plans for police officers and paid firefighters. The program is funded through the Municipal Pension Aid Fund, which receives all proceeds of the Foreign Casualty Insurance Premium Tax and a portion of the Foreign Fire Insurance Premium Tax.

The Auditor General is also responsible for distributing proceeds from the Foreign Fire Insurance Tax Fund to municipalities for payment to volunteer firefighter relief associations. Financial statements for the Municipal Pension Aid Fund and the Fire Insurance Tax Fund are presented in the Special Funds Appendix section of this budget.

Program Recommendations:

This budget recommends the following changes from the Municipal Pension Aid Fund:

(Dollar Amounts in Thousands)

\$	18,120	Municipal Pension Aid Fund —to continue current program.
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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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
State Treasurer's Office.....	\$ 24,976	\$ 24,976	\$ 25,476
(A)Expenses - Unemployment Compensation.....	3,698	7,119	8,594
(A)Fees - Federal Savings Bonds.....	17	0	0
(A)Receipts From SWIF.....	217	0	0
(A)Photocopy Services.....	1	0	0
(A)Administrative Fees.....	632	0	0
(A)SAP Postage Reimbursements.....	1,248	0	0
(A)Miscellaneous.....	8	0	0
Escheats Administration.....	14,620	15,455	15,764
(A)Unclaimed Property Audit Services.....	2	0	0
Computer Integration Program.....	1,835	1,000	0
Board of Finance and Revenue.....	2,309	2,309	2,355
Tuition Account Program Advertising.....	1,000	2,000	1,000
Intergovernmental Organizations.....	1,011	1,031	1,049
Publishing Monthly Statements.....	25	25	25
Replacement Checks (EA).....	8,452	3,000	3,500
Subtotal - State Funds.....	\$ 54,228	\$ 49,796	\$ 49,169
Subtotal - Augmentations.....	5,823	7,119	8,594
Total - General Government.....	\$ 60,051	\$ 56,915	\$ 57,763
<i>Grants and Subsidies:</i>			
Law Enforcement & Emergency Response Personnel Death Benefit.....	\$ 2,407	\$ 1,600	\$ 1,600
<i>Debt Service:</i>			
Loan and Transfer Agents.....	\$ 11	\$ 75	\$ 75
General Obligation Debt Service.....	712,373	848,592	873,064
(A)Student Community Building Fees.....	323	341	750
Subtotal - State Funds.....	\$ 712,384	\$ 848,667	\$ 873,139
Subtotal - Augmentations.....	323	341	750
Total - Debt Service.....	\$ 712,707	\$ 849,008	\$ 873,889
STATE FUNDS.....	\$ 769,019	\$ 900,063	\$ 923,908
AUGMENTATIONS.....	6,146	7,460	9,344
GENERAL FUND TOTAL.....	\$ 775,165	\$ 907,523	\$ 933,252
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Administration Refunding Liquid Fuels Tax.....	\$ 455	\$ 455	\$ 455
Replacement Checks - Motor License Fund (EA).....	224	100	100
Total - General Government.....	\$ 679	\$ 555	\$ 555
<i>Refunds:</i>			
Refunding Liquid Fuels Tax - Agriculture.....	\$ 3,199	\$ 4,000	\$ 4,300
Refunding Liquid Fuels Tax - State Share.....	350	350	500
Refunding Liquid Fuels Tax - Political Subdivisions.....	2,474	3,200	3,200
Refunding Liquid Fuels Tax - Volunteer Services.....	303	400	400
Refunding Marine Liquid Fuels Tax - Boat Fund.....	2,093	2,800	2,800
Refunding Liquid Fuels Tax-Snowmobiles & ATV's.....	1,000	1,000	1,000
Total - Refunds.....	\$ 9,419	\$ 11,750	\$ 12,200

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Debt Service:			
Capital Debt Transportation Projects.....	\$ 12,096	\$ 11,461	\$ 12,546
General Obligation Debt Service.....	10,625	11,372	11,679
(R)Capital Bridge Debt (EA).....	23,816	19,151	17,960
Loan and Transfer Agent.....	0	50	50
	<hr/>	<hr/>	<hr/>
Subtotal - State Funds.....	\$ 22,721	\$ 22,883	\$ 24,275
Subtotal - Restricted Revenues.....	23,816	19,151	17,960
	<hr/>	<hr/>	<hr/>
Total - Debt Service.....	\$ 46,537	\$ 42,034	\$ 42,235
	<hr/>	<hr/>	<hr/>
STATE FUNDS.....	\$ 32,819	\$ 35,188	\$ 37,030
RESTRICTED REVENUES.....	23,816	19,151	17,960
	<hr/>	<hr/>	<hr/>
MOTOR LICENSE FUND TOTAL.....	\$ 56,635	\$ 54,339	\$ 54,990
	<hr/>	<hr/>	<hr/>
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Banking Department Fund (EA).....	\$ 3	\$ 5	\$ 5
	<hr/>	<hr/>	<hr/>
<u>BOAT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Boat Fund (EA).....	\$ 0	\$ 5	\$ 5
	<hr/>	<hr/>	<hr/>
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>Debt Service:</i>			
Debt Service for Growing Greener (EA).....	\$ 0	\$ 0	\$ 26,987
	<hr/>	<hr/>	<hr/>
<u>FARM PRODUCTS SHOW FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Farm Products Show Fund (EA).....	\$ 0	\$ 5	\$ 5
	<hr/>	<hr/>	<hr/>
<u>FISH FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Fish Fund (EA).....	\$ 0	\$ 5	\$ 5
	<hr/>	<hr/>	<hr/>
<u>GAME FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Game Fund (EA).....	\$ 0	\$ 5	\$ 5
	<hr/>	<hr/>	<hr/>
<u>LOTTERY FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Lottery Fund (EA).....	\$ 9	\$ 50	\$ 50
	<hr/>	<hr/>	<hr/>
<u>RACING FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Racing Fund (EA).....	\$ 0	\$ 10	\$ 10
	<hr/>	<hr/>	<hr/>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>OTHER FUNDS:</u>			
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND:			
Tuition Account Program Bureau.....	\$ 1,033	\$ 1,546	\$ 1,648
(A)Application Fees.....	78	216	299
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND TOTAL.....	\$ 1,111	\$ 1,762	\$ 1,947
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 769,019	\$ 900,063	\$ 923,908
SPECIAL FUNDS.....	32,831	35,273	64,102
AUGMENTATIONS.....	6,146	7,460	9,344
RESTRICTED.....	23,816	19,151	17,960
OTHER FUNDS.....	1,111	1,762	1,947
TOTAL ALL FUNDS.....	\$ 832,923	\$ 963,709	\$ 1,017,261

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
DISBURSEMENT							
GENERAL FUND.....	\$ 55,599	\$ 50,340	\$ 49,695	\$ 49,695	\$ 49,695	\$ 49,695	\$ 49,695
SPECIAL FUNDS.....	10,110	12,390	12,840	12,840	12,840	12,840	12,840
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	6,934	8,881	10,541	10,541	10,541	10,541	10,541
SUBCATEGORY TOTAL.....	\$ 72,643	\$ 71,611	\$ 73,076	\$ 73,076	\$ 73,076	\$ 73,076	\$ 73,076
INTERSTATE RELATIONS							
GENERAL FUND.....	\$ 1,011	\$ 1,031	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049
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.....	\$ 1,011	\$ 1,031	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049
DEBT SERVICE							
GENERAL FUND.....	\$ 712,409	\$ 848,692	\$ 873,164	\$ 945,874	\$ 1,029,474	\$ 1,118,345	\$ 1,180,343
SPECIAL FUNDS.....	22,721	22,883	51,262	49,323	57,304	64,576	70,511
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,139	19,492	18,710	14,821	9,584	9,123	7,393
SUBCATEGORY TOTAL.....	\$ 759,269	\$ 891,067	\$ 943,136	\$ 1,010,018	\$ 1,096,362	\$ 1,192,044	\$ 1,258,247
ALL PROGRAMS:							
GENERAL FUND.....	\$ 769,019	\$ 900,063	\$ 923,908	\$ 996,618	\$ 1,080,218	\$ 1,169,089	\$ 1,231,087
SPECIAL FUNDS.....	32,831	35,273	64,102	62,163	70,144	77,416	83,351
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	31,073	28,373	29,251	25,362	20,125	19,664	17,934
DEPARTMENT TOTAL.....	\$ 832,923	\$ 963,709	\$ 1,017,261	\$ 1,084,143	\$ 1,170,487	\$ 1,266,169	\$ 1,332,372

PROGRAM OBJECTIVE: To receive and safeguard the monies of the Commonwealth, to manage the funds to the best advantage of the Commonwealth and to insure that all disbursements of funds are legal and proper.

Program: Disbursement

The Treasury Department is required by the Fiscal Code to receive and deposit all monies of the Commonwealth; to invest in securities any Commonwealth monies which accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to preaudit all requisitions for the expenditure of funds; and to disburse all State monies upon proper authorization to those entitled to receive payment. In this capacity the department is responsible for the receipt, custody and disbursement of billions of dollars each year.

The Treasury Department also audits disbursement records, maintains accounting controls and disburses all checks to recipients of public assistance. Thousands of checks are processed each working day for distribution to recipients. This processing includes preauditing, collating, authenticating and mailing the checks to individual recipients and banks. Hundreds of participating banks throughout the Commonwealth distribute thousands of checks daily.

The State Treasurer is Chairman of the Board of Finance and Revenue and serves on various State boards and commissions including several public retirement boards.

The Board of Finance and Revenue operates within this program by reviewing and deciding appeals concerning settlements made between the Commonwealth and persons, associations and corporations. The board also administers the program for refunding certain monies to which the Commonwealth is not legally entitled.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994 and Act 59 of 2005, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of firemen or law enforcement officers of the Commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payments made to survivors of local firemen or law enforcement officers.

The Treasury Department administers the Tuition Account Program that provides for two programs for postsecondary educational savings. The Tuition Account Guaranteed Savings Program Fund provides for the advance purchase of tuition credits for students who will attend institutions of higher education. Savings for higher education may also be made through the Tuition Account Investment Program Fund. A cash flow statement for each fund is included in the Special Funds Appendix.

The State Treasurer is responsible for the administration and enforcement of the Commonwealth's abandoned and unclaimed property laws. Tangible and intangible property that has remained unclaimed for five or more years is reported and remitted to the Treasury Department by holders in possession of the property. The Commonwealth maintains perpetual custody of the property until it is claimed by the rightful owner. Revenues generated by collection of unclaimed property cover the costs of paying claims.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Disbursements issued							
Disbursements -- checks	4,838,121	4,147,577	3,940,198	N/A	N/A	N/A	N/A
Disbursements -- wires	6,484,759	6,252,916	6,460,294	N/A	N/A	N/A	N/A
Interest earned on investments:							
General Fund (in thousands)	\$ 145,215	\$ 148,110	\$ 150,620	N/A	N/A	N/A	N/A
Motor License Fund (in thousands)	71,882	84,311	96,809	N/A	N/A	N/A	N/A
TOTAL	\$ 217,097	\$ 232,421	\$ 247,429	NA	NA	NA	NA

Program: Disbursement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		MOTOR LICENSE FUND	
State Treasurer's Office		Refunding Liquid Fuels Tax - Agriculture	
\$ 500	—to continue current program.	\$ 300	—based on most recent projection of program requirements.
Escheats Administration		Refunding Liquid Fuels Tax - State Share	
\$ 309	—to continue current program.	\$ 150	—based on most recent projection of program requirements.
Computer Integration Program			
\$ -1,000	—nonrecurring computer integration costs.		
Board of Finance and Revenue			
\$ 46	—to continue current program.		
Tuition Account Program Advertising			
\$ -1,000	—program reduction.		
Replacement Checks (EA)			
\$ 500	—based on projected funding requirements.		

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
State Treasurer's Office.....	\$ 24,976	\$ 24,976	\$ 25,476	\$ 25,476	\$ 25,476	\$ 25,476	\$ 25,476
Escheats Administration	14,620	15,455	15,764	15,764	15,764	15,764	15,764
Computer Integration Program.....	1,835	1,000	0	0	0	0	0
Board of Finance and Revenue.....	2,309	2,309	2,355	2,355	2,355	2,355	2,355
Tuition Account Program Advertising.....	1,000	2,000	1,000	1,000	1,000	1,000	1,000
Replacement Checks (EA)	8,452	3,000	3,500	3,500	3,500	3,500	3,500
Law Enforcement & Emergency Response Personnel Death Benefit.....	2,407	1,600	1,600	1,600	1,600	1,600	1,600
TOTAL GENERAL FUND	\$ 55,599	\$ 50,340	\$ 49,695	\$ 49,695	\$ 49,695	\$ 49,695	\$ 49,695
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax	\$ 455	\$ 455	\$ 455	\$ 455	\$ 455	\$ 455	\$ 455
Replacement Checks - Motor License Fund (EA)	224	100	100	100	100	100	100
Refunding Liquid Fuels Tax - Agriculture....	3,199	4,000	4,300	4,300	4,300	4,300	4,300
Refunding Liquid Fuels Tax - State Share..	350	350	500	500	500	500	500
Refunding Liquid Fuels Tax - Political Subdivisions.....	2,474	3,200	3,200	3,200	3,200	3,200	3,200
Refunding Liquid Fuels Tax - Volunteer Services.....	303	400	400	400	400	400	400
Refunding Marine Liquid Fuels Tax - Boat Fund	2,093	2,800	2,800	2,800	2,800	2,800	2,800
Refunding Liquid Fuels Tax-Snowmobiles & ATV's	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL MOTOR LICENSE FUND.....	\$ 10,098	\$ 12,305	\$ 12,755	\$ 12,755	\$ 12,755	\$ 12,755	\$ 12,755
BANKING DEPARTMENT FUND:							
Replacement Checks-Banking Department Fund (EA).....	\$ 3	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5

Program: Disbursement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
BOAT FUND:							
Replacement Checks-Boat Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FARM PRODUCTS SHOW FUND:							
Replacement Checks-Farm Products Show Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FISH FUND:							
Replacement Checks-Fish Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
GAME FUND:							
Replacement Checks-Game Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
LOTTERY FUND:							
Replacement Checks-Lottery Fund (EA)....	\$ 9	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
RACING FUND:							
Replacement Checks-Racing Fund (EA)....	\$ 0	\$ 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)

\$ 18 **Intergovernmental Organizations**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Intergovernmental Organizations	\$ 1,011	\$ 1,031	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049

PROGRAM OBJECTIVE: To provide for interest and principal requirements of notes and bonds issued by the Commonwealth and other expenses related to debt service.

Program: Debt Service

The Commonwealth, through the Treasury Department, is obligated to meet principal and interest requirements and other expenses related to debt service.

Long-term bonds are issued by the State to cover the cost of financing public improvements which represent such a heavy financial burden that they cannot be funded through current revenues. These bond issues have provided funds for the acquisition and development of public recreation and historic sites and facilities; payment for disaster recovery costs; economic revitalization efforts; low-cost loans for water supply and sewage treatment

improvements; loans to volunteer fire companies; and a wide variety of construction and renovation projects for hospitals, higher education facilities, State parks, flood control, correctional institutions and various public buildings.

The Commonwealth has saved substantial amounts of debt service interest payments through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The Commonwealth continues to monitor its debt for additional refunding opportunities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND \$ 24,472 —the net effect on principal and interest requirements and other costs relating to General Fund debt service.</p> <p>MOTOR LICENSE FUND \$ 1,392 —the net effect on principal and interest requirements and other costs relating to Motor License Fund debt service.</p>	<p>ENVIRONMENTAL STEWARDSHIP FUND \$ 26,987 —the net effect on principal and interest requirements and other costs relating to Environmental Stewardship Fund debt service.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Publishing Monthly Statements	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Loan and Transfer Agents	11	75	75	75	75	75	75
General Obligation Debt Service	712,373	848,592	873,064	945,774	1,029,374	1,118,245	1,180,243
TOTAL GENERAL FUND	\$ 712,409	\$ 848,692	\$ 873,164	\$ 945,874	\$ 1,029,474	\$ 1,118,345	\$ 1,180,343
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	\$ 12,096	\$ 11,461	\$ 12,546	\$ 12,228	\$ 11,877	\$ 11,380	\$ 10,512
General Obligation Debt Service	10,625	11,372	11,679	11,596	11,596	10,938	10,938
Loan and Transfer Agent	0	50	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	\$ 22,721	\$ 22,883	\$ 24,275	\$ 23,874	\$ 23,523	\$ 22,368	\$ 21,500
ENVIRONMENTAL STEWARDSHIP FUND:							
Debt Service for Growing Greener (EA)	\$ 0	\$ 0	\$ 26,987	\$ 25,449	\$ 33,781	\$ 42,208	\$ 49,011



DEPARTMENT OF AGING

The mission of the Department of Aging is to enhance the quality of life of older Pennsylvanians by empowering the community, the family and the individual.

The Department of Aging consolidates services for older Pennsylvanians and provides a single point of contact through which older Pennsylvanians can address their concerns to State Government.

Statewide services are provided through the local Area Agencies on Aging. Services include long-term care assessment, home and community-based services, nutrition, employment, transportation, domiciliary care and protection. Additionally, the Department of Aging manages the pharmaceutical assistance program for older Pennsylvanians.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 7,912	\$ 7,350	\$ 0
(F)Programs for the Aging - Title III - Administration.....	1,817	1,817	0
(F)Programs for the Aging - Title V - Administration.....	173	173	0
(F)Medical Assistance - Administration.....	1,042	1,204 ^a	0
(F)Pharmacy Education.....	2,000	12,084	0
(F)DCSI - Protective Services Training (EA).....	13	0	0
(F)DCSI - Sexual Abuse Response Training (EA).....	25	0	0
(F)Public Health Emergency Preparedness - Bioterrorism (EA).....	110	250	0
(A)Intergovernmental Transfer - Administration.....	199	190	0
(A)Day Care Licensure.....	8	8	0
Subtotal.....	\$ 13,299	\$ 23,076	\$ 0
Subtotal - State Funds.....	\$ 7,912	\$ 7,350	\$ 0
Subtotal - Federal Funds.....	5,180	15,528	0
Subtotal - Augmentations.....	207	198	0
Total - General Government.....	\$ 13,299	\$ 23,076	\$ 0
<i>Grants and Subsidies:</i>			
Family Caregiver.....	\$ 11,461	\$ 11,750	\$ 0
(F)Programs for the Aging - Title III - Family Caregiver.....	8,155	10,000	0
Subtotal.....	\$ 19,616	\$ 21,750	\$ 0
Legal Advocacy for Older Pennsylvanians.....	600	600	0
Alzheimer's Outreach.....	250	250	250
(F)Memory Loss Screening.....	400	0	0
(F)Alzheimer's Demonstration Grant.....	0	350	350
Subtotal.....	\$ 650	\$ 600	\$ 600
Subtotal - State Funds.....	\$ 12,311	\$ 12,600	\$ 250
Subtotal - Federal Funds.....	8,555	10,350	350
Total - Grants and Subsidies.....	\$ 20,866	\$ 22,950	\$ 600
STATE FUNDS.....	\$ 20,223	\$ 19,950	\$ 250
FEDERAL FUNDS.....	13,735	25,878	350
AUGMENTATIONS.....	207	198	0
GENERAL FUND TOTAL.....	\$ 34,165	\$ 46,026	\$ 600
LOTTERY FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 0	\$ 0	\$ 8,205
(F)Programs for the Aging - Title III - Administration.....	0	0	1,817
(F)Programs for the Aging - Title V - Administration.....	0	0	173
(F)Medical Assistance - Administration.....	0	0	1,360
(A)Intergovernmental Transfer - Administration.....	0	0	190
(A)Day Care Licensure.....	0	0	8
Subtotal.....	\$ 0	\$ 0	\$ 11,753

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Auditor General's Audit Cost	50	50	130
Subtotal.....	\$ 50	\$ 50	\$ 130
Subtotal - State Funds.....	\$ 50	\$ 50	\$ 8,335
Subtotal - Federal Funds.....	0	0	3,350
Subtotal - Augmentations.....	0	0	198
Total - General Government.....	\$ 50	\$ 50	\$ 11,883
Grants and Subsidies:			
PENNCARE	\$ 219,791	\$ 227,923	\$ 242,937
(F)Programs for the Aging - Title III.....	50,937	52,000	52,000
(F)Programs for the Aging - Nutrition.....	5,874	10,000	10,000
(F)Programs for the Aging - Title V - Employment.....	5,300	5,300	5,300
(F)Programs for the Aging - Title VII - Elder Rights Protection.....	2,587	4,700	4,700
(F)Medical Assistance - Attendant Care.....	6,010	8,256	11,993
(F)Medical Assistance Support.....	1,250	1,164	2,964
(F)Medical Assistance Nursing Home Transition Administration.....	0	700	700
(F)Elder Mistreatment Research.....	275	275	0
(F)Performance Measures Outcome Project.....	40	40	40
(F)Evidence-Based Prevention for Older Adults.....	0	300 ^b	300
(A)Intergovernmental Transfer - MA Support.....	626	600	600
Subtotal.....	\$ 292,690	\$ 311,258	\$ 331,534
Pre-Admission Assessment	7,253	7,678	10,293
(F)Pre-Admission Assessment.....	10,944	14,718	11,601
Subtotal.....	\$ 18,197	\$ 22,396	\$ 21,894
Family Caregiver	0	0	12,103
(F)Programs for the Aging - Title III - Family Caregiver.....	0	0	10,000
Subtotal.....	\$ 0	\$ 0	\$ 22,103
Pharmaceutical Assistance Fund	400,000	204,000	278,400
(F)Medicare Part D.....	5,000	0	0
Subtotal.....	\$ 405,000	\$ 204,000	\$ 278,400
Grants to Senior Centers	0	4,000	0
Subtotal - State Funds.....	\$ 627,044	\$ 443,601	\$ 543,733
Subtotal - Federal Funds.....	88,217	97,453	109,598
Subtotal - Augmentations.....	626	600	600
Total - Grants and Subsidies.....	\$ 715,887	\$ 541,654	\$ 653,931
STATE FUNDS.....	\$ 627,094	\$ 443,651	\$ 552,068
FEDERAL FUNDS.....	88,217	97,453	112,948
AUGMENTATIONS.....	626	600	798
LOTTERY FUND TOTAL	\$ 715,937	\$ 541,704	\$ 665,814
TOBACCO SETTLEMENT FUND:			
Grants and Subsidies:			
Home and Community-Based Services (EA)	\$ 20,536	\$ 18,803	\$ 21,293
(F)Medical Assistance - Community Services.....	26,264	27,485	28,078
(A)Intergovernmental Transfer - MA Support.....	6,769	6,769	6,769
Subtotal.....	\$ 53,569	\$ 53,057	\$ 56,140
PACENET Transfer (EA)	29,301	26,898	13,395

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 49,837	\$ 45,701	\$ 34,688
Subtotal - Federal Funds.....	26,264	27,485	28,078
Subtotal - Augmentations.....	6,769	6,769	6,769
Total - Grants and Subsidies.....	\$ 82,870	\$ 79,955	\$ 69,535
STATE FUNDS.....	\$ 49,837	\$ 45,701	\$ 34,688
FEDERAL FUNDS.....	26,264	27,485	28,078
AUGMENTATIONS.....	6,769	6,769	6,769
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 82,870	\$ 79,955	\$ 69,535
OTHER FUNDS:			
PHARMACEUTICAL ASSISTANCE FUND:			
PACE Contracted Services (EA).....	\$ 59,475 ^c	\$ 13,899 ^c	\$ 0 ^c
Medicare Part D Recovery (F).....	0	10,500 ^d	0
Administration of PACE (EA).....	0	904	1,050
PHARMACEUTICAL ASSISTANCE FUND TOTAL.....	\$ 59,475	\$ 25,303	\$ 1,050
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 20,223	\$ 19,950	\$ 250
SPECIAL FUNDS.....	676,931	489,352	586,756
FEDERAL FUNDS.....	128,216	150,816	141,376
AUGMENTATIONS.....	7,602	7,567	7,567
OTHER FUNDS.....	59,475	25,303	1,050
TOTAL ALL FUNDS.....	\$ 892,447	\$ 692,988	\$ 736,999

^a Includes recommended supplemental appropriation of \$175,000.

^b Includes recommended supplemental appropriation of \$300,000.

^c Transfer to Pharmaceutical Assistance Fund not added to the total to avoid double counting: 2005-06 Actual is \$400,000,000, 2006-07 Available is \$204,000,000 and 2007-08 Budget is \$278,400,000. PACENET Transfer (EA) also not added to the total to avoid double counting: 2005-06 Actual is \$29,301,000, 2006-07 Available is \$26,898,000 and 2007-08 Budget is \$13,395,000.

^d Includes recommended supplemental appropriation of \$10,500,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND.....	\$ 20,223	\$ 19,950	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
SPECIAL FUNDS.....	247,630	258,454	294,961	299,450	299,362	299,233	299,259
FEDERAL FUNDS.....	123,216	150,816	141,376	144,556	144,581	144,607	144,633
OTHER FUNDS.....	7,602	7,567	7,567	7,567	7,567	7,567	7,567
SUBCATEGORY TOTAL.....	\$ 398,671	\$ 436,787	\$ 444,154	\$ 451,823	\$ 451,760	\$ 451,657	\$ 451,709
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	429,301	230,898	291,795	305,409	328,425	353,441	381,557
FEDERAL FUNDS.....	5,000	0	0	0	0	0	0
OTHER FUNDS.....	59,475	25,303	1,050	3,775	4,850	2,222	1,136
SUBCATEGORY TOTAL.....	\$ 493,776	\$ 256,201	\$ 292,845	\$ 309,184	\$ 333,275	\$ 355,663	\$ 382,693
ALL PROGRAMS:							
GENERAL FUND.....	\$ 20,223	\$ 19,950	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
SPECIAL FUNDS.....	676,931	489,352	586,756	604,859	627,787	652,674	680,816
FEDERAL FUNDS.....	128,216	150,816	141,376	144,556	144,581	144,607	144,633
OTHER FUNDS.....	67,077	32,870	8,617	11,342	12,417	9,789	8,703
DEPARTMENT TOTAL.....	\$ 892,447	\$ 692,988	\$ 736,999	\$ 761,007	\$ 785,035	\$ 807,320	\$ 834,402

PROGRAM OBJECTIVE: To enable older Pennsylvanians to maintain active and independent lives in their own homes or alternative community living arrangements.

Program: Community Services for Older Pennsylvanians

The Department of Aging has established a network of in-home and community-based services addressing the varied needs of older Pennsylvanians. These programs enrich the lives of older Pennsylvanians and enable frail older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging (AAA), serving all 67 counties, provide aging services at the local level.

Many older Pennsylvanians require only minimal outside support to function independently therefore, a basic service of AAA is to inform these people of available services. AAAs sponsor over 650 senior centers throughout the Commonwealth that provide a full range of social, recreational and educational activities. Congregate meals, served by the centers at lunchtime, provide older Pennsylvanians with a hot, nutritionally balanced meal. Transportation services arranged by the agencies allow older Pennsylvanians to visit the doctor, shop or attend senior center events. Job placement services help older Pennsylvanians find unsubsidized private sector employment and offers job training and subsidized part-time community service employment.

Frail older Pennsylvanians require more extensive and personalized services to remain in their homes and communities and avoid relocating to an institutional setting such as a nursing home or personal care home. A nursing home pre-admission screening program helps older Pennsylvanians and their families determine the most clinically appropriate environment and assists them in securing and managing intensive in-home services tailored to their needs. The department provides counseling to all consumers to apprise them of choices in the continuum of care from community services to personal care homes to nursing homes. Counseling is also provided to assist consumers currently residing in nursing care facilities to transition to community services when their needs can be safely met in the community. A continuum of services is available based on the functional

and financial qualifications of the consumer ranging from home delivered meals to intensive in-home services for older Pennsylvanians needing the level of care available in institutional settings. Persons with higher income or assets share in the cost of services. This budget proposes to increase the availability of home and community-based care as an alternative to nursing facility care. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement.

A variety of personal support services are available for the growing population of frail older Pennsylvanians. The most common service is home delivered meals for people unable to prepare adequate meals for themselves or participate in group dining at senior centers. Personal care and related services assist functionally limited persons with key activities of daily living such as eating, dressing and personal hygiene either in their own homes or in adult daily living centers. Home support services provide for performance of labor intensive, unskilled or semi-skilled maintenance, cleaning tasks or routine household chores. Protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment. Services are designed to provide the least restrictive alternative to meet the client's need.

Attendant care services are maintained for disabled adults transitioning at age 60 from the Department of Public Welfare's Attendant Care Program. The enhanced level of personal care services is provided until health changes indicate a change in care level is appropriate.

The Department of Aging assists families who maintain frail relatives in their home through the Family Caregiver 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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Pennsylvanians 60 years and older.....	2,483,154	2,502,013	2,552,800	2,601,400	2,690,000	2,736,000	2,788,000
Pennsylvanians 85 years and older.....	289,044	300,554	311,600	320,100	338,000	345,300	351,500
Persons served in the community who are clinically nursing home eligible	36,064	33,539	35,215	36,975	40,675	44,740	49,215
Pre-Admission Assessment:							
Assessments.....	78,989	95,416	106,860	109,000	109,000	109,000	109,000
Referrals to nursing homes.....	30,777	30,777	28,609	25,320	25,320	25,320	25,320
Referrals for community services	27,292	27,292	30,621	33,405	33,405	33,405	33,405

Program: Community Services for Older Pennsylvanians (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Persons receiving assistance:							
Congregate meals	127,025	127,025	127,025	127,025	127,025	127,025	127,025
Personal assistance services	9,347	9,347	9,814	10,305	10,305	10,305	10,305
Attendant care services	954	1,347	1,693	1,695	1,695	1,695	1,695
Home delivered meals	48,146	48,146	50,555	53,080	53,080	53,080	53,080
Home support services	13,608	13,608	14,285	15,000	15,000	15,000	15,000
Personal care services	32,597	32,597	34,225	35,940	35,940	35,940	35,940
Protective services.....	12,166	12,166	12,170	12,170	12,170	12,170	12,170
 Families receiving caregiver support.....	 5,438	 5,438	 5,545	 5,545	 5,545	 5,545	 5,545

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>General Government Operations \$ -7,350 —to transfer operations to the Lottery Fund.</p> <p>Family Caregiver \$ -11,750 —to transfer the program to the Lottery Fund.</p> <p>Legal Advocacy for Older Pennsylvanians \$ -600 —nonrecurring projects.</p> <p>LOTTERY FUND</p> <p>General Government Operations \$ 7,350 —to transfer operations from the General Fund. 516 —to continue current program. 339 —Initiative — Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services. \$ 8,205 <i>Appropriation Increase</i></p> <p>Auditor General's Audit cost \$ 80 —to continue current program.</p> <p>PENNCARE \$ 6,112 —to provide a three percent cost-of- living adjustment. 3,058 —to provide Attendant Care services to an additional 346 recipients. 4,700 —to continue current Attendant Care services. 21 —to provide services as a result of nursing home transition activities. -4,777 —to transfer assessment activities to Pre-Admission Assessment to maximize federal earnings. 5,900 —Initiative — Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services. \$ 15,014 <i>Appropriation Increase</i></p>	<p>Pre-Admission Assessment \$ 227 —to continue current program. 4,777 —to reflect the transfer of assessment activities from PENNCARE to maximize federal earnings. <u>-2,389</u> —enhanced federal earnings. \$ 2,615 <i>Appropriation Increase</i></p> <p>Family Caregiver \$ 11,750 —to reflect the transfer of the program from the General Fund. 353 —to provide a three percent cost-of- living adjustment. \$ 12,103 <i>Appropriation Increase</i></p> <p>Grants to Senior Centers \$ -4,000 —nonrecurring projects.</p> <p>TOBACCO SETTLEMENT FUND</p> <p>Home and Community-Based Services \$ 1,902 —to continue current home and community-based services and expand to additional recipients, including nursing home transition activities. -4,011 —nonrecurring projects. 4,599 —Initiative — Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services. <u>2,490</u> <i>Appropriation Increase</i></p> <p>In addition, the Reforming the Long-Term Living System initiative provides \$2,425,000 in federal funds to reduce reliance on institutional long-term care and promote growth of high quality home and community-based services.</p> <p>This budget recommends continuation of the Alzheimer's Outreach appropriation at the current year funding level.</p>
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Program: Community Services for Older Pennsylvanians (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 7,912	\$ 7,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Family Caregiver	11,461	11,750	0	0	0	0	0
Legal Advocacy for Older Pennsylvanians.....	600	600	0	0	0	0	0
Alzheimer's Outreach	250	250	250	250	250	250	250
TOTAL GENERAL FUND	\$ 20,223	\$ 19,950	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
LOTTERY FUND:							
General Government Operations	\$ 0	\$ 0	\$ 8,205	\$ 8,186	\$ 8,186	\$ 8,186	\$ 8,186
Auditor General's Audit Cost	50	50	130	130	130	130	130
PENNCARE.....	219,791	227,923	242,937	246,152	246,039	245,884	245,884
Pre-Admission Assessment.....	7,253	7,678	10,293	10,293	10,293	10,293	10,293
Family Caregiver	0	0	12,103	12,103	12,103	12,103	12,103
Grants to Senior Centers.....	0	4,000	0	0	0	0	0
TOTAL LOTTERY FUND.....	\$ 227,094	\$ 239,651	\$ 273,668	\$ 276,864	\$ 276,751	\$ 276,596	\$ 276,596
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services.....	\$ 20,536	\$ 18,803	\$ 21,293	\$ 22,586	\$ 22,611	\$ 22,637	\$ 22,663

PROGRAM OBJECTIVE: To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.

Program: Pharmaceutical Assistance

The pharmaceutical assistance program provides limited pharmaceutical assistance to qualified older Pennsylvanians who are 65 years of age and over and who face the burden of the cost of drugs required to maintain healthy, productive lives. The program, financed by Lottery and Tobacco Settlement Fund revenue and administered by the Department of Aging, is referred to as PACE.

The PACE program has two components, PACE and PACENET. Act 37 of 2003 expanded the income eligibility limits for both components to enroll additional consumers. PACE, the traditional, comprehensive program is for older Pennsylvanians whose annual income is at or below \$14,500 for single persons and \$17,700 for married persons. The PACE Needs Enhancement Tier (PACENET) program is available for older Pennsylvanians whose annual income is between \$14,500 and \$23,500 for single persons and between \$17,700 and \$31,500 for married persons.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 created a new outpatient drug benefit as Part D of Medicare. An interim Medicare Drug Discount Card and Transitional Assistance Program began in June 2004. Low-income PACE enrollees, not enrolled in a Medicare HMO were enrolled into the transitional assistance program permitting PACE to charge to the Medicare Program up to \$600 per year for each enrollee's pharmaceutical expenses in 2004 and 2005.

Medicare Part D drug coverage began in January 2006. In July Act 111 of 2006 was passed creating PACE Plus Medicare which enables cardholders to take advantage of the features of both PACE and Medicare Part D. PACE Plus Medicare fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the doughnut hole phase of no Medicare coverage, and copayment differentials between the Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders must pay the Part D premiums. Act 111 of 2006 also eliminated the monthly deductible for PACENET cardholders. PACENET cardholders who forego Part D coverage are responsible for a monthly benchmark payment based on Part D premiums (\$32.59 in 2006 and \$28.45 in 2007). The benchmark premium payment is lower than the prior \$40 monthly PACENET deductible.

The PACE program acts as the enrollees' representative and facilitates PACE cardholder enrollment into the Extra Help/Low-Income Subsidy offering under Part D as well as collaborating with selected prescription drug plans to facilitate enrollment of PACE and PACENET cardholders

into Part D. PACE covers all medications requiring a prescription in the commonwealth, as well as insulin, insulin syringes and needles, unless a manufacturer does not participate in the Manufacturer's Rebate Program. PACE does not cover medications that can be purchased without a prescription. PACE cardholders pay a mandatory copayment of \$6 for generic and \$9 for brand-name prescriptions. PACENET cardholders pay a copayment of \$8 for generic and \$15 for brand-name prescriptions.

In accordance with Act 111 of 2006, participating pharmacies are reimbursed at 88 percent of the average wholesale costs of prescription drugs plus a dispensing fee, their usual and customary charge, or the most current Federal upper payment limit established in the Medicaid Program for generic drugs plus a dispensing fee, whichever is less. In addition, Act 134 of 1996 prohibits payment for cosmetic drugs and for less than effective drugs without certification by a physician.

The Department of Aging is responsible for insuring compliance with the PACE program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

A prudent pharmaceutical purchasing program ensures that the PACE program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers who agree to pay a rebate for brand drugs pursuant to the determination established by section 1927(c) (1) of the Social Security Act and a rebate of 11 percent of the average manufacturer price for generic drugs purchased through the program. In addition, participating manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturers price charged for a drug, excluding generics, and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

The Department of Aging serves as the administrative and fiscal agent for other commonwealth-sponsored drug reimbursement programs. Pharmaceutical claims for the Chronic Renal Disease Program, Cystic Fibrosis Program, Spina Bifida Program, Metabolic Conditions Program, including Maple Syrup Urine Disease and the Phenylketonuria Program (all within the Department of Health) and the Special Pharmaceutical Benefits Program (Department of Public Welfare) are processed through the PACE/PACENET system. The program also adjudicates

Program: Pharmaceutical Assistance (continued)

claims for the State Worker's Insurance Fund (Department of Labor and Industry). The program serves as the fiscal agent for the General Assistance Program, the Special Pharmaceutical Assistance Program (Department of

Public Welfare) and the Chronic Renal Disease Program (Department of Health) for the collection of rebates from pharmaceutical manufacturers.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Comprehensive PACE Program:							
Older Pennsylvanians enrolled (average) ..	189,124	181,800	172,875	164,400	156,300	148,600	141,300
Total prescriptions per year	9,649,152	8,726,400	8,298,000	7,891,200	7,502,400	7,132,800	6,782,400
Average PACE cost per prescription	\$41.83	\$21.61	\$15.48	\$15.78	\$16.08	\$16.32	\$16.52
PACE Needs Enhancement Tier (PACENET):							
Older Pennsylvanians enrolled (average) ..	117,014	143,935	184,850	226,675	247,700	267,500	289,500
Total prescriptions per year	3,604,104	6,102,753	7,704,750	9,386,150	10,441,510	11,318,650	12,293,250
Average PACENET cost per prescription ...	\$54.05	\$23.66	\$19.11	\$20.03	\$20.93	\$21.90	\$22.93

The average PACE and PACENET cost per prescription decreases in 2006-07 and 2007-08 to reflect the implementation and then annualization of the Federal Medicare Part D pharmacy benefit which reduces the PACE Program's share in the cost of each prescription.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>LOTTERY FUND Pharmaceutical Assistance Fund \$ 60,897 —increase in Lottery Funds needed to support the PACE Program due to increases in utilization and number of enrollees. 13,503 —reflects re-distribution of Tobacco Settlement Funds. <hr/> \$ 74,400 <i>Appropriation Increase</i></p>	<p>TOBACCO SETTLEMENT FUND PACENET Transfer (EA) \$ -13,503 —funding proposed for re-distribution as outlined in the Tobacco Settlement Fund presentation in Section C.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund	<u>\$ 400,000</u>	<u>\$ 204,000</u>	<u>\$ 278,400</u>	<u>\$ 291,200</u>	<u>\$ 314,200</u>	<u>\$ 339,200</u>	<u>\$ 367,300</u>
TOBACCO SETTLEMENT FUND:							
PACENET Transfer (EA)	<u>\$ 29,301</u>	<u>\$ 26,898</u>	<u>\$ 13,395</u>	<u>\$ 14,209</u>	<u>\$ 14,225</u>	<u>\$ 14,241</u>	<u>\$ 14,257</u>



DEPARTMENT OF AGRICULTURE

The mission of the Department of Agriculture is to encourage and promote agriculture and related industries throughout the Commonwealth.

The department's mission is accomplished through four major programs: consumer protection, property protection, farmland preservation and farmers and agribusiness development. The department provides a full range of services to farmers and consumers from Harrisburg and through seven regional offices located around the State.

The Department of Agriculture carries out activities to ensure wholesome and safe agricultural products for consumers; expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; develop and encourage proper farming and conservation practices; prevent, control and eradicate diseases among livestock, poultry and plants; regulate the conduct of horse racing and improve the quality of life in rural Pennsylvania.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 29,451	\$ 30,042^a	\$ 29,626
(F) Plant Pest Detection System.....	1,200	1,300	1,300
(F) Poultry Grading Service.....	59	59	59
(F) Medicated Feed Mill Inspection.....	30	50	32
(F) National School Lunch Administration.....	425	425	425
(F) Emergency Food Assistance.....	3,200	3,200	3,000
(F) Pesticide Control.....	1,000	1,000	1,000
(F) Agricultural Risk Protection.....	2,000	2,000	2,000
(F) Commodity Supplemental Food.....	1,500	1,500	1,500
(F) Organic Cost Distribution.....	180	190 ^b	180
(F) Animal Disease Control.....	2,000	2,000	2,000
(F) Food Establishment Inspections.....	300	300	300
(F) Integrated Pest Management.....	150	200 ^c	150
(F) Johnes Disease Herd Project.....	1,800	1,800	2,000
(F) Avian Influenza Surveillance.....	1,000	2,000	2,000
(F) Oral Rabies Vaccine.....	100	100	100
(F) Exotic Newcastle Disease Control.....	300	300	300
(F) Scrapie Disease Control.....	60	60	60
(F) Foot and Mouth Disease Monitoring.....	100	150	150
(F) Wildlife Services.....	800	800	800
(F) Animal Identification.....	2,000	2,000	2,000
(F) Dairy Development.....	500	0	0
(F) Bioterrorism Preparedness (EA).....	2,000	2,820	3,000
(F) West Nile Virus Control (EA).....	200	126	220
(F) Specialty Crops.....	0	1,000	1,000
(F) Food Safety Inspection (EA).....	12	9	0
(A) Lime Inspection.....	28	30	27
(A) Feed Inspections and Registrations.....	505	499	501
(A) Milk Plant Inspections.....	25	26	26
(A) Mailing List Production.....	7	7	7
(A) Special Conferences and Projects.....	2	0	0
(A) Administrative Services.....	1,396	1,804	2,206
(A) Pesticide Regulation.....	955	1,338	1,155
(A) Training Rides and Attractions.....	15	20	24
(A) Food Site Inspection.....	50	50	70
(A) Nutrient Management Certification Fees.....	12	13	10
(A) Apiary Registration and Fees.....	9	10	10
(A) Biomass Energy.....	6	20	0
(A) Weights and Measures Inspection Services.....	15	10	15
(A) Food Employee Certification Fees.....	177	210	210
(A) Transfer from Fertilizer Account.....	97	100	100
(A) Consumer Fireworks License.....	155	175	250
(A) Chronic Wasting Disease.....	0	10	0
(A) Purchasing Card Rebate.....	15	12	12
(A) Aquaculture.....	0	4	0
(A) Sponsorships Aquaculture.....	0	4	0
(A) Trade Booth Shows - Aquaculture.....	0	1	0
(A) Transfer from Growing Greener Programs.....	0	0	159
(A) Taxidermy Permit Registrations.....	0	0	140
(A) Transfer from Motor License Fund.....	0	0	0 ^d
Subtotal.....	\$ 53,836	\$ 57,774	\$ 58,124
Agricultural Excellence.....	0	430	0
Farmers' Market Food Coupons.....	2,000	3,000	2,000
(F) Farmers' Market Food Coupons.....	2,500	3,000	3,000
(F) Senior Farmers' Market Nutrition.....	2,000	2,500	2,200
Agricultural Conservation Easement Administration.....	520	520	488
(F) Farmland Protection.....	4,000	4,000	4,000
(A) Reimbursement from PennDOT.....	0	3	3

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(A)Transfer From Environmental Stewardship Fund.....	0	55	55
Agricultural Research.....	2,996	3,000	2,100
Agricultural Promotion, Education, and Exports.....	1,280	1,536	1,186
(A)Farm Show Revenue.....	46	44	47
(A)Trade Show Booth Fee.....	52	90	90
(A)Conference Registration Fees.....	2	17	17
Hardwoods Research and Promotion.....	779	780	605
Farm Safety.....	111	111	111
Nutrient Management.....	320	320	367
Subtotal - State Funds.....	\$ 37,457	\$ 39,739	\$ 36,483
Subtotal - Federal Funds.....	29,416	32,889	32,776
Subtotal - Augmentations.....	3,569	4,552	5,134
Total - General Government.....	\$ 70,442	\$ 77,180	\$ 74,393
 Grants and Subsidies:			
Animal Health Commission.....	\$ 5,250	\$ 6,675	\$ 6,675
Animal Indemnities.....	20	20	20
Transfer to State Farm Products Show Fund.....	3,000	3,000	3,000
Payments to Pennsylvania Fairs.....	4,369	4,000	4,000
Livestock Show.....	225	225	225
Open Dairy Show.....	225	225	225
Junior Dairy Show.....	50	50	50
4-H Club Shows.....	55	55	55
State Food Purchase.....	18,000	18,750	18,000
Food Marketing and Research.....	3,000	3,000	3,000
Product Promotion and Marketing.....	850	850	850
(F)Market Improvement.....	150	150	150
(F)Keystone Agriculture Innovation Center.....	1,000	0	0
Future Farmers.....	104	120	104
Agriculture & Rural Youth.....	110	110	110
Farm-School Nutrition Initiative.....	0	0	500
Transfer to Nutrient Management Fund.....	3,280	3,280	3,280
Local Soil and Water Districts.....	1,660	1,800	1,210
Crop Insurance.....	1,000	3,000	1,000
(F)Crop Insurance.....	2,000	2,000	2,000
Plum Pox Virus - Fruit Tree Indemnities.....	500	500	0
Subtotal - State Funds.....	\$ 41,698	\$ 45,660	\$ 42,304
Subtotal - Federal Funds.....	3,150	2,150	2,150
Total - Grants and Subsidies.....	\$ 44,848	\$ 47,810	\$ 44,454
STATE FUNDS.....	\$ 79,155	\$ 85,399	\$ 78,787
FEDERAL FUNDS.....	32,566	35,039	34,926
AUGMENTATIONS.....	3,569	4,552	5,134
GENERAL FUND TOTAL.....	\$ 115,290	\$ 124,990	\$ 118,847
 ENVIRONMENTAL STEWARDSHIP FUND:			
Grants and Subsidies:			
Agricultural Conservation Easement Program (EA).....	\$ 10,749	\$ 8,568	\$ 10,229
 FARM PRODUCTS SHOW FUND:			
General Government:			
General Operations (EA).....	\$ 5,976	\$ 5,229	\$ 6,374
(A)Transfer from General Fund.....	0 ^e	0 ^e	0 ^e

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 5,976	\$ 5,229	\$ 6,374
Total - General Government.....	<u>\$ 5,976</u>	<u>\$ 5,229</u>	<u>\$ 6,374</u>
STATE FUNDS.....	\$ 5,976	\$ 5,229	\$ 6,374
FARM PRODUCTS SHOW FUND TOTAL.....	<u>\$ 5,976</u>	<u>\$ 5,229</u>	<u>\$ 6,374</u>
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Weights & Measures Administration.....	\$ 0	\$ 0	\$ 2,627
<u>RACING FUND:</u>			
<i>General Government:</i>			
State Racing Commissions (EA).....	\$ 10,589	\$ 10,859	\$ 14,923
Equine Toxicology and Research Laboratory (EA).....	3,259	4,206	3,283
(A)Reimbursements - Out of State Testing.....	1	0	0
Payments to Pennsylvania Fairs - Administration (EA).....	223	245	252
Subtotal - State Funds.....	\$ 14,071	\$ 15,310	\$ 18,458
Subtotal - Augmentations.....	1	0	0
Total - General Government.....	<u>\$ 14,072</u>	<u>\$ 15,310</u>	<u>\$ 18,458</u>
<i>Grants and Subsidies:</i>			
Transfer to General Fund (EA).....	\$ 5,959	\$ 1,965	\$ 1,494
STATE FUNDS.....	\$ 20,030	\$ 17,275	\$ 19,952
AUGMENTATIONS.....	1	0	0
RACING FUND TOTAL.....	<u>\$ 20,031</u>	<u>\$ 17,275</u>	<u>\$ 19,952</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Agriculture Farm Operations.....	\$ 0	\$ 23	\$ 23
Dog Law Administration.....	6,980	9,621	10,287
Pesticide Regulation.....	2,706	3,211	3,501
Plant Pest Management.....	381	452	475
National School Lunch.....	41	60	60
GENERAL FUND TOTAL.....	<u>\$ 10,108</u>	<u>\$ 13,367</u>	<u>\$ 14,346</u>
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA).....	\$ 39,701	\$ 50,000	\$ 40,000
Supplemental Agricultural Conservation Easement Purchase.....	95	150	0
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND TOTAL.....	<u>\$ 39,796</u>	<u>\$ 50,150</u>	<u>\$ 40,000</u>
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants, and Technical Assistance (EA).....	\$ 1,600	\$ 1,861	\$ 1,851
Nutrient Management - Administration (EA).....	461	359	736
NUTRIENT MANAGEMENT FUND TOTAL.....	<u>\$ 2,061</u>	<u>\$ 2,220</u>	<u>\$ 2,587</u>
GROWING GREENER BOND FUND:			
Purchase of Agricultural Easements.....	\$ 0 ^f	\$ 20,000 ^f	\$ 20,000 ^f

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
RACING FUND:			
Sire Stakes Fund.....	\$ 3,825	\$ 6,638	\$ 11,477
Breeders' Fund.....	7,134	11,737	21,510
PA Standardbred Breeders Development Fund.....	0	1,848	6,427
RACING FUND TOTAL.....	\$ 10,959	\$ 20,223	\$ 39,414
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 79,155	\$ 85,399	\$ 78,787
SPECIAL FUNDS.....	36,755	31,072	39,182
FEDERAL FUNDS.....	32,566	35,039	34,926
AUGMENTATIONS.....	3,570	4,552	5,134
OTHER FUNDS.....	62,924	105,960	116,347
TOTAL ALL FUNDS.....	\$ 214,970	\$ 262,022	\$ 274,376

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- ^a Actually appropriated as \$29,642,000 for General Government Operations and \$400,000 for Food Safety and Inspection.
 - ^b Includes recommended supplemental appropriation of \$10,000.
 - ^c Includes recommended supplemental appropriation of \$50,000.
 - ^d Not added to the total to avoid double counting. See Motor License Fund section of this summary for dollar amount.
 - ^e Not added to the total to avoid double counting: 2005-06 Actual is \$3,000,000, 2006-07 Available is \$3,000,000, and 2007-08 Budget is \$3,000,000.
 - ^f Actually appropriated as \$80,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND.....	\$ 59,155	\$ 63,649	\$ 58,787	\$ 58,787	\$ 58,787	\$ 58,787	\$ 58,787
SPECIAL FUNDS.....	16,948	14,042	19,482	19,507	18,274	17,026	16,020
FEDERAL FUNDS.....	20,006	21,979	22,366	22,366	22,366	22,366	22,366
OTHER FUNDS.....	55,534	90,289	82,067	72,067	72,067	52,067	52,067
SUBCATEGORY TOTAL.....	\$ 151,643	\$ 189,959	\$ 182,702	\$ 172,727	\$ 171,494	\$ 150,246	\$ 149,240
HORSE RACING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	19,807	17,030	19,700	18,286	18,286	18,286	18,286
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	10,960	20,223	39,414	39,414	39,414	39,414	39,414
SUBCATEGORY TOTAL.....	\$ 30,767	\$ 37,253	\$ 59,114	\$ 57,700	\$ 57,700	\$ 57,700	\$ 57,700
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND.....	\$ 20,000	\$ 21,750	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	12,560	13,060	12,560	12,560	12,560	12,560	12,560
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 32,560	\$ 34,810	\$ 32,560	\$ 32,560	\$ 32,560	\$ 32,560	\$ 32,560
ALL PROGRAMS:							
GENERAL FUND.....	\$ 79,155	\$ 85,399	\$ 78,787	\$ 78,787	\$ 78,787	\$ 78,787	\$ 78,787
SPECIAL FUNDS.....	36,755	31,072	39,182	37,793	36,560	35,312	34,306
FEDERAL FUNDS.....	32,566	35,039	34,926	34,926	34,926	34,926	34,926
OTHER FUNDS.....	66,494	110,512	121,481	111,481	111,481	91,481	91,481
DEPARTMENT TOTAL.....	\$ 214,970	\$ 262,022	\$ 274,376	\$ 262,987	\$ 261,754	\$ 240,506	\$ 239,500

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

The Department of Agriculture facilitates an environment in which small, medium and large farming operations can be profitable and related industries can thrive.

Program Element: Protection and Development of Agricultural Industries

The stewardship and sustainability of the agricultural industry is integral to the competitiveness of Pennsylvania's overall economy and the quality of life of its citizens.

To improve the economy of the Pennsylvania agriculture and food industry, programs have been developed to enhance the ability of Pennsylvania agriculture, food and wood businesses to market their products in a competitive marketplace. Emphasis is placed on the marketing of raw agricultural products through direct consumer marketing and on value-added products that utilize commodities produced by Pennsylvania farmers.

Activities include commodity promotion, domestic and international business development, market opportunities, and agricultural land preservation.

Through commodity promotion the agency focuses on direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products, usually through promotional activities. Equally important, promotional activities operated under this program are designed to increase and enhance the awareness of consumers within and outside the borders of the Commonwealth about the product and agribusiness opportunities offered in Pennsylvania.

In order to further enhance these efforts, the Pennsylvania Preferred program has been developed. The intent of this program is to identify Pennsylvania produced, processed, and packaged products to consumers, recognizing that over 90% of Pennsylvania consumers surveyed indicate a desire to purchase Pennsylvania products. This program allows Pennsylvania Preferred products to be easily identified by consumers using packages and point of sale trademarks.

In recognition of the nearly \$1.5 billion in Pennsylvania products that are exported annually, the domestic and international business development program helps Pennsylvania companies market their products beyond the borders of Pennsylvania by providing promotional opportunities in foreign marketplaces and technical outreach to Pennsylvania food and agriculture businesses.

The market opportunities program examines domestic and foreign marketplaces to identify market needs and communicates these needs to the Pennsylvania food and agriculture industry. Pennsylvania businesses are then better able to expand as they develop products and services that meet the needs of the Pennsylvania farmer, producer and processor. The department's objective to

strengthen markets is coordinated with boards representing specific product interests; these boards are funded through producer fees based upon their production.

Further assisting the department in providing development opportunities for the Commonwealth's agricultural industry, the Department of Community and Economic Development's Small Business First Program and the Machinery and Equipment Loan Fund are available. These two programs allow farm businesses to borrow funds at competitive rates, strategically leveraging private funding sources. In addition, with the full implementation of the First Industries Fund, over \$100 million in business financing will be available to production agriculture. These programs form the foundation for the Commonwealth's growing agribusiness industry and economic development assistance and further allow the department to leverage the existing business development support provided to agriculture.

This program includes funding for the operation of the Farm Show Complex in Harrisburg, the grant program, and payments to Pennsylvania Fairs. Funding is used for agricultural fair operating reimbursements and grants in accordance with the guidelines of Act 92 of 1986. After these requirements have been fulfilled, the remaining appropriation balance is used for capital improvements at fairs.

Other promotional activities include appearances by statewide commodity representatives at shopping centers and other public functions; developing and displaying exhibits that depict agriculture's role in the economy of Pennsylvania; and working with Statewide commodity organizations.

The agricultural land preservation program, through the Agricultural Conservation Easement Purchase Fund created by Act 64 of 1988, purchases easements on prime agriculture land to ensure its continued use for agricultural production. Funding comes from a dedicated portion of the cigarette tax that is directed to this program. Act 233 of 2002 provided a one-time deposit of \$16,500,000 from the fees collected under 27 Pa. C.S. 6301 (relating to the disposal fee for municipal waste landfills) in 2004-2005. Growing Greener reestablished permanent funding for the agricultural easements by providing a yearly percentage (14.8%) of the Environmental Stewardship Fund revenues. Growing Greener bond sales provides \$80,000,000 over four years for the purchase of agricultural easements.

Agricultural research grants provide for scientific research into plant and animal health. This research identifies prevention mechanisms for disease and proactive mechanisms for enhancement of the quality and quantity of agricultural products and industry technology.

Program: Protection and Development of Agricultural Industries (continued)

Program Element: Consumer Commodity Inspections

The department is committed to protect the health and safety of the consumer and assuring the availability of quality agriculture products to consumers through regulatory efforts.

Among the department's protection activities are efforts in food safety. In 2005-06 the Bureau of Food Safety and Laboratory Services conducted 9,011 inspections and issued 8,876 registrations for food manufacturing firms, warehouses, and retail food stores; licensed and inspected 24,694 public eating and drinking places, and 4,291 frozen dessert operations; inspected 2,801 schools and 537 camps and summer food sites; and permitted and inspected approximately 220 seasonal farm labor camps and 140 shellfish facilities. In 2005-06 the Bureau also issued 892 milk permits and inspected 615 dairy processing, manufacturing and distribution facilities. The division issues approved inspector permits, approved dairy sampler's licenses, and dairy laboratory director's certificates. Dairy equipment, bulk milk tank and tanker inspections are also performed. The agency inspects egg processing plants, grocery stores, and warehouses in relation to eggs, fruits and vegetables grading and is a third party monitor for the PEQAP (Pennsylvania Egg Quality Assurance Program) in the state.

The department's focus in achieving compliance has been through training and education. Training classes have been given to restaurants, schools and camps. The department has developed a non-profit food safety training course curriculum, a booklet entitled "Food, Fundraising and You" and a School Food Service Food Safety booklet. A PA Food Code Training course is offered to agencies and local jurisdictions within the Commonwealth.

The agency is responsible for the regulation and maintenance of uniform standards of legal weights and measures of Commonwealth products. The Weight and Measures division of the Bureau of Ride and Measurement Standards performed 53,298 inspections in 2003, 115,220 in 2004 and 118,183 in 2005. The Amusement Ride division completed 1,844 inspections in 2003, 1,479 in 2004, and 1,354 in 2005. Act 155 of 1996 changed the law from counties "shall" have a sealer of weights and measures to "may" have. As of December 31, 2005, 44 counties discontinued their county weights and measures programs. As a result, the department is required to assume inspection activities within those counties. Devices inspected include fuel dispensers, small/medium/large capacity scales, vehicle tanks' meters, propane meters, timing devices, scanners, UPC systems, grain moisture meters and livestock scales.

Additional activities guarantee the quality of animal feeds, fertilizers, liming materials, plant materials and pesticides. Act 53 of 1996 transferred the responsibility for enforcement of the Seasonal Farm Labor Act from the Department of Environmental Protection to the Department

of Agriculture. Act 97 of 2001 updated the licensing and registration requirements relating to the sale and distribution of fertilizers, soil conditioners and plant growth substances in the Commonwealth.

To protect the consumer and ensure the availability of quality agriculture products, the department regulates the sale of feed, fertilizer, lime and seeds by requiring certain label information and by sampling and analyzing products in its Harrisburg laboratories. During 2005-06, 2,566 agribusiness inspections were conducted and 2,470 feed, fertilizer and lime samples were analyzed. In addition, 7,509 samples of seed were tested. The department inspects stone fruit trees for the plum pox virus to control the disease and reduce the potential harm to the fruit industry.

The department is improving the process to protect Pennsylvania's food production system from agro-terrorism. Fertilizer, feed and pesticide manufacturers, dealers and distributors will be advised on preventing the use of agricultural production tools for terrorist activities. An extensive training program for veterinarians and growers will be developed and implemented to recognize animal diseases or agents that may be used by bioterrorists.

The department inspects all ornamental nurseries and greenhouses periodically to determine the presence of new plant pests. This activity is intended to ensure correct diagnosis of the pest and to quarantine and/or prescribe proper treatment. During 2005, 1,229 dealer and 2,470 nursery and greenhouse inspections were conducted, along with the issuance of 1,859 phytosanitary certificates for the exportation of plant material. The department also inspected 1,582 apiaries involving 10,870 colonies of bees in 2005 for disease problems. The Pesticide Control Law provides for the regulation of the sale, use, handling, storage and transportation of pesticides. The department fulfills its statutory responsibilities by requiring registration of all pesticide products, testing and certification or registration of all private, commercial, and public pesticide applicators to insure minimum competency levels, licensing pesticide application business and dealers. The department periodically inspects those who manufacture, distribute, use, or transport pesticides and investigates complaints about misuse. During 2005-06, 581 pesticide dealers and 6,279 pesticide application businesses were licensed, 33,475 pesticide applicators were certified, 3,231 pesticide technicians registered, 12,114 pesticide products registered, 653 inspections and investigations conducted and 60 samples were analyzed. This program strives to provide for the optimum use of pesticides while minimizing their adverse effects on human life and the environment.

Pesticide expenditures are reflected in this program as Other Funds.

The State Conservation Commission, whose chairmanship alternates each year between the Secretary of Agriculture and the Secretary of Environmental Protection, is the primary implementing authority for the Nutrient

Program: Protection and Development of Agricultural Industries (continued)

Management Act. The law is designed to minimize surface and ground water pollution from agricultural operations. The program provides support for plan reviews; grant applications for best management practices along with certification for nutrient management specialists. A newly created hauler certification program for commercial manure haulers will be implemented in early 2007.

Program Element: Animal Health

The department is committed to maintaining the health of domestic animals in order to protect human health, to protect the quantity, quality and safety of food of animal origin, and to provide for the general welfare of domestic animals.

Pennsylvania agriculture is a national leader in livestock and poultry production. The Bureau of Animal Health and Diagnostic Services is responsible for the containment and eradication of livestock and poultry diseases that affect animal and human health or cause significant economic loss to agriculture.

The bureau provides services such as evaluating certificates of veterinary inspection for both interstate and intrastate movement to assure that animals in Pennsylvania have met necessary health requirements. The agency develops test programs for diseases such as brucellosis, bovine tuberculosis, pseudorabies, Johne's disease, scrapie, avian influenza, and Chronic Wasting disease and provides quality assurance programs, including an annual diagnostic herd program for brucellosis-free herds; tuberculosis-free herds; the Avian Influenza Monitored Flock program; Johne's Disease National Status Program; the Dairy Quality Assurance Program and the Chronic Wasting Disease Monitored Herd program.

The agency licenses and inspects domestic animal auctions. Promotion of animal health, public health and the production of safe animal origin products is achieved through on-farm testing enforcement of animal health regulations and ongoing communications with producers and health professionals.

The Pennsylvania Veterinary Laboratory (PVL) at the Department of Agriculture is one of three laboratories participating in the Pennsylvania Animal Diagnostic Laboratory System (PADLS). The other two laboratories are affiliated with the University of Pennsylvania and Penn State University. The PVL is part of a nationwide network of state and federal laboratories dedicated to identifying and combating animal diseases. The laboratory provides animal health services to producers' domestic animals with emphasis on infectious, nutritional and toxic diseases.

The Bureau of Animal Health and PADLS have a joint application, known as PAHerds, which combines an animal tracking information system and a laboratory information system to allow entities to perform detailed analysis of animal disease and provides the capability to effectively locate and eradicate disease outbreaks.

The Bureau Director of Animal Health and Diagnostic Services is the State Veterinarian and is the Executive Director of the Animal Health and Diagnostic Commission (AH&DC). The AH&DC coordinates and funds the PADLS, field investigations, research grants, quality assurance programs and disease surveillance programs designed to protect the livestock, poultry, wildlife, food chain, and human population of Pennsylvania.

Included in this category is dog law enforcement. Primary functions include the investigation and prosecution of dangerous dog incidents, investigation of dog bites, enforcement of licensing and rabies vaccination requirements for dogs and kennels, control and regulation of the sale and transportation of dogs, annual kennel inspections, reimbursement of law enforcement agencies for the detention and disposition of stray dogs and reimbursement to owners of livestock and poultry for damage caused by dogs and coyotes. In 2005, 43,523 dogs and 2,578 kennels were licensed under this program.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Development of Pennsylvania's Agricultural Industry							
Dollar volume of food and agricultural exports (in millions).....	\$1,370	\$1,450	\$1,500	\$1,525	\$1,550	\$1,600	\$1,600
Small Business First, Machinery and Equipment Loan Fund, and Next Generation Farmer Loan Program applications funded.....	102	120	130	140	150	160	160
Dollar value of Federal USDA investments in agriculture projects pertaining to increasing income or decreasing costs for farmers and agribusinesses (in thousands).....	\$35,180	\$38,400	\$40,000	\$42,000	\$44,000	\$46,000	\$46,000

Program: Protection and Development of Agricultural Industries (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Development of Pennsylvania's Agricultural Industry (continued)							
Department of Agriculture's crop insurance policies sold	16,000	16,000	16,200	16,400	16,600	16,800	17,000
Value of crop insurance protection policies (in millions).....	\$282	\$282	\$285	\$287	\$289	\$301	\$305
Farm acreage preserved	24,126	50,000	52,000	22,000	22,000	22,000	22,000
Occupancy rate at the farm show complex	37.9%	38.3%	38.6%	39.9%	40.7%	41.4%	42.0%
Consumer Commodity Inspections							
Food, safety, weights and measures, and plant industry inspections completed that require follow-up action (in thousands)	17	14	14	14	14	14	14
Nutrient Management							
Dollars invested in helping producers meet nutrient management requirements (in thousands)	\$1,018	\$1,233	\$1,400	\$1,500	\$1,500	\$1,500	\$1,500
Increase in percentage of farms meeting the Nutrient Management Act and the CAFO (Concentrated Animal Feeding Operations) requirements	8%	10%	15%	5%	2%	2%	2%
Increase in the number of farms developing nutrient management plans....	229	100	160	90	80	80	80
Importing farms required to have additional documentation to protect water resources	NA	775	900	900	800	200	200
Nutrient management plans approved	229	350	350	350	300	80	80
Animal Health							
Animal samples diagnosed at the PADLS labs (in thousands)	569	761	762	763	763	763	763
Dairy profit teams	58	135	180	230	275	310	340
Agricultural education curriculum developed to State academic standards and accessed by the educational community (in thousands).....	47	49	51	53	55	57	59

Farm acreage preserved increased in 2006-07 due to the additional availability of Growing Greener bond proceeds.

Program: Protection and Development of Agricultural Industries (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	General Government Operations	\$ -590	Local Soil and Water Districts
\$ 1,479	—to provide for increased weights and measures testing.		—nonrecurring projects.
-2,627	—reflects transfer of the applicable Weights and Measures program costs to the Motor License Fund.	\$ -2,000	Crop Insurance
732	—to continue current program.		—nonrecurring projects.
\$ -416	Appropriation Decrease	\$ -500	Plum Pox Virus - Fruit Tree Indemnities
			—nonrecurring projects.
\$ -430	Agricultural Excellence	All other General Fund Appropriations are recommended at the current year funding levels.	
	—nonrecurring projects.		
\$ -32	Agricultural Conservation Easement Administration		ENVIRONMENTAL STEWARDSHIP FUND
	—nonrecurring projects.		Transfer to Agricultural Conservation Easement Purchase Fund (EA)
\$ -900	Agricultural Research	\$ 1,661	—to provide additional funding for easement purchases.
	—nonrecurring projects.		
\$ -350	Agricultural Promotion, Education and Exports		FARM PRODUCTS SHOW FUND
	—nonrecurring projects.	\$ 1,145	General Operations (EA)
\$ -175	Hardwoods Research and Promotion		—to continue current program.
	—nonrecurring projects.		
\$ 47	Nutrient Management	\$ 2,627	MOTOR LICENSE FUND
	—to continue current program.		Weights & Measures Administration
\$ -16	Future Farmers		—reflects transfer of the applicable Weights and Measures program costs from the General Fund.
	—nonrecurring projects.		
\$ 500	Farm-School Nutrition Initiative		RACING FUND
	—Initiative — Healthy Farms and Healthy Schools. To provide financial support to schools for agriculture and nutrition education programs.	\$ 7	Payments to Pennsylvania Fairs - Administration (EA)
			—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 29,451	\$ 30,042	\$ 29,626	\$ 29,626	\$ 29,626	\$ 29,626	\$ 29,626
Agricultural Excellence	0	430	0	0	0	0	0
Agricultural Conservation Easement Administration	520	520	488	488	488	488	488
Agricultural Research	2,996	3,000	2,100	2,100	2,100	2,100	2,100
Agricultural Promotion, Education, and Exports.....	1,280	1,536	1,186	1,186	1,186	1,186	1,186
Hardwoods Research and Promotion.....	779	780	605	605	605	605	605
Farm Safety.....	111	111	111	111	111	111	111
Nutrient Management.....	320	320	367	367	367	367	367
Animal Health Commission	5,250	6,675	6,675	6,675	6,675	6,675	6,675
Animal Indemnities	20	20	20	20	20	20	20
Transfer to State Farm Products Show Fund.....	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Payments to Pennsylvania Fairs	4,369	4,000	4,000	4,000	4,000	4,000	4,000

Program: Protection and Development of Agricultural Industries (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND: (continued)							
Livestock Show.....	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225
Open Dairy Show	225	225	225	225	225	225	225
Junior Dairy Show	50	50	50	50	50	50	50
4-H Club Shows.....	55	55	55	55	55	55	55
Food Marketing and Research	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Product Promotion and Marketing	850	850	850	850	850	850	850
Future Farmers.....	104	120	104	104	104	104	104
Agriculture & Rural Youth	110	110	110	110	110	110	110
Farm-School Nutrition Initiative	0	0	500	500	500	500	500
Transfer to Nutrient Management Fund	3,280	3,280	3,280	3,280	3,280	3,280	3,280
Local Soil and Water Districts.....	1,660	1,800	1,210	1,210	1,210	1,210	1,210
Crop Insurance	1,000	3,000	1,000	1,000	1,000	1,000	1,000
Plum Pox Virus - Fruit Tree Indemnities....	500	500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 59,155	\$ 63,649	\$ 58,787	\$ 58,787	\$ 58,787	\$ 58,787	\$ 58,787
ENVIRONMENTAL STEWARDSHIP FUND:							
Transfer to Agricultural Conservation							
Easement Purchase (EA)	\$ 10,749	\$ 8,568	\$ 10,229	\$ 10,836	\$ 9,603	\$ 8,355	\$ 7,349
FARM PRODUCTS SHOW FUND:							
General Operations (EA)	\$ 5,976	\$ 5,229	\$ 6,374	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792
MOTOR LICENSE FUND:							
Weights & Measures Administration.....	\$ 0	\$ 0	\$ 2,627	\$ 2,627	\$ 2,627	\$ 2,627	\$ 2,627
RACING FUND:							
Payments to Pennsylvania Fairs -							
Administration (EA)	\$ 223	\$ 245	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252

PROGRAM OBJECTIVE: To prevent consumer fraud in the racing industry.

Program: Horse Racing Regulation

Activities in this program area include the development and implementation of rules, regulations and procedures to insure the public and harness and horse owners of honest, safe, and competitive pari-mutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, percentages of the amount wagered as specified by law are credited to the Breeder's Fund and to the Sire Stakes Fund. Act 23 of 2000 amended the Race Horse Industry Reform Act to increase the percentage credited to the Breeder's Fund from 0.7% to 1.0% of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited

with 1.5% of wagers on harness races. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

Act 71 of 2004 established the Race Horse Development Fund, which will receive revenue generated by licensed gaming facilities. Proceeds will be distributed to licensees conducting live horse racing. Track owners will deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks will commit the remaining proceeds to the Breeder's Fund and a Horseman's Organization Fund. Standardbred tracks will commit proceeds to the Sire Stakes Fund, the PA Standardbred Fund, and a Horsemen's Organizational Fund.

The Equine Toxicology and Research Laboratory tests for the presence of foreign substances in the blood and urine of race horses following all races to ensure that no foreign substances have been administered prior to a race.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Participant licenses issued: harness and horse racing	8,217	15,040	15,300	15,600	15,600	15,600	15,600
Investigations to ensure compliance with established rules and regulations: harness and horse racing	7,009	7,680	7,880	8,080	8,080	8,080	8,080
Licenses suspended for noncompliance of rules and regulations: harness and horse racing	420	520	520	520	520	520	520
Equine toxicology and research lab successful identification of weekly quality control test substance at least 90% of the time	97%	92%	92%	92%	92%	92%	92%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	RACING FUND		
	State Racing Commissions (EA)		Equine Toxicology and Research Laboratory (EA)
\$ 3,971	—to provide resources for the opening of new thoroughbred and standardbred race tracks.	\$ -923	—nonrecurring projects.
<u>93</u>	—to continue current program.	\$ -471	Transfer to General Fund (EA)
\$ 4,064	<i>Appropriation Increase</i>		—decrease in funds available to transfer. Law requires June 30th ending surplus to be transferred to the General Fund.

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
RACING FUND:							
State Racing Commissions (EA)	\$ 10,589	\$ 10,859	\$ 14,923	\$ 14,923	\$ 14,923	\$ 14,923	\$ 14,923
Equine Toxicology and Research Laboratory (EA)	3,259	4,206	3,283	3,283	3,283	3,283	3,283
Transfer to General Fund (EA)	5,959	1,965	1,494	80	80	80	80
TOTAL STATE RACING FUND	\$ 19,807	\$ 17,030	\$ 19,700	\$ 18,286	\$ 18,286	\$ 18,286	\$ 18,286

PROGRAM OBJECTIVE: To distribute surplus and donated food through institutions and counties or designated lead agencies to individuals and families who are dependent or disadvantaged to support minimum standards of living and economic independence.

Program: Emergency Food Assistance

The State Food Purchase Program (SFPP) provides State fund cash grants to counties or a designated lead agency for the purchase and distribution of food to needy individuals. Funding is allocated to each of the Commonwealth's 67 county lead agencies based on: unemployment and non-public assistance food stamp and medical assistance eligible individuals. County lead agencies are authorized to expend up to eight percent of the grant for administrative costs.

Food acquired and donated by the United States Department of Agriculture (USDA) is distributed through

the Emergency Food Assistance Program (TEFAP). The TEFAP provides USDA commodities for household use, specifically for unemployed and low income individuals who meet established eligibility criteria.

TEFAP commodities are allocated to each of the Commonwealth's 67 lead agencies based on the number of eligible participants. TEFAP administrative monies, provided by the USDA, are allocated based on each county's relative share of unemployment and poverty statistics.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Improving Participant Access to Pennsylvania fruits and vegetables							
Farmers markets participating in the Farmers Market Nutrition Program (FMNP)							
	847	849	849	849	849	849	849
Dollar value of commodities distributed (in thousands)	\$44,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000
Persons receiving donated or surplus foods (in thousands)							
Traditional program	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TEFAP	2,700	2,700	2,700	2,700	2,700	2,700	2,700
State Food Purchase Program	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Percentage of farmers' market coupons redeemed by							
WIC recipients	62%	60%	60%	60%	60%	60%	60%
Seniors	95%	87%	87%	87%	87%	87%	87%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -1,000	GENERAL FUND Farmers' Market Food Coupons —nonrecurring costs.	\$ -750	State Food Purchases —nonrecurring costs.
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Farmers' Market Food Coupons	\$ 2,000	\$ 3,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
State Food Purchase	18,000	18,750	18,000	18,000	18,000	18,000	18,000
TOTAL GENERAL FUND	\$ 20,000	\$ 21,750	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000



DEPARTMENT OF BANKING

The mission of the Department of Banking is to ensure the safety and soundness of State-chartered deposit-taking institutions; to ensure compliance with State laws and regulations which impact other financial service entities; and to provide a regulatory environment that will facilitate development of a sound financial services industry that adequately meets the needs of industry and the public.

The Department of Banking protects the public through the supervision, regulation and examination of records, accounts and policies of State-chartered financial institutions.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
 2005-06 2006-07 2007-08
 ACTUAL AVAILABLE BUDGET

BANKING DEPARTMENT FUND:

General Government:

General Government Operations.....	\$	18,120	\$	18,004	\$	18,760
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Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
REGULATION OF FINANCIAL INSTITUTIONS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	18,120	18,004	18,760	18,760	18,760	18,760	18,760
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 18,120	\$ 18,004	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	18,120	18,004	18,760	18,760	18,760	18,760	18,760
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 18,120	\$ 18,004	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760

PROGRAM OBJECTIVE: To insure the maintenance of an economically sound and competitive system of State-chartered financial institutions.

Program: Financial Institution Regulation

This program involves supervision, regulation and examination of the records, accounts and policies of State-chartered banking institutions, savings associations, credit unions and state-licensed sales finance companies, installment sellers, money transmitters, consumer discount companies, collector-repossessors, pawnbrokers, first mortgage bankers and brokers, second mortgage lenders, brokers and brokers' agents, and check cashers. In addition to these activities, the department received approximately 5,899 consumer inquiries during 2005-06.

As of June 30, 2006, there were 174 banking institutions under the department's supervision: 55 commercial banks, 43 bank and trust companies, 51 savings banks, one private bank, 23 non-depository trust companies, and one foreign bank which maintained a representative office in Pennsylvania. There were 8 savings associations and 70 credit unions chartered and supervised by the Department of Banking. Also operating in the Commonwealth were 51 one-bank holding companies and 27 multi-bank holding companies. The department renews non-depository institution licenses annually and issues new licenses upon review and approval of license applications. The 15,685 non-depository entities at the end of June 2006 included: 3,622 installment sellers; 4,414 first mortgage bankers and brokers; 4,675 second mortgage lenders, brokers and brokers' agents; 1,038 sales finance companies; and 487 consumer discount companies. The remaining 1,449 licenses were held by pawnbrokers, money transmitters, check cashers, limited loan brokers, loan correspondents, and collector-repossessors, etc.

In 2004-2005, as part of the redesigning of the organizational structure, an investigation unit was created to facilitate a reduction in financial abuse. The Office of Financial Education was established in April 2004 to promote financial literacy and help consumers avoid financial abuse. This office has developed consumer education materials, trained teachers to incorporate financial education in the classroom, started a workplace pilot program and created a financial education website. The department provides internet-based licensing and reporting of complaints towards institutions under the department's purview. In 2007 it will be possible to file annual reports electronically.

Recent legislative enactments have impacted the Department of Banking's program responsibilities. Act

22 of 1998, as amended by Act 200 of 2002, requires the annual licensing, or for certain retail food stores the registration, and regulation of all check cashers doing business in Pennsylvania.

Act 89 of 2000 provides state-chartered commercial and savings banks with parity in activities permitted for national banks and federally chartered savings banks and savings associations. It also provides parity in activities permitted state-chartered banks located in other states when the activity has been approved by the Federal Deposit Insurance Corporation (FDIC) (under Section 24 of the FDIC Act).

Act 55 of 2001, the Mortgage Bankers and Brokers and Consumer Equity Protection Act, provides the department with broad regulatory and enforcement authority over financial entities which make covered or "predatory loans" in the Commonwealth; strengthens industry bonding requirements; authorizes the department to obtain criminal background information from applicants and provides licensing exemption for religious organizations which meet certain requirements.

Act 186 of 2002, which amended the Motor Vehicle Sales Finance Act, provides increased exam and enforcement authority and additional consumer disclosures and permits incidental items relating to automobile sales to be financed under the Act.

Act 207 of 2002, commonly referred to as the Credit Union Parity Legislation, authorized state-chartered credit unions to engage in activities permitted by federally chartered credit unions subject to conditions of the department.

Act 209 of 2002, which amended the Department of Banking Code, authorized the department to receive criminal history record information from other state and federal agencies when evaluating initial applicants for departmental licensure; permitted the publishing of final orders for violation of departmental licensing statutes; clarified the department's ability to share examination and regulatory information with other state and federal securities and insurance regulatory agencies; and provided increased enforcement authority, injunctive authority, fining authority and clarification of departmental authority to promulgate regulations, statements of policy and interpretive letters.

Program: Financial Institution Regulation (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Supervision of State-chartered:							
Banks.....	172	174	174	174	174	174	174
Savings and loan associations	8	8	8	8	8	8	8
Credit unions	71	71	71	71	71	71	71
Licenses issued to consumer credit agencies:							
First mortgage bankers/brokers.....	4,717	4,200	4,200	4,200	4,200	4,200	4,200
Second mortgage lenders/brokers/ broker's agents.....	4,872	4,800	4,800	4,800	4,800	4,800	4,800
Sales finance companies.....	1,057	1,030	1,030	1,030	1,030	1,030	1,030
Consumer discount companies	483	490	490	490	490	490	490
Pawnbrokers.....	53	55	55	55	55	55	55
Money transmitters.....	26	25	25	25	25	25	25
Collectors-repossessors.....	158	150	150	150	150	150	150
Installment sellers	3,614	3,700	3,700	3,700	3,700	3,700	3,700
Check casher.....	551	550	550	550	550	550	550
License applications filed electronically:							
Number.....	2,194	2,886	10,863	10,863	10,863	10,863	2,886
Percent.....	38%	60%	90%	90%	90%	90%	90%
Annual reports filed electronically:							
Number.....	N/A	2,000	2,500	3,600	3,800	3,800	3,800
Percent.....	N/A	30%	55%	80%	90%	90%	90%

Electronic filing of license applications is projected to increase in 2007-08 due to a transition from paper to online processing of the department's 18 license categories.

Annual reports will begin to be processed electronically in March 2007.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

BANKING DEPARTMENT FUND
General Government Operations
 \$ 756 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
BANKING DEPARTMENT FUND:							
General Government Operations	\$ 18,120	\$ 18,004	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760	\$ 18,760



CIVIL SERVICE COMMISSION

The mission of the Civil Service Commission is to provide greater efficiency and economy in the government of the Commonwealth by establishing conditions of employment which will attract to the service of the Commonwealth qualified persons of character and ability and appointing and promoting all persons on the basis of merit and fitness.

The Civil Service Commission administers the Commonwealth's merit system. The responsibilities of the commission include recruitment of qualified candidates; evaluation of applicants' education and experience to determine if minimum requirements have been met; development and administration of examinations; and certification of eligibles to the appointing agencies.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1	\$ 1	\$ 1
(A) Fees From Agencies.....	14,657	14,734	15,259
(A) Special Merit System Services.....	890	895	913
Subtotal - State Funds.....	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>
Subtotal - Augmentations.....	15,547	15,629	16,172
Total - General Government.....	<u>\$ 15,548</u>	<u>\$ 15,630</u>	<u>\$ 16,173</u>
STATE FUNDS.....	\$ 1	\$ 1	\$ 1
AUGMENTATIONS.....	15,547	15,629	16,172
GENERAL FUND TOTAL.....	<u>\$ 15,548</u>	<u>\$ 15,630</u>	<u>\$ 16,173</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PERSONNEL SELECTION							
GENERAL FUND.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,547	15,629	16,172	16,172	16,172	16,172	16,172
SUBCATEGORY TOTAL.....	\$ 15,548	\$ 15,630	\$ 16,173	\$ 16,173	\$ 16,173	\$ 16,173	\$ 16,173
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,547	15,629	16,172	16,172	16,172	16,172	16,172
DEPARTMENT TOTAL.....	\$ 15,548	\$ 15,630	\$ 16,173	\$ 16,173	\$ 16,173	\$ 16,173	\$ 16,173

Civil Service Commission

PROGRAM OBJECTIVE: To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.

Program: Personnel Selection

Through this program, the Civil Service Commission provides qualified persons to meet merit system staffing needs.

The commission ensures the Commonwealth merit system is in full compliance with all State laws and regulations concerning employee selection procedures and the Federal Uniform Guidelines on Employee Selection Procedures. This includes job analysis and implementation of a program to identify and correct adverse impacts of examinations on protected groups.

Goals of the commission include identification and elimination of adverse impact, development of more valid examinations, identification and elimination of discrimination in the Commonwealth's human resource system, increased efficiency in meeting personnel needs

of State and local client agencies, and prompt and accurate resolution or adjudication of complaints, grievances and appeals.

In recent years, the commission has increased operating efficiency with the implementation of computerized examination, imaging and workflow, and applicant self-scheduling systems. These improvements have reduced the time required to apply for and take an exam, receive an examination score, and be placed on a candidate eligibility listing. These enhancements have increased the commission's ability to provide real-time candidate eligibility listings to client agencies seeking to fill vacancies.

The funds supporting this program are received from billing various General and Special Fund State and local client agencies.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total eligibles on list.....	237,453	230,000	230,000	230,000	230,000	230,000	230,000
Persons scheduled for exams	147,271	160,000	160,000	160,000	160,000	160,000	160,000
Persons taking computerized exams.....	63,917	76,000	76,000	76,000	76,000	76,000	76,000
Certifications audited.....	12,258	10,000	10,000	10,000	10,000	10,000	10,000
Test-taker satisfaction rating (based on a 5-point scale).....	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Appeal requests received and processed ..	460	500	500	500	500	500	500
Agency client satisfaction rating (based on a 5-point scale).....	3.7	3.8	3.9	3.9	3.9	3.9	3.9
Annual cost of merit system per covered employee.....	\$211	\$222	\$228	\$233	\$237	\$245	\$252

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

General Government Operations
 \$ 543 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses and communities to succeed and thrive in a global economy, thereby enabling Pennsylvanians to achieve a superior quality of life.

The Department of Community and Economic Development administers programs which recognize that community development and economic development are linked. This includes expanding and providing for more efficient delivery of local services; coordinating community and economic development resources to restore and maintain the vitality of our communities; advancing the economic well-being of communities through the maximization of community and economic development resources; and promoting housing and community revitalization in conjunction with economic development activities.

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 17,990	\$ 19,530	\$ 19,880
(F)ARC - Technical Assistance.....	275	225	300
(F)DOE - Weatherization Administration.....	535	535	535
(F)SCDBG - Administration.....	1,720	1,720	1,720
(F)CSBG - Administration.....	1,402	1,402	1,402
(F)LIHEABG - Administration.....	535	535	535
(F)Communications Infrastructure.....	830	830	0
(F)Americorps Training and Technical Assistance.....	0	80	80
(F)Americorps Training and Technical Assistance (EA).....	80	0	0
(F)Bioterrorism Preparedness Training (EA).....	2,628	314	0
(F)Katrina Emergency Housing - FEMA.....	10,000	0	0
(A)Pennsylvania Industrial Development Authority.....	1,340	1,259	1,253
(A)Pennsylvania Economic Development Financing Authority.....	448	445	440
(A)Environmental Training Partnership.....	1,280	1,300	1,300
(A)Local Area Transportation.....	354	300	300
(A)Community Development Bank.....	67	91	115
(A)Economic Stimulus.....	1,225	1,669	1,810
(R)Small Business Advocate - Utilities.....	975	975	993
International Trade.....	5,734	5,734	5,944
International Marketing.....	1,700	500	0
Interactive Marketing.....	2,040	2,040	2,040
Marketing to Attract Tourists.....	15,100	16,600	13,646
(A)Reimbursement for Travel Advertisements.....	1,716	2,000	2,000
Marketing to Attract Business.....	3,985	3,985	3,491
Cultural Exhibitions and Expositions.....	4,930	11,725	0
Regional Marketing Partnerships.....	4,500	5,000	5,000
Marketing to Attract Film Business.....	600	600	610
Housing Research Center.....	250	388	0
Business Retention and Expansion.....	12,276	18,629	3,226
Land Use Planning and Technical Assistance.....	3,321	3,321	5,247
Base Realignment and Closure.....	450	1,025	276
PennPORTS.....	18,880	0	9,913
PennPORTS Operations.....	0	375	0
PennPORTS-Port of Pittsburgh.....	0	1,500	0
PennPORTS-Port of Erie.....	0	2,640	0
PennPORTS-Delaware River Maritime Council.....	0	1,750	0
PennPORTS-Philadelphia Regional Port Authority Operations.....	0	6,500	0
PennPORTS-Philadelphia Regional Port Authority Debt Service.....	0	4,462	0
PennPORTS-Piers.....	0	1,500	0
PennPORTS-Piers Database.....	0	75	0
PennPORTS-Navigational System.....	0	400	0
PennPORTS-Intermodal Incentive Study.....	0	1,000	0
PennPORTS-Competitiveness Study.....	0	100	0
Subtotal - State Funds.....	\$ 91,756	\$ 109,379	\$ 69,273
Subtotal - Federal Funds.....	18,005	5,641	4,572
Subtotal - Augmentations.....	6,430	7,064	7,218
Subtotal - Restricted Revenues.....	975	975	993
Total - General Government.....	\$ 117,166	\$ 123,059	\$ 82,056
<i>Grants and Subsidies:</i>			
Transfer to Municipalities Financial Recovery Revolving Fund.....	\$ 1,500	\$ 1,500	\$ 1,500
Transfer to Industrial Sites Environmental Assessment Fund.....	500	500	500
Transfer to Ben Franklin Tech. Development Authority Fund.....	50,200	50,200	52,700
Transfer to Commonwealth Financing Authority.....	8,294	36,939	61,617
Intergovernmental Cooperation Authority-2nd Class Cities.....	963	632	900
Opportunity Grant Program.....	49,000	49,000	49,000

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Keystone Innovation Zones.....	2,000	2,000	2,000
Customized Job Training.....	30,000	30,000	30,000
Workforce Leadership Grants.....	4,050	4,050	3,050
Emergency Responder and Training.....	6,000	8,500	0
Infrastructure Development.....	22,500	22,500	22,500
Housing & Redevelopment Assistance.....	30,000	30,000	35,000
(F)Homelessness Study Grant.....	90	0	0
(F)DOE - Weatherization.....	18,000	18,000	18,000
(F)Emergency Shelter for the Homeless.....	75	75	75
(F)LIHEABG - Weatherization Program.....	24,000	24,000	24,000
(F)LIHEAP Weatherization.....	0	10,000	0
(F)SCDBG - HUD Disaster Recovery.....	4,529	2,000	2,000
(F)Centralia Recovery(EA).....	1,270	1,000	300
(F)TANFBG - Housing Assistance (EA).....	358	0	0
(A)Home Access Program - PHFA.....	1,000	400	0
Accessible Housing.....	0	3,000	3,000
PHFA - Homeowners Emergency Mortgage Assistance.....	8,000	10,000	11,000
PHFA - Early Childhood Education Capital.....	0	0	1,250
Family Savings Accounts.....	1,000	1,250	1,000
(F)Assets for Independence.....	1,000	1,250	1,000
Shared Municipal Services.....	1,400	2,400	2,400
Local Government Resources and Development.....	31,000	22,000 ^a	0
New Communities.....	18,000	18,000	18,000
(F)Enterprise Communities - SSBG.....	28,000	10,000	0
Community Action Team (CAT).....	0	0	2,000
Appalachian Regional Commission.....	925	1,000	1,000
Industrial Development Assistance.....	4,150	4,500	4,150
Local Development Districts.....	5,050	6,140	5,050
Small Business Development Centers.....	6,750	8,000	6,750
Tourist Promotion Assistance.....	11,000	11,000	10,450
Tourism - Accredited Zoos.....	2,000	2,250	0
Community Revitalization.....	56,754	44,300	0
Urban Development.....	7,000	18,900	0
(A)Cultural Activities.....	5,260	0	0
Community and Business Assistance.....	2,500	5,125	0
Economic Growth & Development Assistance.....	1,000	7,000	0
Community & Municipal Facilities Assistance.....	2,500	6,000	0
Market Development.....	10,000	10,000	0
Rural Leadership Training.....	210	250	210
Flood Plain Management.....	60	60	60
(F)FEMA Technical Assistance.....	150	150	200
(F)FEMA - Mapping.....	120	70	100
Community Conservation and Employment.....	15,000	29,000	29,000
(F)Community Services Block Grant.....	28,000	28,000	28,000
(F)Supported Work Program (EA).....	5,264	5,354	5,082
(A)Supported Work.....	2,801	2,801	2,710
Super Computer Center.....	1,500	2,500	1,200
Infrastructure Technical Assistance.....	5,000	6,000	500
Minority Business Development.....	2,000	3,000	0
Fay Penn.....	600	600	0
Tourist Product Development.....	2,000	2,000	2,000
Industrial Resource Center.....	15,200	15,200	15,200
Early Intervention for Distressed Municipalities.....	750	750	750
Manufacturing and Business Assistance.....	2,500	3,000	0
PENNTAP.....	300	300	0
Agile Manufacturing.....	750	750	0
Powdered Metals.....	100	200	0
Regional Development Initiative.....	900	19,370	0
Infrastructure & Facilities Improvement Grants.....	5,000	15,000	22,500
Municipal Code Training.....	250	250	0
Community Development Bank Grants.....	2,000	2,200	0

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Digital & Robotic Technology	1,500	3,000	0
World Trade PA	0	15,000	15,000
Film Grant Program	0	10,000	20,000
Cultural Activities	0	9,175	0
Subtotal - State Funds.....	\$ 429,656	\$ 554,291	\$ 431,237
Subtotal - Federal Funds.....	110,856	99,899	78,757
Subtotal - Augmentations.....	9,061	3,201	2,710
Total - Grants and Subsidies.....	<u>\$ 549,573</u>	<u>\$ 657,391</u>	<u>\$ 512,704</u>
STATE FUNDS.....	\$ 521,412	\$ 663,670	\$ 500,510
FEDERAL FUNDS.....	128,861	105,540	83,329
AUGMENTATIONS.....	15,491	10,265	9,928
RESTRICTED REVENUES.....	975	975	993
GENERAL FUND TOTAL	<u>\$ 666,739</u>	<u>\$ 780,450</u>	<u>\$ 594,760</u>
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Biotechnology Commercialization.....	\$ 0	\$ 0	\$ 6,698
Health Venture Investment Account.....	0	0	6,698
Life Sciences Greenhouses.....	0	3,000	3,000
Total - Grants and Subsidies.....	<u>\$ 0</u>	<u>\$ 3,000</u>	<u>\$ 16,396</u>
<i>General Government:</i>			
(R)Tobacco Settlement Investment Board.....	\$ 0 ^b	\$ 0 ^b	\$ 0 ^b
STATE FUNDS.....	\$ 0	\$ 3,000	\$ 16,396
TOBACCO SETTLEMENT FUND TOTAL	<u>\$ 0</u>	<u>\$ 3,000</u>	<u>\$ 16,396</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund.....	\$ 1,108	\$ 3,000	\$ 500
ARC Revolving Loan Fund.....	109	0	0
GENERAL FUND TOTAL	<u>\$ 1,217</u>	<u>\$ 3,000</u>	<u>\$ 500</u>
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology.....	\$ 55,485	\$ 52,685	\$ 52,685
Assistive Technology (F).....	2,000	500	500
Telecommunications Initiatives (F).....	6,000	6,000	6,000
Technology Opportunities (F).....	500	0	0
Telecommunications Infrastructure (F).....	2,000	2,000	2,000
Integrated Technology (F).....	1,000	0	0
Telecommunication Projects (F).....	500	500	500
Innovation Partnerships (F).....	0	600	500
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND TOTAL	<u>\$ 67,485</u>	<u>\$ 62,285</u>	<u>\$ 62,185</u>
BROADBAND OUTREACH AND AGGREGATION FUND:			
Broadband Outreach Administration (EA).....	\$ 0	\$ 72	\$ 72
Broadband Outreach Grants (EA).....	0	2,328	2,328
BROADBAND OUTREACH AND AGGREGATION FUND TOTAL	<u>\$ 0</u>	<u>\$ 2,400</u>	<u>\$ 2,400</u>

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
ENERGY DEVELOPMENT FUND:			
Energy Development Loans.....	\$ 1,750	\$ 0	\$ 0
GROWING GREENER BOND FUND:			
Main Street and Downtown Redevelopment.....	\$ 6,797 c	\$ 12,000 c	\$ 18,000 c
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership.....	\$ 1,200	\$ 1,000	\$ 1,009
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA).....	\$ 210	\$ 225	\$ 225
Industrial Sites Cleanup - Projects (EA).....	6,000	10,000	6,000
INDUSTRIAL SITES CLEANUP FUND TOTAL.....	\$ 6,210	\$ 10,225	\$ 6,225
LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans (EA).....	\$ 1,000	\$ 1,000	\$ 1,000
MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations (EA).....	\$ 625	\$ 650	\$ 670
Machinery and Equipment Loans (EA).....	70,000	50,000	30,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL.....	\$ 70,625	\$ 50,650	\$ 30,670
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA).....	\$ 275	\$ 275	\$ 292
Minority Business Development Loans (EA).....	3,500	4,000	4,000
MINORITY BUSINESS DEVELOPMENT FUND TOTAL.....	\$ 3,775	\$ 4,275	\$ 4,292
MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND:			
Distressed Community Assistance (EA).....	\$ 3,800	\$ 3,800	\$ 3,800
PROPERTY TAX RELIEF FUND:			
Transition Grants To Counties (R).....	\$ 0	\$ 3,000	\$ 0
SMALL BUSINESS FIRST FUND:			
Administration (EA).....	\$ 1,600	\$ 1,600	\$ 1,600
Loans (EA).....	28,000	28,000	28,000
Pollution Prevention Loans (EA).....	700	2,700	700
EDA - Loans (EA).....	4,000	2,000	2,000
Environmental Loans (EA).....	700	0	0
EDA - Defense Conversion (EA).....	200	0	0
Community Economic Development Loans (EA).....	5,000	5,000	5,000
SMALL BUSINESS FIRST FUND TOTAL.....	\$ 40,200	\$ 39,300	\$ 37,300
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA).....	\$ 45	\$ 45	\$ 24
Upgrade Loans (EA).....	1,500	1,500	1,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 1,545	\$ 1,545	\$ 1,024
WATER SUPPLY AND WASTE WATER TREATMENT FUND:			
Commonwealth Financing Authority - Public Projects.....	\$ 0 d	\$ 73,000 d	\$ 54,000 d
Commonwealth Financing Authority - Private Projects.....	0 d	7,000 d	10,000 d
WATER SUPPLY AND WASTE WATER TREATMENT FUND TOTAL.....	\$ 0	\$ 80,000	\$ 64,000

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R).....	\$ 184	\$ 184	\$ 174
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 521,412	\$ 663,670	\$ 500,510
SPECIAL FUNDS.....	0	3,000	16,396
FEDERAL FUNDS.....	128,861	105,540	83,329
AUGMENTATIONS.....	15,491	10,265	9,928
RESTRICTED.....	975	975	993
OTHER FUNDS.....	205,788	274,664	232,579
TOTAL ALL FUNDS.....	\$ 872,527	\$ 1,058,114	\$ 843,735

^a Actually appropriated as \$32,000,000. Amount shown is net of transfer of \$10,000,000 to the Police on Patrol appropriation within the Executive Offices presentation in this budget.

^b In all years, program funded by the Health Endowment Account for Long-Term Hope.

^c Actually appropriated as a \$50,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

^d Actually appropriated as \$200,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Community and Economic Development

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
COMMUNITY AND ECONOMIC DEVELOPMENT							
SUPPORT SERVICES							
GENERAL FUND.....	\$ 92,864	\$ 138,692	\$ 108,747	\$ 108,747	\$ 108,747	\$ 108,747	\$ 108,747
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	4,932	4,792	4,037	4,037	4,037	4,037	4,037
OTHER FUNDS.....	7,589	90,623	74,785	10,785	10,785	10,785	10,785
SUBCATEGORY TOTAL.....	\$ 105,385	\$ 234,107	\$ 187,569	\$ 123,569	\$ 123,569	\$ 123,569	\$ 123,569
BUSINESS AND JOB DEVELOPMENT							
GENERAL FUND.....	\$ 170,373	\$ 222,712	\$ 212,016	\$ 234,114	\$ 233,333	\$ 232,557	\$ 231,773
SPECIAL FUNDS.....	0	0	6,698	7,105	7,112	7,120	7,129
FEDERAL FUNDS.....	270	220	300	300	300	300	300
OTHER FUNDS.....	125,213	108,995	80,011	80,011	80,011	80,011	80,011
SUBCATEGORY TOTAL.....	\$ 295,856	\$ 331,927	\$ 299,025	\$ 321,530	\$ 320,756	\$ 319,988	\$ 319,213
TECHNOLOGY DEVELOPMENT							
GENERAL FUND.....	\$ 75,550	\$ 78,150	\$ 69,600	\$ 69,600	\$ 69,600	\$ 69,600	\$ 69,600
SPECIAL FUNDS.....	0	3,000	9,698	10,105	10,112	10,120	10,129
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	67,485	62,285	62,185	62,185	62,185	62,185	62,185
SUBCATEGORY TOTAL.....	\$ 143,035	\$ 143,435	\$ 141,483	\$ 141,890	\$ 141,897	\$ 141,905	\$ 141,914
COMMUNITY DEVELOPMENT							
GENERAL FUND.....	\$ 182,625	\$ 224,116	\$ 110,147	\$ 110,147	\$ 110,147	\$ 110,147	\$ 110,147
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	123,659	100,528	78,992	78,992	78,992	78,992	78,992
OTHER FUNDS.....	21,967	24,001	26,519	19,722	10,519	8,519	8,519
SUBCATEGORY TOTAL.....	\$ 328,251	\$ 348,645	\$ 215,658	\$ 208,861	\$ 199,658	\$ 197,658	\$ 197,658
ALL PROGRAMS:							
GENERAL FUND.....	\$ 521,412	\$ 663,670	\$ 500,510	\$ 522,608	\$ 521,827	\$ 521,051	\$ 520,267
SPECIAL FUNDS.....	0	3,000	16,396	17,210	17,224	17,240	17,258
FEDERAL FUNDS.....	128,861	105,540	83,329	83,329	83,329	83,329	83,329
OTHER FUNDS.....	222,254	285,904	243,500	172,703	163,500	161,500	161,500
DEPARTMENT TOTAL.....	\$ 872,527	\$ 1,058,114	\$ 843,735	\$ 795,850	\$ 785,880	\$ 783,120	\$ 782,354

Community and Economic Development

PROGRAM OBJECTIVE: To utilize State economic development resources in a cohesive and cost-effective manner in order to assist in the job creation and retention process within the Commonwealth.

Program: Community and Economic Development Support Services

This program works in partnership with hundreds of local, community and regional service providers to deliver resources to businesses, communities and individuals in need of assistance. Because of the complexity of the delivery system, the department plays a key role in ensuring that the system is effective and efficient. This ensures that Pennsylvania's businesses and communities provide the opportunity for all of the Commonwealth's residents to achieve a high quality of life.

The Governor's Action Team plays a key role. The Action Team reacts immediately to major problems and opportunities related to economic development including major business locations, relocations, expansions or dislocations, which require administration-wide, multi-departmental involvement.

Marketing and local planning assistance efforts further supplement the daily operations of the Department of Community and Economic Development. Marketing plays an important role in two distinct areas: promoting Pennsylvania to individuals as an attractive place to vacation in order to maximize Pennsylvania's share of the tourism dollar and promoting Pennsylvania to industry as possessing a good business climate, as well as being an excellent place to live and work. Toward these ends, the department operates two separate extensive multimedia advertising campaigns, one targeting economic development and the other targeting tourism. The department also focuses on interactive marketing to highlight Pennsylvania's economy and quality of life.

The economic development marketing component includes efforts to increase foreign and domestic investments in Pennsylvania, and to expand the markets for products of Pennsylvania firms overseas. Trade missions and trade shows provide opportunities for companies to develop their export potential and expand their export base. In collaboration with 18 contracted trade offices, small

businesses are provided support in overcoming the many legal, financial and logistical problems inherent in doing business internationally. The World Trade PA initiative, established in 2006, provided \$15 million in additional assistance to businesses looking to enter and compete in global markets. Domestically the current marketing program targets the promotion of Pennsylvania's recently approved Economic Stimulus Package which includes \$2.3 billion in economic development funding, giving Pennsylvania a particular competitive advantage. A key component of the Economic Stimulus Package has been the First Industries Fund, which supports development programs in agriculture and tourism through planning grants, low interest loans and loan guarantees. This will have significant impact on potential and current growth of the tourism sector.

The tourism marketing component involves the Tourist Promotion Assistance (TPA) Grant Program, which assists county and regional tourist promotion agencies in Pennsylvania by providing grants as matching assistance for advertising and promotion expenses. A key element of tourism marketing is the coordination of the Commonwealth's tourism program with the TPAs' efforts. The Regional Marketing Partnership Program coordinates regional efforts to promote tourist destinations and events. Act 189 of 2002 further supports these efforts through the Pennsylvania Travel and Tourism Partnership by ensuring the Commonwealth's strategic tourism plan is continually evaluated and advanced.

Local business development organizations assist in arranging financing packages, and local marketing and promotion activities, while providing direct managerial and technical assistance to small businesses. Development of collaborative day care options by groups of small businesses is supported by grants through Act 100 of 1998.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Traveler expenditures (in millions).....	\$25,800	\$26,285	\$26,810	\$27,345	\$27,895	\$28,450	\$29,010
Tourist Promotion Assistance							
Public/private funds leveraged (in thousands).....	\$70,300	\$72,700	\$74,850	\$77,000	\$79,400	\$81,700	\$82,200
Export sales facilitated (in thousands).....	\$173,928	\$175,000	\$260,892	\$347,856	\$434,820	\$521,784	\$573,962
Visitors from targeted countries.....	530,000	550,000	580,000	600,000	610,000	625,000	640,000

Community and Economic Development

Program: Community and Economic Development Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	International Trade	\$ -1,090	Local Development Districts
\$ 210	—to continue current program.		—nonrecurring program costs.
	International Marketing	\$ -550	Tourist Promotion Assistance
\$ -500	—nonrecurring projects.		—nonrecurring program costs.
	Marketing to Attract Tourists	\$ -2,250	Tourism - Accredited Zoos
\$ -2,954	—nonrecurring projects.		—nonrecurring projects.
	Marketing to Attract Business	\$ -10,000	Market Development
\$ -494	—program reduction.		—nonrecurring projects.
	Cultural Exhibitions and Expositions	\$ -40	Rural Leadership Training
\$ -11,725	—nonrecurring projects.		—program reduction.
	Marketing to Attract Film Business	\$ -250	Municipal Code Training
\$ 10	—to continue current programs.		—nonrecurring program costs.
	Housing Research Center	\$ 10,000	Film Grant Program
\$ -388	—nonrecurring projects.		—Initiative—Film Production Grants. To stimulate film production, including early project development work, throughout Pennsylvania.
	Base Realignment and Closure		Cultural Activities
\$ -749	—nonrecurring projects.		—nonrecurring projects.
	Industrial Development Assistance	\$ -9,175	
\$ -350	—program reduction.		

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 17,990	\$ 19,530	\$ 19,880	\$ 19,880	\$ 19,880	\$ 19,880	\$ 19,880
International Trade.....	5,734	5,734	5,944	5,944	5,944	5,944	5,944
International Marketing.....	1,700	500	0	0	0	0	0
Interactive Marketing	2,040	2,040	2,040	2,040	2,040	2,040	2,040
Marketing to Attract Tourists	15,100	16,600	13,646	13,646	13,646	13,646	13,646
Marketing to Attract Business.....	3,985	3,985	3,491	3,491	3,491	3,491	3,491
Cultural Exhibitions and Expositions	4,930	11,725	0	0	0	0	0
Regional Marketing Partnerships	4,500	5,000	5,000	5,000	5,000	5,000	5,000
Marketing to Attract Film Business	600	600	610	610	610	610	610
Housing Research Center	250	388	0	0	0	0	0
Base Realignment and Closure.....	450	1,025	276	276	276	276	276
Appalachian Regional Commission.....	925	1,000	1,000	1,000	1,000	1,000	1,000
Industrial Development Assistance.....	4,150	4,500	4,150	4,150	4,150	4,150	4,150
Local Development Districts.....	5,050	6,140	5,050	5,050	5,050	5,050	5,050
Tourist Promotion Assistance	11,000	11,000	10,450	10,450	10,450	10,450	10,450
Tourism - Accredited Zoos.....	2,000	2,250	0	0	0	0	0
Market Development	10,000	10,000	0	0	0	0	0
Rural Leadership Training	210	250	210	210	210	210	210
Tourist Product Development	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Municipal Code Training.....	250	250	0	0	0	0	0
World Trade PA.....	0	15,000	15,000	15,000	15,000	15,000	15,000
Film Grant Program.....	0	10,000	20,000	20,000	20,000	20,000	20,000
Cultural Activities	0	9,175	0	0	0	0	0
TOTAL GENERAL FUND	\$ 92,864	\$ 138,692	\$ 108,747	\$ 108,747	\$ 108,747	\$ 108,747	\$ 108,747

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 newpa.com website links customers to general information, publications, specific program guidelines and the department's Single Application for Assistance. The proprietary single application process allows the customer to apply for funding via one application, which may be accessed and submitted online.

Program Element: Economic Development

The Business Retention and Expansion program works with the Commonwealth's ten marketing regions to promote job retention, expansion and creation by contacting Pennsylvania businesses to identify their needs in an effort to retain and improve their operations in Pennsylvania. Information gathered is entered into a database, providing an efficient means to access, analyze and acquire in-depth information on Pennsylvania's community and economic assets.

The Export Network links the ten regions to the overseas offices, which offer assistance to support the international trade activities of Pennsylvania businesses. The Entrepreneurial Support Network provides improved quality and availability of services to potential entrepreneurs.

The Opportunity Grant Program is a tool used by the Governor's Action Team to secure job 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. Act 213 of 2002 expanded the definition of a small business to include agricultural producers. The maximum loan amount is \$200,000. The department began the Community and Economic Development Loan Program for small businesses

located in distressed areas that have social or economic disadvantage in 1999. Act 100 of 1998 allows the fund to provide pollution prevention loans; Act 213 of 2002 increased the maximum loan from \$50,000 to \$100,000.

The Infrastructure Development Program provides grants and loans to develop and improve business sites. Funding may be provided for specific infrastructure improvements necessary to complement planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land, or to develop local infrastructure at present and future business sites. Local public and nonprofit sponsors may receive grants and loans on behalf of industrial, manufacturing, research and development, agriculturally-related and export service enterprises for the following improvements: energy facilities, fire and safety facilities, sewer and water systems, transportation and waste disposal facilities. Private real estate developers are also eligible if they are developing sites for eligible private companies.

The Pennsylvania Industrial Development Authority (PIDA) was established in 1956 to make long-term, low-interest business loans for job creation or retention to firms, which are engaged in manufacturing or industrial enterprises. PIDA funds may be used for land and buildings. Current policy targets PIDA funds to small and advanced technology businesses and areas of high unemployment. A qualified business may receive up to \$2.25 million at interest rates ranging from four and three quarter percent to five and three quarter percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund, recodified in Act 213 of 2002, provides low-interest loan financing to manufacturing and industrial companies and to production agriculture to acquire and install new or used machinery and equipment. Interest rates are similar to PIDA and vary depending on the county and municipality unemployment levels. A criterion of the program is that the applicant must agree to create or preserve jobs.

Job Creation Tax Credits, authorized by Act 23 of 2001, provide \$1,000 in tax credits to approved businesses that agree to create or preserve jobs in the Commonwealth within three years. Businesses must agree to create at least 25 new jobs or new jobs equaling at least 20 percent of the existing workforce. Twenty-five percent of the tax credits allocated each year are reserved for businesses with less than 100 employees and may not be utilized

Community and Economic Development

Program: Business and Job Development (continued)

until the jobs are actually created. Annually, \$22.5 million is available for these credits; credits not fully utilized or recaptured from any fiscal year may be reissued by the department.

The Industrial Sites Reuse Program provides grants and low-interest loan financing to companies, private real estate developers, and municipalities performing environmental site assessment and remediation work at former industrial sites. Funds are not available for companies that caused the environmental contamination on the property.

The Commonwealth Financing Authority, created by Act 22 of 2004, is authorized to issue debt to support a full cadre of new economic development programs and to capitalize some existing programs such as the Machinery and Equipment Loan Fund (MELF). New programs include Business in Our Sites, which will create shovel-ready sites for expanding business; the First Industries Program, which offers grant, loan and loan guarantee financing through several different programs, both new and existing to support tourism and agricultural projects; PennWorks, a program that provides grants and loans for water and wastewater infrastructure development; the Second Stage Loan Guarantee Program that provides \$50 million in guarantees for successful Pennsylvania businesses seeking working capital from banks; and the Tax Increment Financing Guarantee Program which will enable local governments to achieve more favorable borrowing terms while allowing the debt to be repaid with future revenues. Building PA, New Pennsylvania Venture Guarantee Program, and the First Industries Program were also created under the act.

The Core Industries Stimulus Program, also created by Act 22 of 2004, enhances the existing MELF loan program by adding an additional \$75 million in revolving loan funds by increasing the maximum loan amount from \$500,000 to \$5 million. Information technology companies and licensed hospitals are now also eligible to receive funding and \$25 million will be targeted to aid hospitals with the purchase and installation of FDA required pharmaceutical management technology.

The Infrastructure and Facilities Grant Program, established in Act 23 of 2004, awards multi-year grants to debt issuing authorities toward the payment of debt service and related costs for economic development projects. Grant awards are calculated based on the expected sales tax, hotel occupancy tax, or personal income tax to be generated by the identified project.

The Pennsylvania Race Horse Development and Gaming Act will provide additional funding from gaming revenues to support economic development grants under this act.

Program Element: Workforce Development

The Customized Job Training (CJT) Program supports new and existing firms in Pennsylvania by specifically

training Pennsylvanians for new jobs or upgrading existing employees' skills to accommodate new technologies. WEDnetPA, a major part of CJT, works with companies in need of workers with special skills and guarantees training to meet the standards agreed to between the company and the educational provider. Most of the training is targeted to manufacturing and technology-based companies providing jobs, which pay at least 150 percent of minimum wage. WEDnetPA has trained over 576,469 employees since its inception and is critical to ensuring that highly skilled workers are available for Pennsylvania companies. The Job Enhancement Act of 2002 recodified CJT, expanded eligible programs and included private companies and local workforce investment boards as potential applicants.

The Workforce Leadership Grants Program establishes integrated academic programs in three industry clusters: bio/life sciences, information technology/optoelectronics and advanced manufacturing and materials.

Another focus of workforce development is the retention of young people who are trained in the colleges, universities and technical schools in the Commonwealth. The Stay Invent the Future Program helps to market Pennsylvania, showcasing its opportunities, and helps bring students and Pennsylvania employers together through internships and informational sessions.

Program Element: Ports Development

The PENNPORTS office provides for the development of Pennsylvania's ports, including Erie Port, the Philadelphia Regional Port Authority and the Pittsburgh Port Commission. Funding is used to aid in the development of these ports, which not only generate port and shipping related jobs, but also assist Pennsylvania firms in exporting their products.

Program Element: Pennsylvania Economic Development Financing Authority (PEDFA)

The Pennsylvania Economic Development Financing Authority (PEDFA) pools taxable and tax-exempt bond financing with the ability to finance economic development projects. PEDFA can finance land, buildings, machinery and equipment, and working capital including refinancing. Applications must be submitted through an industrial development authority.

Program Element: Minority Business

The Pennsylvania Minority Business Development Authority (PMBDA) offers low-interest loans to minority-owned businesses for fixed asset financing, working capital 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.

Community and Economic Development

Program: Business and Job Development (continued)

Program Element: Capital Access Program (PennCAP)

The Pennsylvania Capital Access Program is a small business loan guarantee program designed to help borrowers that don't quite meet a bank's normal small business lending requirements. Eligible uses include

land and building acquisition, machinery and equipment and working capital needs. Loans may be guaranteed up to \$500,000. Rates and terms are negotiated with the participating bank; PEDFA bond program provides the guarantee for bank loans, term loans or lines of credit.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Business Assistance							
Businesses assisted	9,564	11,300	11,300	11,300	11,300	11,300	11,300
Jobs pledged to be created	147,810	90,000	43,000	43,000	43,000	43,000	43,000
Jobs retained	82,444	61,122	62,345	62,345	62,345	62,345	62,345
Public/private funds leveraged (in thousands)	\$3,433,839	\$4,541,405	\$4,461,773	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Persons receiving job training	116,202	124,000	120,000	120,000	120,000	120,000	120,000
Opportunity Grants: projects assisted	171	171	171	171	171	171	171
Brownfield redevelopment projects assisted	75	67	67	67	67	67	67

Persons receiving job training reflects a budget projection measurement adjustment within the Single Application System (SAS).

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Business Retention and Expansion \$ -15,403 —nonrecurring projects.</p> <p>PENNPOR TS \$ -10,389 —nonrecurring projects.</p> <p>Transfer to Commonwealth Financing Authority \$ 24,678 —to provide debt service for economic development bonds.</p> <p>Intergovernmental Cooperation Authority-2nd Class Cities \$ 268 —to continue current program.</p> <p>Workforce Leadership Grants \$ -1,000 —program reduction.</p> <p>Emergency Responder and Training \$ -8,500 —nonrecurring projects.</p> <p>Small Business Development Centers \$ -1,250 —nonrecurring projects.</p>	<p>\$ -3,000</p> <p>\$ -600</p> <p>\$ 7,500</p> <p>\$ -3,000</p> <p>\$ 6,698</p>	<p>Minority Business Development —nonrecurring projects.</p> <p>Fay Penn —nonrecurring projects.</p> <p>Infrastructure & Facilities Improvement Grants —Initiative—Infrastructure and Facility Improvement. To provide multi-year grants for new infrastructure and facility improvement projects.</p> <p>Digital & Robotic Technology —nonrecurring projects.</p> <p>TOBACCO SETTLEMENT FUND Health Venture Investment Account —to provide funding for development of health ventures within the Commonwealth.</p>
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All other appropriations are recommended at the current year funding level.

Community and Economic Development

Program: Business and Job Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Business Retention and Expansion.....	\$ 12,276	\$ 18,629	\$ 3,226	\$ 3,226	\$ 3,226	\$ 3,226	\$ 3,226
PennPORTS.....	18,880	0	0	0	0	0	0
PennPORTS Operations	0	375	9,913	9,913	9,913	9,913	9,913
PennPORTS-Port of Pittsburgh.....	0	1,500	0	0	0	0	0
PennPORTS-Port of Erie.....	0	2,640	0	0	0	0	0
PennPORTS-Delaware River Maritime Council.....	0	1,750	0	0	0	0	0
PennPORTS-Philadelphia Regional Port Authority Operations	0	6,500	0	0	0	0	0
PennPORTS-Philadelphia Regional Port Authority Debt Service	0	4,462	0	0	0	0	0
PennPORTS-Piers	0	1,500	0	0	0	0	0
PennPORTS-Piers Database	0	75	0	0	0	0	0
PennPORTS-Navigational System.....	0	400	0	0	0	0	0
PennPORTS-Intermodal Incentive Study..	0	1,000	0	0	0	0	0
PennPORTS-Competitiveness Study	0	100	0	0	0	0	0
Transfer to Industrial Sites Environmental Assessment Fund	500	500	500	500	500	500	500
Transfer to Commonwealth Financing Authority.....	8,294	36,939	61,617	83,715	82,934	82,158	81,374
Intergovernmental Cooperation Authority -2nd Class Cities.....	963	632	900	900	900	900	900
Opportunity Grant Program	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Keystone Innovation Zones	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Customized Job Training	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Workforce Leadership Grants.....	4,050	4,050	3,050	3,050	3,050	3,050	3,050
Emergency Responder and Training.....	6,000	8,500	0	0	0	0	0
Infrastructure Development	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Small Business Development Centers	6,750	8,000	6,750	6,750	6,750	6,750	6,750
Flood Plain Management.....	60	60	60	60	60	60	60
Minority Business Development	2,000	3,000	0	0	0	0	0
Fay Penn	600	600	0	0	0	0	0
Infrastructure & Facilities Improvement Grants	5,000	15,000	22,500	22,500	22,500	22,500	22,500
Digital & Robotic Technology.....	1,500	3,000	0	0	0	0	0
TOTAL GENERAL FUND	\$ 170,373	\$ 222,712	\$ 212,016	\$ 234,114	\$ 233,333	\$ 232,557	\$ 231,773
TOBACCO SETTLEMENT FUND:							
Health Venture Investment Account	\$ 0	\$ 0	\$ 6,698	\$ 7,105	\$ 7,112	\$ 7,120	\$ 7,129

Community and Economic Development

PROGRAM OBJECTIVE: To promote the use of advanced technology in order to help Pennsylvania industries compete successfully in the national and international market places; to encourage research and development of new products and processes that will foster the start-up of new business within the Commonwealth; and to fund research centers that will provide an incentive for indigenous business formation, as well as serving to attract investment in Pennsylvania.

Program: Technology Development

Technology based economic development drives the entrepreneurial spirit of the Commonwealth enabling businesses and individuals to develop the skills and opportunities necessary to remain competitive in the international marketplace. Technology development allows Pennsylvania communities to build the infrastructure necessary to continue to attract and grow new businesses and connect to the world.

The Ben Franklin Technology Development Authority was established by Act 38 of 2001 to continue the promotion of advanced technology in Pennsylvania's traditional and emerging manufacturing industries as well as small businesses. The program supports a wide range of initiatives to modernize machinery and equipment to improve productivity, streamline operations and increase product choice and develop a technologically skilled workforce for Pennsylvania. In 2006-07, approximately \$50 million has been allocated to the Ben Franklin Technology Development Authority. The Pennsylvania Technology Investment Authority (PTIA), within the Ben Franklin Technology Development Authority Fund, focuses on helping companies that want to develop new technologies. Its efforts are designed to meet the financing needs of high technology, knowledge-based companies whose needs differ from more traditional asset-based financing. The authority provides a series of support and financing including a Technology Company Investment program, a Technology Development Grant program, and a University Research Grants program. A loan guarantee program is also included for individuals with disabilities so that they may purchase assistive technologies which allow them to fully participate in their community's economy. Keystone Innovation Zone operational grants

are also funded through the authority and are being used to drive economic development partnering between universities and community-focused organizations. The Regional Biotechnology Center initiative and the Life Sciences Greenhouses, funded by Tobacco Settlement dollars in 2001-02, support three regional technology based economic development organizations focused on increasing the creation and growth of Pennsylvania's Life Science companies.

The Broadband Outreach and Aggregation Fund created by Act 183 of 2004, through its grant program, provides for the development of broadband programs within the Commonwealth. Administration of the grant program includes program guideline development, application review, funding determinations, grant contracting, compliance, monitoring and closeout, and reporting to the Public Utility Commission.

The Industrial Resource Centers (IRCs) are focused on improving the competitive ability of Pennsylvania's traditional and emerging manufacturing firms by helping them to understand and implement modern manufacturing techniques. The IRCs work with existing small- and medium-size manufacturers to quickly adopt existing technologies and techniques. The centers are operated as nonprofit corporations and are given significant direction from the IRC Strategic Advisory Board, comprised, in the majority, of private sector representatives.

The Pennsylvania Infrastructure Technical Alliance (the PITA) integrates university-based technology research with business and economic development by partnering students at major universities in the State with businesses for research and development.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Technology Investment							
Businesses assisted	6,651	6,851	7,056	7,268	7,486	7,711	7,942
Jobs created	7,141	7,355	7,576	7,803	8,271	8,519	8,774
Jobs retained	10,324	10,643	10,953	11,282	11,620	11,968	12,327
Public/private funds leveraged (in thousands)	\$1,125,168	\$1,158,924	\$1,193,691	\$1,229,502	\$1,266,387	\$1,304,379	\$1,343,510

Community and Economic Development

Program: Technology Development (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			PENNTAP
	Transfer to Ben Franklin Technology Development Authority Fund	\$	-300	—nonrecurring projects.
\$ 2,500	—Initiative—Keystone Innovation Zones. To meet the increasing demand for technical support for early stage companies located in designated geographical areas.			
		\$	-750	Agile Manufacturing —nonrecurring projects.
		\$	-200	Powdered Metals —nonrecurring projects.
\$ -1,300	Super Computer Center —nonrecurring projects.			
\$ -5,500	Infrastructure Technical Assistance —nonrecurring projects.	\$	6,698	TOBACCO SETTLEMENT FUND Biotechnology Commercialization —to develop biotechnology research centers within the Commonwealth.
\$ -3,000	Manufacturing and Business Assistance —nonrecurring projects.			

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Technical Development Authority Fund	\$ 50,200	\$ 50,200	\$ 52,700	\$ 52,700	\$ 52,700	\$ 52,700	\$ 52,700
Super Computer Center	1,500	2,500	1,200	1,200	1,200	1,200	1,200
Infrastructure Technical Assistance	5,000	6,000	500	500	500	500	500
Industrial Resource Center	15,200	15,200	15,200	15,200	15,200	15,200	15,200
Manufacturing and Business Assistance	2,500	3,000	0	0	0	0	0
PENNTAP	300	300	0	0	0	0	0
Agile Manufacturing	750	750	0	0	0	0	0
Powdered Metals	100	200	0	0	0	0	0
TOTAL GENERAL FUND	\$ 75,550	\$ 78,150	\$ 69,600	\$ 69,600	\$ 69,600	\$ 69,600	\$ 69,600
TOBACCO SETTLEMENT FUND:							
Biotechnology Commercialization	\$ 0	\$ 0	\$ 6,698	\$ 7,105	\$ 7,112	\$ 7,120	\$ 7,120
Life Sciences Greenhouses (TSF)	0	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL TOBACCO SETTLEMENT FUND	\$ 0	\$ 3,000	\$ 9,698	\$ 10,105	\$ 10,112	\$ 10,120	\$ 10,120

Community and Economic Development

PROGRAM OBJECTIVE: To enhance the total environment of Pennsylvania's communities through improvements in the areas of housing, community development, job training and human services.

Program: Community Development

Program Element: Housing and Redevelopment

The department administers one State and three Federally funded programs which target affordable housing for low and moderate income Pennsylvanians.

The State Housing and Redevelopment Assistance program provides grants to communities, redevelopment authorities and nonprofit organizations to improve blighted neighborhoods through redevelopment, to revitalize central business districts in aging communities and to provide low- and moderate-income housing. The program provides funding for projects which enhance reinvestment and rebuilding of communities. Act 45 of 2005 established the Growing Greener Bond Fund, which allocates up to \$5 million dollars in funding Brownfields remediation. The "Core Communities Housing" component of this program provides funding for counties on a formula basis to rehabilitate and develop housing on previously developed sites.

The Federal HOME Investment Partnerships program provides funding to expand the supply of affordable housing for low-income families. A variety of options are available to meet this objective: incentives to develop and support rental housing and home ownership through acquisition, construction or rehabilitation; funding to finance relocation of displaced persons; rental assistance; and rehabilitation of substandard housing. Federal funds for both SCDBG and HOME are provided to recipients through the U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement and Information System. Funds are appropriated to the department to administer the program. Act 172 of 1992 established a separate special fund entitled the HOME Investment Trust Fund, as required by HUD, to administer these funds.

The Federal Weatherization Assistance Program is designed to cut heating costs and improve living conditions for low income persons by adding energy conservation measures to their homes. The U.S. Department of Energy component supports activities such as the installation of insulation, shell repairs and heating system improvements. The Low Income Housing Energy Assistance Block Grant (LIHEABG) funds home weatherization but also supports a heating crisis program that operates during the winter in close coordination with the Department of Public Welfare's LIHEAP program.

Program Element: New Communities

The department's New Communities program provides funding for both planning and direct project grants. Funding is targeted to projects which rebuild depressed inner city neighborhoods and rural areas, and generally stabilize communities so economic and social growth can occur.

The New Communities program includes the State Enterprise Zone, Main Street and Elm Street programs to provide flexibility to address community needs such as downtown revitalization, residential improvements, or economic development. The State-funded Enterprise Zones receive grants for business development projects which stimulate private investment and create jobs in State designated Enterprise Zones. These efforts are supported by the use of Enterprise Zone Tax Credits through the Neighborhood Assistance Act.

The Main Street component of New Communities helps restore downtown areas through a four-point approach: enhancing the area's physical appearance; marketing to shoppers, businesses, and tourists; creating partners and local organizational structure; and strengthening and diversifying downtown businesses. The program helps restore the physical appearance of downtown through Downtown Reinvestment Grants and Anchor Buildings Grants that reuse older buildings to draw shoppers, workers and other people to downtown business districts. The Growing Greener Bond Fund as part of Act 45 of 2005 allocates up to \$50 million for Main Street and Downtown Redevelopment related to Smart Growth, including improvements to existing water and wastewater infrastructures.

The Elm Street component of New Communities, established in Act 7 of 2004, is a counterpart to Main Street that promotes revitalization of residential areas that are physically and programmatically connected to downtown improvement efforts. The program includes creating local nonprofits to revitalize the neighborhood; marketing real estate and special events; enhancing the physical appearance; developing and implementing a strategy for revitalization; and cleaning and maintenance of public spaces as well as addressing threats of crime.

A related Federal program under New Communities - the Empowerment Zone/Enterprise Community program provides a combination of grants and tax incentives to rebuild poor inner cities and rural distressed areas. Pennsylvania has five communities involved in this Federal effort: Philadelphia, Harrisburg, Pittsburgh, Lock Haven and Fayette County.

Program Element: Pennsylvania Housing Finance Agency

The Pennsylvania Housing Finance Agency (PHFA) operates programs to increase and protect the supply of decent, safe and affordable multi-family rental and single family homeownership housing. These programs are financed with proceeds from the sale of securities to private investors.

Community and Economic Development

Program: Community Development (continued)

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 2006, PHFA provided mortgage financing for approximately 6,700 families totaling \$710 million and has committed \$10 million to revitalize distressed communities through the Homeownership Choice Program. In addition, PHFA has committed \$21.6 million in secondary funding and \$26.6 million in tax credits to finance 43 developments totaling 2,094 units. The PHFA operates the Homeowners Emergency Mortgage Assistance Program (HEMAP), a program to protect distressed homeowners from foreclosure. HEMAP was established by Act 91 of 1983 and amended by Act 160 of 1998 to protect citizens who, through no fault of their own, are in danger of losing their homes to foreclosure. Eligible applicants receive assistance in an amount sufficient to bring mortgage payments current and may also receive continuing assistance for up to 24 months. HEMAP payments are loans upon which repayment begins and interest starts to accrue when the recipient is financially able to pay. Current law requires HEMAP loan recipients to repay their loans only when the recipient's housing expense (mortgage, taxes, utilities and insurance) does not exceed 40 percent of net household income (gross income minus Federal, State and local income taxes).

PHFA has channeled over \$200 million of General Fund monies and \$213.9 million of repayments into HEMAP to save more than 37,000 homes from foreclosure.

Program Element: Community Development

The Federal Small Communities Development Block Grant (SCDBG) provides assistance in expanding low- and moderate-income housing opportunities, enhancing economic development and job opportunities for low- and moderate-income individuals, correcting public facilities such as water and sewer systems, and improving public facilities that affect public health and safety.

Act 92 of 1998 established the Keystone Opportunity Zones (KOZs). The KOZs are community development initiatives to revive economically distressed urban and rural communities. These zones are defined, limited areas in communities with greatly reduced or no tax burdens for residents and businesses located within the zones. Twelve zones are designated for this one-time program. Act 119 of 2000 extended the life of a KOZ from 12 to 15 years and authorized the department to establish 12 smaller Keystone Opportunity Expansion Zones (KOEZs). The act extended the expiration date of the program until 2013 and increased the eligible tax-exempt activity. Act 217 of 2002 provided for designation of subzones within KOZs and KOEZs to enable acreage remaining undesignated within the original limitation to be designated for State and local tax exemption. In accordance with the act, the Keystone Opportunity Improvement Zones (KOIZ) were designated by Executive Order in 2002.

The Land Use Planning and Technical Assistance Program helps communities in the preparation, updating and implementation of municipal and county comprehensive plans to address issues such as economic revitalization and expansion; municipal infrastructure, services and transportation needs; commercial and neighborhood rehabilitation efforts; land use controls; municipal capital improvement programs and budgets; and housing solutions with particular emphasis placed on low to moderate income families. The program is coordinated by the Center for Local Government Services. The Shared Municipal Services Program assists communities in improving operational efficiencies through cooperative activities. Typical projects include combined police records administration, shared data processing operations, municipal insurance pooling, shared public works operations, regional recreation activities, shared uniform code enforcement activities, the purchase of vehicles and other inter-municipal projects which will reduce local government costs and implement more efficient and coordinated local government services.

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, and as amended by Act 29 of 2005 established and further defined the Community Development Bank. The bank makes capital available for community development lending and provides technical assistance grants to promote the creation and ownership of community development financial institutions within distressed communities.

The Local Government Capital Loan Program provides low interest loans for municipal facilities. The program gives small local governments that find conventional borrowing prohibitive an opportunity to secure needed funds for equipment and buildings.

Program Element: Job Training and Human Services

The Community Conservation and Employment Program provides funds to municipalities, community action agencies and nonprofit sponsors for the development of employment opportunity and conservation activities.

Act 23 of 1997 established the Family Savings Account Program to provide matching funds as an incentive for low-income families to establish savings accounts for home ownership, educational expenses and to start businesses. Act 29 of 2005 expands the use of educational savings accounts for expenses related to postsecondary studies in science and technology related fields. This act supports student internships with emerging technology companies within the Commonwealth to supplement their classroom study.

The Community Services Block Grant (CSBG) provides funds for community-based programs that offer health, nutrition, housing and employment related services to improve the standard of living of low-income persons.

Community and Economic Development

Program: Community Development (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Housing and Redevelopment							
Housing units assisted.....	5,504	5,000	5,000	5,000	5,000	5,000	5,000
Homes weatherized.....	10,368	14,680	12,000	12,000	12,000	12,000	12,000
Designated distressed communities assisted.....	17	17	18	18	17	17	17
Main Street Program							
Main Street Projects	70	70	70	70	70	70	70
Elm Street Program							
Elm Street Projects.....	42	50	50	50	50	50	50
Early Intervention Program							
Local governments assisted.....	12	12	12	12	12	12	12
Land Use Planning and Technical Assistance							
Municipalities assisted.....	1,293	750	780	790	790	790	790
Shared Municipal Services							
Local governments assisted.....	1,265	720	720	720	720	720	720
Job Training and Human Services							
Persons participating in Community Services Block Grant	339,564	339,564	339,564	339,564	339,564	339,564	339,564
Family Savings Accounts							
Families Participating	2,098	2,611	3,067	3,523	3,979	4,435	4,891
Cumulative dollars saved by participants (in thousands).....	\$5,001	\$5,700	\$6,400	\$7,100	\$7,800	\$8,500	\$9,200
Housing Finance Agency							
Approved mortgage assistance loans	2,675	2,700	2,700	2,700	2,700	2,700	2,700
Annual value of assistance loans recorded (in thousands).....	\$28,087	\$28,350	\$28,350	\$28,350	\$28,350	\$28,350	\$28,350

Homes Weatherized increases in 2006-07 due to increased program funding.

Municipalities assisted and local governments assisted reflect an increase in 2005-06 due to several projects with broad regional impact such as the PA Wilds Initiative, regional transportation, land use and economic action plans.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Land Use Planning and Technical Assistance</p> <p>\$ 29 —to continue current projects.</p> <p>1,897 —Initiative — Land Use Planning Assistance. To provide additional planning funds for core communities seeking downtown revitalization projects.</p> <hr/> <p>\$ 1,926 <i>Appropriation Increase</i></p>	<p>Housing & Redevelopment Assistance</p> <p>—Initiative — Housing and Redevelopment Assistance. To provide for bricks-and-mortar revitalization projects specifically targeted to Community Action Team core communities.</p>	<p>\$ 1,000</p> <p>\$ 1,250</p> <p>\$ -250</p> <p>\$ -22,000</p>	<p>PHFA - Homeowners Emergency Mortgage Assistance</p> <p>—to continue current program.</p> <p>PHFA Early Childhood Education Capital</p> <p>—Initiative — Early Childhood Education Capital Program. To provide resources for early childhood education facility improvements.</p> <p>Family Savings Accounts</p> <p>—nonrecurring projects.</p> <p>Local Government Resources and Development</p> <p>—nonrecurring projects.</p>
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Community and Economic Development

Program: Community Development (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 2,000	Community Action Team —Initiative — Community Action Team Expansion. To increase the number of impact projects in the downtown areas of Pennsylvania's core communities.	\$ -7,000	Economic Growth and Development Assistance —nonrecurring projects.
\$ -44,300	Community Revitalization —nonrecurring projects.	\$ -6,000	Community and Municipal Facilities Assistance —nonrecurring projects.
\$ -18,900	Urban Development —nonrecurring projects.	\$ -19,370	Regional Development Initiative —nonrecurring projects.
\$ -5,125	Community and Business Assistance —nonrecurring projects.	\$ -2,200	Community Development Bank Grants —nonrecurring projects.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Land Use Planning and Technical Assistance.....	\$ 3,321	\$ 3,321	\$ 5,247	\$ 5,247	\$ 5,247	\$ 5,247	\$ 5,247
Transfer to Municipalities Financial Recovery Revolving Fund.....	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Housing & Redevelopment Assistance.....	30,000	30,000	35,000	35,000	35,000	35,000	35,000
Accessible Housing	0	3,000	3,000	3,000	3,000	3,000	3,000
PHFA - Homeowners Emergency Mortgage Assistance	8,000	10,000	11,000	11,000	11,000	11,000	11,000
PHFA - Early Childhood Education Capital	0	0	1,250	1,250	1,250	1,250	1,250
Family Savings Accounts.....	1,000	1,250	1,000	1,000	1,000	1,000	1,000
Shared Municipal Services	1,400	2,400	2,400	2,400	2,400	2,400	2,400
Local Government Resources and Development.....	31,000	22,000	0	0	0	0	0
New Communities	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Community Action Team (CAT)	0	0	2,000	2,000	2,000	2,000	2,000
Community Revitalization.....	56,754	44,300	0	0	0	0	0
Urban Development.....	7,000	18,900	0	0	0	0	0
Community and Business Assistance.....	2,500	5,125	0	0	0	0	0
Economic Growth & Development Assistance.....	1,000	7,000	0	0	0	0	0
Community & Municipal Facilities Assistance.....	2,500	6,000	0	0	0	0	0
Community Conservation and Employment.....	15,000	29,000	29,000	29,000	29,000	29,000	29,000
Early Intervention for Distressed Municipalities	750	750	750	750	750	750	750
Regional Development Initiative.....	900	19,370	0	0	0	0	0
Community Development Bank Grants	2,000	2,200	0	0	0	0	0
TOTAL GENERAL FUND	\$ 182,625	\$ 224,116	\$ 110,147	\$ 110,147	\$ 110,147	\$ 110,147	\$ 110,147



DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The mission of the Department of Conservation and Natural Resources is to promote sound stewardship of Pennsylvania's State Park and State Forest lands, provide education information and technical assistance regarding geologic and ecologic resources of the State, and provide funding to help develop and acquire recreation lands and facilities, greenways, river corridors, and to conserve the State's natural and cultural heritage. The department is the State's lead land conservation and outdoor recreation agency and advocate for the wise management of natural resources on both public and private lands. The department's programs support the revitalization of communities, sustainable economic growth, outdoor and nature tourism, and help improve the quality of life for all citizens.

Conservation and Natural Resources

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2005-06 2006-07 2007-08
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

	\$ 17,862	\$ 18,526	\$ 20,004
General Government Operations.....	\$ 17,862	\$ 18,526	\$ 20,004
(F)Surface Mining Control and Reclamation.....	180	0	0
(F)Topographic and Geologic Survey Grants.....	175	385	355
(F)Bituminous Coal Resources.....	150	150	150
(F)Intermodal Surface Transportation Act.....	5,000	5,000	5,000
(F)Land and Water Conservation Fund.....	12,000	12,000	12,000
(F)Economic Action Programs.....	100	100	100
(F)Flood Hazard Mapping - Luzerne County.....	250	507	507
(A)Payment for Department Services.....	334	960	960
(A)Water Well Drillers.....	65	65	65
(A)Keystone Recreation, Park and Conservation Fund.....	3,920	5,182	5,182
(A)Internet Record Imaging System.....	166	90	90
(A)Environmental Stewardship Fund Admin.....	351	547	547
(A)Purchasing Card Rebate.....	101	85	85
Subtotal.....	<u>\$ 40,654</u>	<u>\$ 43,597</u>	<u>\$ 45,045</u>

State Parks Operations.....	55,170	57,226	62,518
(F)Recreational Trails.....	3,500	6,000	6,000
(F)Lake Erie Watershed Exhibit.....	25	0	0
(F)Presque Isle State Park Greenway.....	1,000	0	0
(F)Presque Isle Water Sampling (EA).....	60	0	0
(F)PAMAP Geospatial Imaging (EA).....	350	300	0
(F)Tropical Storm Ivan Disaster Assistance (EA).....	10,200	9,623	9,623
(F)April 2005 Storms Disaster Assistance (EA).....	10,100	3,296	3,296
(A)PCC Programs - Parks.....	15	25	100
(A)Reimbursement - Sewer System.....	151	180	225
(A)Reimbursement - Kings Gap Use.....	29	75	75
(A)State Parks User Fees.....	12,500	14,655	14,699
(A)Prior Year Revenue - Parks.....	415	415	0
(A)Donations.....	0	20	20
(A)Reimbursement for Services.....	527	495	495
Subtotal.....	<u>\$ 94,042</u>	<u>\$ 92,310</u>	<u>\$ 97,051</u>

State Forests Operations.....	14,616	14,616	16,441
(F)Forest Fire Protection and Control.....	1,000	2,000	2,000
(F)Forestry Incentives and Agriculture Conservation.....	50	175	175
(F)Forest Management and Processing.....	850	3,600	3,600
(F)Cooperative Forest Insect and Disease Control.....	250	250	250
(F)Aid to Volunteer Fire Companies.....	550	750	750
(F)Wetland Protection Fund.....	200	200	200
(F)Chesapeake Bay Watershed Education & Training.....	50	0	0
(A)Reimbursement for Services.....	211	450	450
(A)Reimbursement - Forest Fires.....	212	775	775
(A)Sale of Vehicles - Forests.....	0	50	50
(A)Private Donations.....	9	5	5
(A)Timber Sales.....	32,400	34,960	35,308
(A)PCC Programs - Forests.....	22	50	50
(A)Miscellaneous Tickets and Fines.....	2	5	5
Subtotal.....	<u>\$ 50,422</u>	<u>\$ 57,886</u>	<u>\$ 60,059</u>

Forest Pest Management.....	2,111	4,545^a	5,193
(F)Forest Insect and Disease Control.....	2,000	3,000	3,000
(A)Reimbursement from Counties.....	669	200	200
Subtotal.....	<u>\$ 4,780</u>	<u>\$ 7,745</u>	<u>\$ 8,393</u>

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 89,759	\$ 94,913	\$ 104,156
Subtotal - Federal Funds.....	48,040	47,336	47,006
Subtotal - Augmentations.....	52,099	59,289	59,386
Total - General Government.....	\$ 189,898	\$ 201,538	\$ 210,548
Grants and Subsidies:			
Heritage and Other Parks.....	\$ 5,350	\$ 8,200	\$ 1,950
Annual Fixed Charges - Flood Lands.....	55	55	55
Annual Fixed Charges - Project 70.....	35	35	35
Annual Fixed Charges - Forest Lands.....	2,480	2,480	2,480
Annual Fixed Charges - Park Lands.....	300	300	400
Total - Grants and Subsidies.....	\$ 8,220	\$ 11,070	\$ 4,920
STATE FUNDS.....	\$ 97,979	\$ 105,983	\$ 109,076
FEDERAL FUNDS.....	48,040	47,336	47,006
AUGMENTATIONS.....	52,099	59,289	59,386
GENERAL FUND TOTAL.....	\$ 198,118	\$ 212,608	\$ 215,468
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
General Government:			
Parks & Forest Facility Rehabilitation (EA).....	\$ 5,460	\$ 6,184	\$ 7,386
Grants and Subsidies:			
Community Conservation Grants (EA).....	\$ 11,260	\$ 7,018	\$ 8,290
Natural Diversity Conservation Grants (EA).....	784	750	980
Total - Grants and Subsidies.....	\$ 12,044	\$ 7,768	\$ 9,270
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 17,504	\$ 13,952	\$ 16,656
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
General Government:			
Park & Forest Facility Rehab. - Realty Transfer (94-04) (EA).....	\$ 22,283 ^b	\$ 0	\$ 0
Park & Forest Facility Rehab. - RTT (Current Year) (EA).....	25,479	31,229	25,917
Total - General Government.....	\$ 47,762	\$ 31,229	\$ 25,917
Grants and Subsidies:			
Grants for Local Recreation-Realty Transfer Tax (94-04) (EA).....	\$ 42,559 ^b	\$ 0	\$ 0
Grants for Local Recreation - RTT (Current Year) (EA).....	21,233	26,025	21,597
Grants to Land Trusts - Realty Transfer Tax (94-04) (EA).....	8,905 ^b	0	0
Grants to Land Trusts - RTT (Current Year) (EA).....	8,493	10,411	8,639
Total - Grants and Subsidies.....	\$ 81,190	\$ 36,436	\$ 30,236
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 128,952	\$ 67,665	\$ 56,153
<u>MOTOR LICENSE FUND:</u>			
General Government:			
Dirt and Gravel Road.....	\$ 1,000	\$ 1,000	\$ 1,000
Grants and Subsidies:			
(R)Forestry Bridges - Excise Tax (EA).....	\$ 4,000	\$ 4,000	\$ 4,000

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
STATE FUNDS.....	\$ 1,000	\$ 1,000	\$ 1,000
RESTRICTED REVENUES.....	4,000	4,000	4,000
MOTOR LICENSE FUND TOTAL.....	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
 <u>OTHER FUNDS:</u>			
GENERAL FUND:			
Snowmobile & ATV Regulation.....	\$ 3,696	\$ 6,000	\$ 4,838
Forest Regeneration.....	3,299	4,000	5,000
Forestry Research.....	208	1,000	1,000
Forest Lands Beautification Act.....	0	0	300
GENERAL FUND TOTAL.....	<u>\$ 7,203</u>	<u>\$ 11,000</u>	<u>\$ 11,138</u>
 ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 150	\$ 370	\$ 293
 GROWING GREENER BOND FUND:			
Parks and Recreation Improvements (EA).....	\$ 2,850 ^c	\$ 5,000 ^c	\$ 2,000 ^c
State Parks and Forests Facility Projects (EA).....	0 ^c	10,000 ^c	12,000 ^c
Open Space Conservation (EA).....	0 ^c	10,000 ^c	12,000 ^c
GROWING GREENER BOND FUND TOTAL.....	<u>\$ 2,850</u>	<u>\$ 25,000</u>	<u>\$ 26,000</u>
 OIL AND GAS LEASE FUND:			
General Operations.....	\$ 4,738	\$ 7,000	\$ 5,011
 STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 0	\$ 5,000	\$ 5,000
 WILD RESOURCE CONSERVATION FUND:			
General Operations (EA).....	\$ 390	\$ 382	\$ 392
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 97,979	\$ 105,983	\$ 109,076
SPECIAL FUNDS.....	147,456	82,617	73,809
FEDERAL FUNDS.....	48,040	47,336	47,006
AUGMENTATIONS.....	52,099	59,289	59,386
RESTRICTED.....	4,000	4,000	4,000
OTHER FUNDS.....	15,331	48,752	47,834
TOTAL ALL FUNDS.....	<u>\$ 364,905</u>	<u>\$ 347,977</u>	<u>\$ 341,111</u>

^a Includes recommended supplemental appropriation of \$2,434,000.

^b Actually appropriated as separate executive authorizations of the rollover balance from each prior fiscal year. Prior year balances are now combined into one executive authorization covering balances from 1994 through 2004.

^c Actually appropriated as a continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Conservation and Natural Resources

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND.....	\$ 97,979	\$ 105,983	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076
SPECIAL FUNDS.....	147,456	82,617	73,809	78,243	81,175	84,149	86,019
FEDERAL FUNDS.....	48,040	47,336	47,006	47,006	47,006	47,006	47,006
OTHER FUNDS.....	71,430	112,041	111,220	111,220	111,220	111,220	111,220
SUBCATEGORY TOTAL.....	\$ 364,905	\$ 347,977	\$ 341,111	\$ 345,545	\$ 348,477	\$ 351,451	\$ 353,321
ALL PROGRAMS:							
GENERAL FUND.....	\$ 97,979	\$ 105,983	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076
SPECIAL FUNDS.....	147,456	82,617	73,809	78,243	81,175	84,149	86,019
FEDERAL FUNDS.....	48,040	47,336	47,006	47,006	47,006	47,006	47,006
OTHER FUNDS.....	71,430	112,041	111,220	111,220	111,220	111,220	111,220
DEPARTMENT TOTAL.....	\$ 364,905	\$ 347,977	\$ 341,111	\$ 345,545	\$ 348,477	\$ 351,451	\$ 353,321

Conservation and Natural Resources

PROGRAM OBJECTIVE: To maintain and improve State parks; to manage State forest lands to assure their long-term health, sustainability and economic use; to provide information on ecological and geologic resources; and to administer grant and technical assistance programs to benefit rivers conservation, trails and greenways, local recreation, regional heritage conservation and environmental education programs across the Commonwealth.

Program: Parks and Forests Management

Program Element: Stewardship and Management of State Parks and Forests

DCNR manages nearly 2.4 million acres of State park and forest lands that provide economic, recreational, ecological, geological and aesthetic values to the Commonwealth. The system of State parks consists of 116 parks and 2 conservation areas in 62 counties. Over 255,860 acres of land and 33,500 acres of water are within these parks. They attract over 35 million visitors each year and provide picnicking, swimming, hiking, bicycling, horseback riding, cross-country skiing, camping, boating, fishing and hunting opportunities for citizens and guests of the Commonwealth. In addition to managing these facilities, this program element also maintains and restores the State parks and upgrades facilities where needed. Upgraded amenities are needed to provide quality visitor services, increase tourism and enhance revenue opportunities. User fees and concession charges are used to support the maintenance and operation of the park system. The Keystone Recreation, Park and Conservation Fund provides real estate transfer tax revenues for rehabilitation, repairs and upgrade of facilities and land acquisition for State park and forest lands. Act 68 of 1999 created the Environmental Stewardship Fund, providing funds for additional rehabilitation projects and land acquisitions as part of the "Growing Greener" initiative. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a \$4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first \$50 million of revenue from the fee was deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee thereafter. This provides a specific, dedicated source of funding for the Growing Greener program and extends the \$4 tipping fee until 2012. The budget includes funds from the Growing Greener II bond initiative, approved by the voters May 17, 2005. Growing Greener II will provide the department with \$218 million over six years to improve the State parks and State forests, for community park and recreation grants and for open space preservation. Not less than \$100 million of funding shall be used for facility and infrastructure improvements to State parks and State forests, and \$90 million of these moneys shall be used for open space conservation.

State forests are managed for sustainable timber harvest including fire suppression, insect and disease control, watershed protection, and resource extraction and storage (natural gas). 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.

State forests also offer outdoor recreation, environmental education and primitive camping options. DCNR's 2.1 million forest acres comprise the largest tract of Forest Stewardship Council (FSC) certified forest in North America. This certification determines if a forest is managed in an environmentally responsible manner. By tracking wood from forest to final product, certification enables consumers to support responsible forestry and provides forest owners with an incentive to maintain and improve forest management practices. The harvest of quality hardwood timber helps support the State's \$5 billion forest products industry that employs almost 100,000 people.

DCNR strives to incorporate sustainable building practices in its construction and renovation of facilities on State park and forest lands. This includes pursuing LEED (Leadership in Energy and Environmental Design Green Building Rating System®) certification for large new structures, and adopting LEED standards for smaller structures. The LEED assessment framework includes site development, water savings, energy efficiency, materials selection and indoor environmental quality.

DCNR's biodiversity and conservation science programs, such as the Pennsylvania Natural Heritage Program, support the management of these lands. PNHP is the Commonwealth's major program for significant natural features inventory, evaluation, ranking of species-of-special-concern, and compiling natural features data.

Stewardship of Pennsylvania's State park and forest land at certain times includes acquiring lands that: protect and enhance existing State parks and forests, forested watersheds and riparian corridors; conserve biologically

Program: Parks and Forests Management (continued)

important areas; and/or create connections with other public lands, open spaces, and outdoor recreation and educational opportunities.

Program Element: *Statewide Land Conservation*

The long-term sustainability of our natural resources is the responsibility of local communities, counties, State and Federal agencies, nonprofit conservation organizations, and private landowners. Land conservation is multifaceted, including developing greenway connectors between conserved lands and communities, protecting open space and ecologically and geologically significant lands, supporting Pennsylvania's private forest resource, and encouraging more environmentally sensitive growth in developing areas.

DCNR's role on private lands is to help local communities, counties, regional organizations, non profit stakeholders, private landowners and other governmental entities manage growth and reduce the loss of open space by providing technical assistance, educational information, and grant funding for research, planning, project development and land acquisition.

DCNR also provides management assistance to private forest landowners, who possess three-quarters of all forest land in the state. Conservation of these lands is important to the future health of the forests, protecting water quality and water supplies, providing recreational opportunities, and maintaining the state's \$5 billion a year timber industry.

Program Element: *Sustainable and Attractive Communities*

This element focuses on the natural, heritage and recreational resources within a community that contribute to the local economy and to the quality of life of its citizens. DCNR serves local communities with scientific data, technical assistance, and grant programs focused on these resources.

DCNR supports regional, county and local planning efforts with ecological and geologic information, technical assistance and funding. DCNR's conservation science programs (including PNHP) and topographic and geologic resources (digital maps, data and GIS) help communities make land use decisions that support sustainable development, such as identifying where unique plant or animal species should be protected, or where sinkhole potential might affect a development site choice.

DCNR offers grants through the Community Conservation Partnerships Program (C2P2), the Wild Resource Conservation Program (WRCP), and support of the PA

Urban and Community Forestry Grants Program (PAUCFG). C2P2 combines State and Federal funding sources and programs to provide technical assistance and matching grants for community recreation and recreational trails, snowmobile and ATV trails and parks, land conservation, river conservation, Heritage Parks, and Rails-to-Trails. WRCP directs resources and education toward endangered and threatened species, awarding grants for projects that protect or study plants, birds, mammals, fish, reptiles, amphibians and other species. PAUCFG offers grants to communities and municipalities for education about trees and natural resources, tree planting and maintenance programs, and developing long-term tree-care programs.

Program Element: *Outdoor Connections for Citizens and Visitors*

While the outdoors is an important part of many Pennsylvanians' lives, some citizens have no connection to the outdoors. With our park and forest lands, greenways, heritage areas, and scores of community conservation and recreation partnerships, the department works to increase enthusiasm for nature, provide life-long conservation learning, and generate stewardship activities.

DCNR is focusing on increasing awareness of outdoor opportunities and encouraging responsible park and forest usage. The department is teaming with tourism partners to promote the State's parks, forests, trails, rivers, greenways and heritage areas; working to enhancing the website; advertising through events, promotions and printed materials; improving signage, developing new overnight accommodations; continuing to offer environmental education and interpretive programming, and instituting guided recreation programming in concert with interpretive programming.

One example of this approach is the new "Get Outdoors PA" program, which DCNR piloted in western Pennsylvania in 2004 and expanded statewide in 2005. Get Outdoors PA offers visitors guided programs on various recreational activities like kayaking, canoeing, fishing, hiking and biking. Experienced trip leaders teach skills and expose visitors to State parks and forests. Get Outdoors PA will continue to add programs and partners in the coming years.

These various efforts are intended to not only improve visitor experiences and encourage repeat visitation, but also to provide economic benefit to surrounding communities. DCNR's outreach to communities also extends to urban and suburban environmental education outreach and educational and recreational programming.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Stewardship and Management of State Parks and Forests							
State park attendance (calendar year)	36,295,873	36,300,000	36,400,000	36,500,000	36,600,000	36,700,000	36,800,000
State park family campsite nights available to rent	1,478,407	1,478,000	1,478,000	1,478,000	1,478,000	1,478,000	1,478,000
State park family campsite nights rented ...	332,847	350,000	350,000	350,000	350,000	350,000	350,000
Percentage of available State Park family campsites rented during peak weekends .	65%	65%	65%	65%	65%	65%	65%
State park family cabin night available to rent	93,538	93,000	93,000	93,000	93,000	93,000	93,000
State park family cabin nights rented	54,173	55,000	55,000	55,000	55,000	55,000	55,000
Percentage of available State Park family cabins rented during peak weekends	92%	92%	92%	92%	92%	92%	92%
LEED registered buildings under construction (parks and forest)	5	8	11	13	15	17	17
Forest fires suppressed	901	1,000	1,000	1,000	1,000	1,000	1,000
Forest fire acres suppressed	8,871	8,000	8,000	8,000	8,000	8,000	8,000
Sales of certified timber (millions of board feet sold)	71,541	70,000	70,000	75,000	75,000	75,000	75,000
Statewide Land Conservation							
Land conservation through acquisition and easement (acres)	16,820	15,000	15,000	15,000	10,000	10,000	10,000
Sustainable and Attractive Communities							
Total grant funds awarded	\$64,873,500	\$77,500,000	\$77,500,000	\$77,500,000	\$77,500,000	\$77,500,000	\$77,500,000
Community Conservation Partnership grants awarded	425	440	440	440	440	440	440
Heritage Park Grants Awarded	82	90	90	90	90	90	90
STATEMAP - Square miles mapped	504	400	400	400	400	400	400
PAMAP - Square miles flown for aerial photographs	14,000	6,100	14,300	12,900	17,300	14,300	12,900
PA Natural Heritage Program (website database searches)	35,861	45,000	50,000	50,000	50,000	50,000	50,000
Outdoor Connections for Citizens and Visitors							
Get Outdoor PA recreation programs conducted	797	950	1,000	1,050	1,100	1,150	1,200
Environmental Education and interpretive programming attendance	320,050	321,000	322,000	323,000	324,000	325,000	326,000

State Park information is reported by calendar year. Peak season extends from Memorial Day to Labor Day.

The Bureau of Forestry fights fires on DCNR managed lands, other public lands and private lands.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND:</p> <p>General Government Operations</p> <p>\$ 1,478 —to continue current program.</p> <p>State Parks Operations</p> <p>\$ 3,310 —to continue current program.</p> <p>1,982 —Initiative - State Parks enhancements. To provide enhancements to state park operations, including seasonal staff support.</p> <hr/> <p>\$ 5,292 <i>Appropriation Increase</i></p> <p>State Forests Operations</p> <p>\$ 1,825 —to continue current program.</p> <p>Forest Pest Management</p> <p>\$ 648 —to continue current program.</p>	<p>Heritage and Other Parks</p> <p>\$ -6,250 —nonrecurring heritage and other parks projects.</p> <p>Annual Fixed Charges - Park Lands</p> <p>\$ 100 —to continue current program.</p> <p>ENVIRONMENTAL STEWARDSHIP FUND:</p> <p>Parks & Forest Facility Rehabilitation (EA)</p> <p>\$ 1,202 —to continue current program.</p> <p>Community Conservation Grants (EA)</p> <p>\$ 1,272 —to continue current program.</p> <p>Natural Diversity Conservation Grants (EA)</p> <p>\$ 230 —to continue current program.</p>
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Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

	KEYSTONE RECREATION, PARKS AND CONSERVATION FUND:				Grants for Local Recreation (EA)
	Parks & Forest Facility Rehabilitation (EA)	\$	-4,428		—nonrecurring projects.
\$	-5,312				
	—nonrecurring projects.	\$	-1,772		Grants for Land Trusts (EA)
					—nonrecurring projects.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government Operations	\$ 17,862	\$ 18,526	\$ 20,004	\$ 20,004	\$ 20,004	\$ 20,004	\$ 20,004
State Parks Operations	55,170	57,226	62,518	62,518	62,518	62,518	62,518
State Forests Operations.....	14,616	14,616	16,441	16,441	16,441	16,441	16,441
Forest Pest Management	2,111	4,545	5,193	5,193	5,193	5,193	5,193
Heritage and Other Parks.....	5,350	8,200	1,950	1,950	1,950	1,950	1,950
Annual Fixed Charges - Flood Lands.....	55	55	55	55	55	55	55
Annual Fixed Charges - Project 70.....	35	35	35	35	35	35	35
Annual Fixed Charges - Forest Lands.....	2,480	2,480	2,480	2,480	2,480	2,480	2,480
Annual Fixed Charges - Park Lands.....	300	300	400	400	400	400	400
TOTAL GENERAL FUND	\$ 97,979	\$ 105,983	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076	\$ 109,076
ENVIRONMENTAL STEWARDSHIP FUND:							
Parks & Forest Facility Rehabilitation (EA).....	\$ 5,460	\$ 6,184	\$ 7,386	\$ 8,375	\$ 6,367	\$ 4,336	\$ 2,696
Natural Diversity Conservation Grants (EA).....	784	750	980	980	980	980	980
Community Conservation Grants (EA) (06/08)							
Community Conservation Grants (EA) (06/08)	11,260	7,018	8,290	8,290	8,290	8,290	8,290
TOTAL ENVIRONMENTAL STEWARDSHIP FUND.....	\$ 17,504	\$ 13,952	\$ 16,656	\$ 17,645	\$ 15,637	\$ 13,606	\$ 11,966
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehab. - Realty Transfer (94-04) (EA).....	\$ 22,283	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grants for Local Recreation-Realty Transfer Tax (94-04) (EA)	42,559	0	0	0	0	0	0
Grants to Land Trusts - Realty Transfer Tax (94-04) (EA)	8,905	0	0	0	0	0	0
Park & Forest Facility Rehab. - RTT (Current Year) (EA).....	25,479	31,229	25,917	27,507	29,787	32,097	33,717
Grants for Local Recreation - RTT (Current Year) (EA).....	21,233	26,025	21,597	22,922	24,822	26,747	28,097
Grants to Land Trusts - RTT (Current Year) (EA)	8,493	10,411	8,639	9,169	9,929	10,699	11,239
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND.....	\$ 128,952	\$ 67,665	\$ 56,153	\$ 59,598	\$ 64,538	\$ 69,543	\$ 73,053
MOTOR LICENSE FUND:							
Dirt and Gravel Road.....	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000



DEPARTMENT OF CORRECTIONS

The mission of the Department of Corrections is to protect the public by confining persons committed to the department's custody in safe, secure facilities, and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens, while respecting the rights of crime victims.

The department maintains a State system for the custody and rehabilitation of convicted criminals. Included within this system are residential programs and pre-release programs to provide inmates with supervision, counseling and treatment to enable them to satisfactorily adjust to society.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>Institutional:</i>			
General Government Operations.....	\$ 31,492	\$ 34,195	\$ 37,414
(A) County Training.....	187	225	210
(A) Purchasing Card Rebates.....	5	17	8
(A) Augmentations from State Agencies.....	2	25	2
Subtotal.....	\$ 31,686	\$ 34,462	\$ 37,634
Medical Care.....	182,270	189,509	205,038
(A) Medical Co-payment.....	300	310	310
(A) Purchasing Card Rebates.....	8	8	8
Subtotal.....	\$ 182,578	\$ 189,827	\$ 205,356
Inmate Education and Training.....	42,438	42,082	45,555
(F) Youth Offenders Education.....	765	800	1,200
(F) Correctional Education.....	1,420	1,520	1,575
(A) Correctional Industries.....	0	4,700	0
(A) Reimbursement for Services.....	5	15	20
Subtotal.....	\$ 44,628	\$ 49,117	\$ 48,350
State Correctional Institutions.....	1,101,381	1,154,473	1,317,724
(F) SABG - Drug and Alcohol Programs.....	2,100	2,100	2,100
(F) DCSI - Hispanic Therapeutic Community (EA).....	200	200	50
(F) DCSI - Employment Opportunities (EA).....	110	0	0
(F) DCSI - Inmate Culinary Training (EA).....	26	0	0
(F) DCSI - Sex Offender Assessment (EA).....	200	0	0
(F) Reimbursement for Alien Inmates.....	3,907	1,157	1,157
(F) Volunteer Support.....	20	20	20
(F) Truth In Sentencing.....	60,614	0	0
(F) Truth in Sentencing (EA).....	0	10,000	0
(F) RSAT - Drug Treatment.....	550	0	0
(F) RSAT - State Prisoners (EA).....	0	928	700
(F) Inmate Reentry Program.....	1,250	550 ^a	400
(F) Changing Offender Behavior.....	0	0	349
(F) Forensic Community (EA).....	85	0	0
(F) Prison Rape Elimination.....	81	115	650
(A) Correctional Industries.....	0	12,800	0
(A) Commissary Reimbursement.....	4,651	3,150	0
(A) Community Service Centers.....	567	565	580
(A) Institutional Reimbursements.....	279	451	255
(A) Purchasing Card Rebates.....	184	175	200
(A) Social Security.....	155	130	175
Subtotal.....	\$ 1,176,360	\$ 1,186,814	\$ 1,324,360
Subtotal - State Funds.....	\$ 1,357,581	\$ 1,420,259	\$ 1,605,731
Subtotal - Federal Funds.....	71,328	17,390	8,201
Subtotal - Augmentations.....	6,343	22,571	1,768
Total - Institutional.....	\$ 1,435,252	\$ 1,460,220	\$ 1,615,700
STATE FUNDS.....	\$ 1,357,581	\$ 1,420,259	\$ 1,605,731
FEDERAL FUNDS.....	71,328	17,390	8,201
AUGMENTATIONS.....	6,343	22,571	1,768
GENERAL FUND TOTAL.....	\$ 1,435,252	\$ 1,460,220	\$ 1,615,700
OTHER FUNDS:			
LOCAL CRIMINAL JUSTICE FUND:			
County Grants (EA).....	\$ 1,300	\$ 2,800	\$ 1,127

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
	<u> </u>	<u> </u>	<u> </u>
MANUFACTURING FUND:			
General Operations (EA).....	\$ 42,609	\$ 46,700 ^b	\$ 63,796
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,357,581	\$ 1,420,259	\$ 1,605,731
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	71,328	17,390	8,201
AUGMENTATIONS.....	6,343	22,571	1,768
OTHER FUNDS.....	43,909	49,500	64,923
TOTAL ALL FUNDS.....	<u>\$ 1,479,161</u>	<u>\$ 1,509,720</u>	<u>\$ 1,680,623</u>

^a Includes recommended supplemental appropriation of \$250,000.

^b Not added to the total to avoid double counting: \$17,500,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND.....	\$ 1,357,581	\$ 1,420,259	\$ 1,605,731	\$ 1,627,681	\$ 1,637,945	\$ 1,648,209	\$ 1,658,473
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	71,328	17,390	8,201	8,201	8,201	8,201	8,201
OTHER FUNDS.....	50,252	72,071	66,691	66,691	66,691	66,691	66,691
SUBCATEGORY TOTAL.....	\$ 1,479,161	\$ 1,509,720	\$ 1,680,623	\$ 1,702,573	\$ 1,712,837	\$ 1,723,101	\$ 1,733,365
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,357,581	\$ 1,420,259	\$ 1,605,731	\$ 1,627,681	\$ 1,637,945	\$ 1,648,209	\$ 1,658,473
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	71,328	17,390	8,201	8,201	8,201	8,201	8,201
OTHER FUNDS.....	50,252	72,071	66,691	66,691	66,691	66,691	66,691
DEPARTMENT TOTAL.....	\$ 1,479,161	\$ 1,509,720	\$ 1,680,623	\$ 1,702,573	\$ 1,712,837	\$ 1,723,101	\$ 1,733,365

PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Institutionalization of Offenders

The Department of Corrections protects the public by confining offenders in state correctional institutions for the period of time specified by the courts and the Board of Probation and Parole. The department is charged with maintaining safe and humane prisons and providing opportunities to the inmate population for growth and change. These programs are aimed at drug and alcohol treatment, education, work, and family/parenting needs. In addition, community re-entry is an integral part of the department's job.

The department seeks to provide sufficient and secure permanent housing space for the inmate population. The goal is to operate the State correctional system at operational bed capacity, which represents the optimal number of inmates that each facility can safely house based on a number of factors. In addition to cell size and security level, operational capacity takes into consideration availability of inmate employment or programming, support services, and facility infrastructure. The State-administered system for the institutionalization of offenders includes 26 correctional institutions, 14 community corrections centers and a motivational boot camp. There were 44,365 inmates housed in the State system at the end of December 2006 and an operational capacity of 39,284. Operational bed capacity is expected to increase in 2007 with the opening of new housing units at six state correctional institutions and leasing of additional Community Corrections Center bed space. SCI Pittsburgh will be reactivated in 2007 with an initial capacity of 750 beds in July 2007.

Program Element: Institutional Operations

In addition to protecting the public by separating offenders from society, the department emphasizes the safety and security of its staff, volunteers, inmates, and visitors to the institutions. Security operations are improved through security assessments, training, structural improvements, and use of technology such as biometrics and intrusion detection systems. The department's drug interdiction program has been cited as a best practice by the American Correctional Association. The percentage of inmates testing positive for drug and alcohol use while in prison is 0.25%, which is one of the lowest rates in the country for state correctional systems. All inmates undergo a diagnostic and classification process to determine the inmate's appropriate security classification, medical needs and programs needed for re-entry into society as well as other needs and requirements.

Two of the largest support services needed to operate the institutions are food service and facility maintenance. Staff and inmates perform most of these functions; this gives the opportunity for inmates to learn a trade while constructively occupying their time. Another large support service is health care services, which includes mental

health services. A combination of staff and contractors provides health care services. The department provides special needs units in most institutions and licenses mental health units in six institutions. Also provided are two renal dialysis units, geriatric services, infectious care treatment, and other necessary services.

Program Element: Inmate Programs

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. Inmates are classified for programming during intake procedures, at which time a correctional plan is developed. This plan is a chart of behavior and program performance for the duration of the inmate's incarceration. Research has shown that inmate participation in appropriately structured interventions can reduce recidivism.

As a result of Act 112 of 2004, a state intermediate punishment program has been established. It places appropriate and less serious offenders in structured alcohol and other drug (AOD) treatment programs in prison, followed by treatment in the community. The results from evaluations of programs in other states show a significant reduction in recidivism and drug relapse for offenders who have participated in those programs. This program is expected to serve approximately 1,200 inmates when it is fully utilized.

Counseling services are designed to modify the inmate's social behavior to a more acceptable level for institutional management and reduce criminal behavior when released, thus providing a basis for better community protection. All facilities provide AOD programs. Approximately 29,000 offenders are assessed as needing AOD treatment, and approximately 14,000 offenders currently receive treatment services. Therapeutic communities provide more intensive AOD programming, which is more effective in changing behavior. Approximately 1,500 inmates receive this intensive treatment. Other counseling services and programs are available. All facilities offer sex offender treatment, some with special sex offender units. Other areas in which counseling and programming are offered include parenting, religious services, work, education, activities, and citizenship.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic education skills. A Correctional Education Association study shows that attendance of educational courses in prison reduces the likelihood of recidivism by 23%. New inmates who do not have a high school diploma or GED are required to attend classes.

Vocational training is dedicated to the development of marketable job skills so that inmates are more employable upon their release. A variety of vocational programs are

Program: Institutionalization of Offenders (continued)

offered, including plumbing, auto mechanics, barbering, electronics, and machinist training. Work is another component of inmate programming. The department is continuing its efforts to have inmates perform meaningful work. Employment in institutional jobs and in correctional industries provides inmates with the opportunity to learn responsibility, good work habits, and skills that can be used to find employment after release. Approximately 80% of inmates assessed as being able and eligible to work are working. Community work programs are available at most institutions in which low-risk inmates perform community service projects outside the institutions.

Program Element: Re-Entry

Most inmates committed to the Department of Corrections are later released back to the community. The success of their release is often contingent upon the

programming they received during incarceration. The last step in treatment is re-entry or community corrections. Community corrections centers (CCC's) 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. CCC's provide programming reinforcement during the inmate's transition back to the community. They offer AOD treatment services, employment assistance, specialized counseling for hard to place offenders and other services. Community corrections placement is also available to some parolees as either an alternative to a return to prison or as a transition from prison to the community. There are approximately 3,500 offenders in the CCC's, and approximately three fifths are parolees.

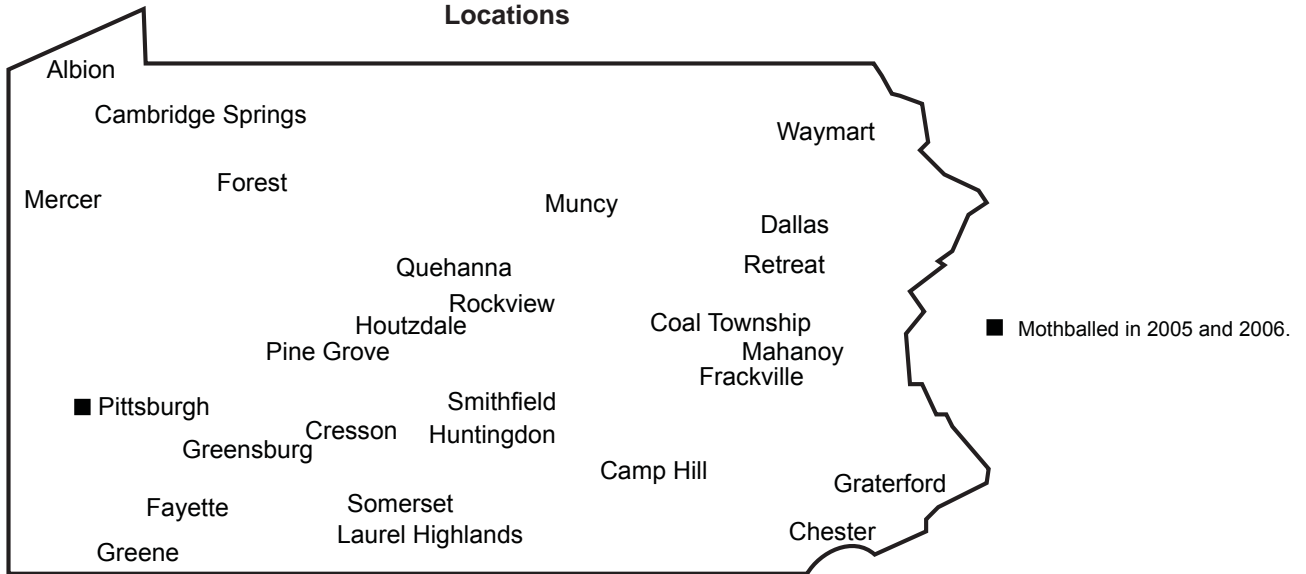
Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Inmates (December).....	42,446	44,365	45,596	47,096	48,596	50,096	51,596
Prison Operational Bed Capacity (December).....	38,518	39,284	41,283	42,851	42,851	42,851	42,851
Inmates in excess of Operational Bed Capacity.....	3,928	5,081	4,313	4,245	5,745	7,245	8,745
Inmates in state intermediate punishment program as of December 31.....	24	270	671	900	1,080	1,200	1,200
Inmates able and eligible to work as of December 31.....	33,913	35,634	36,201	37,035	38,143	39,388	40,633
Inmates able and eligible to work who are involved in work programs as of December 31.....	27,277	28,792	29,223	29,896	30,791	31,796	32,801
Dollars saved as a result of inmates participating in community work projects..	\$5,997,087	\$6,000,000	\$6,100,000	\$6,300,000	\$6,450,000	\$6,600,000	\$6,700,000
Inmates enrolled in academic educational programs as of December 31.....	9,739	10,937	11,257	11,407	11,407	11,407	11,407
Inmates enrolled in vocational programs as of December 31.....	3,096	3,516	3,756	3,900	3,900	3,900	3,900
Inmates receiving high school diplomas/GED's (calendar year).....	1,119	1,140	1,150	1,170	1,170	1,170	1,170
Offenders in institutions and community corrections centers (including parolees) assessed as needing alcohol or other drug services as of December 31.....	28,333	29,472	30,026	30,669	31,524	32,484	33,444
Offenders in institutions and community corrections centers (including parolees) receiving or completing alcohol or other drug treatment as of December 31*.....	NA	13,805	15,559	15,679	15,847	16,107	16,366
Percentage of inmates testing positive for drug and alcohol use while in prison as of December 31 (random test)*.....	0.25%	0.22%	0.25%	0.25%	0.25%	0.25%	0.25%
Monies collected from inmates to pay for victim restitution and other fines, fees, costs, penalties and reparations.....	\$4,076,895	\$4,300,000	\$4,429,000	\$4,562,000	\$4,699,000	\$4,840,000	\$4,985,000
Cost per inmate per year (state funds).....	\$30,729	\$30,836	\$34,021	\$33,404	\$32,584	\$31,813	\$31,087
Cost per inmate per year for health care (state funds).....	\$4,294	\$4,272	\$4,497	\$4,526	\$4,530	\$4,534	\$4,537
Inmates to custody staff.....	4.8	5.0	5.0	5.1	5.2	5.4	5.6
Inmates to all Department of Corrections staff.....	2.8	3.0	2.9	3.0	3.1	3.2	3.3

*New program measure.

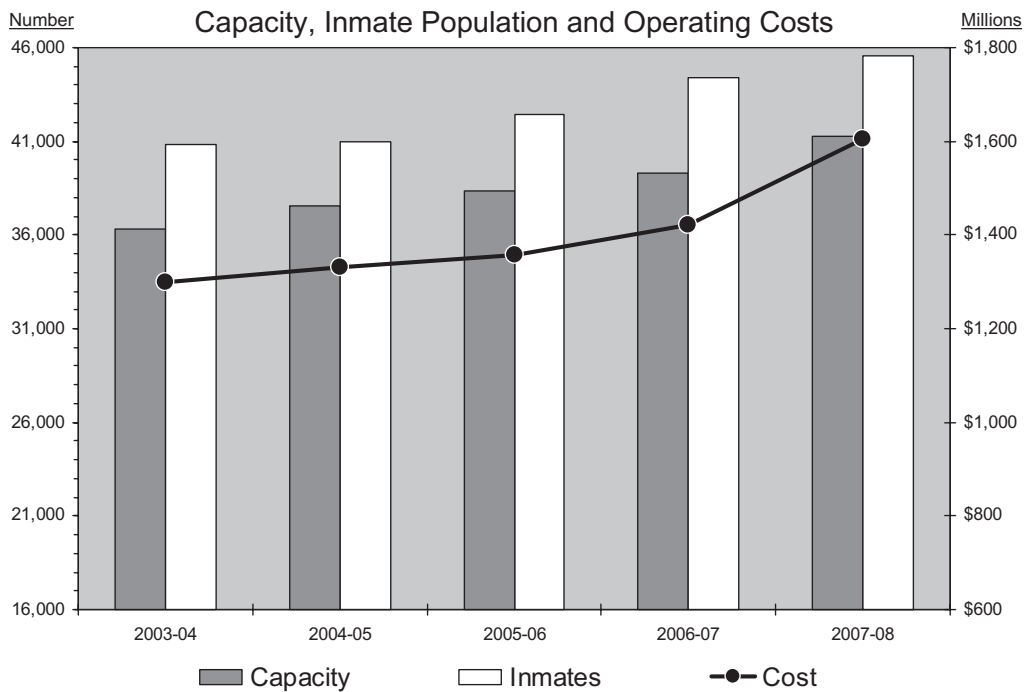
Inmates in excess of operational bed capacity for 2006-07, 2007-08 and the planning years increased from the projections in last year's budget because the actual population as of December 2006, and updated population projections for future years, both increased from prior projections.

Program: Institutionalization of Offenders (continued)

State Correctional Institutions Locations



State Correctional Institutions



The cost of operating the State correctional institution system has increased from nearly \$1.3 billion in 2003-04 to over \$1.6 billion in 2007-08. During this timeframe, the inmate population is projected to increase from 40,817 to 45,596 and the operational capacity from 36,347 to an estimated 41,283.

Program: Institutionalization of Offenders (continued)

Population and Capacity Institutions	Population Dec 2006	Estimated Population Dec 2007	Capacity Dec 2006	Estimated Capacity Dec 2007
Albion.....	2,312	2,230	1,900	1,900
Cambridge Springs.....	984	995	894	894
Camp Hill.....	3,346	3,225	2,900	3,130
Chester.....	1,173	1,175	1,150	1,150
Coal Township.....	1,860	1,840	1,600	1,600
Cresson.....	1,312	1,560	1,200	1,430
Dallas.....	2,095	2,013	1,750	1,750
Fayette.....	2,031	2,007	1,914	1,914
Forest.....	2,076	2,025	1,980	1,980
Frackville.....	1,079	1,075	900	900
Graterford.....	2,931	3,155	2,744	2,744
Greene.....	1,929	1,915	1,823	1,823
Greensburg.....	894	960	800	800
Houtzdale.....	2,336	2,240	1,900	1,900
Huntingdon.....	2,144	2,045	1,700	1,700
Laurel Highlands.....	993	1,170	889	1,089
Mahanoy.....	2,318	2,240	1,900	1,900
Mercer.....	1,095	1,302	900	1,130
Muncy.....	1,143	1,165	1,148	1,148
Pine Grove.....	677	800	659	809
Pittsburgh.....	0	750	0	750
Quehanna.....	308	385	462	462
Retreat.....	873	1,002	806	956
Rockview.....	2,095	2,020	1,700	1,700
Smithfield.....	1,214	1,205	1,000	1,000
Somerset.....	2,320	2,240	1,900	1,900
Waymart.....	1,389	1,360	1,339	1,339
Community Centers.....	1,426	1,485	1,426	1,485
Other jurisdictions.....	12	12	0	0
Total.....	44,365	45,596	39,284	41,283

In 2008, net operational capacity will increase to 42,851 after full reopening of SCI Pittsburgh and opening of new housing units at four institutions. Included in capacity are 737 contract beds in December 2006 and 796 contract beds in December 2007 that are available to house community corrections inmates.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget		2005-06 Actual	2006-07 Available	2007-08 Budget
Albion				Forest			
State Funds.....	\$ 48,564	\$ 49,878	\$ 56,004	State Funds.....	\$ 46,777	\$ 49,181	\$ 56,113
Federal Funds.....	19	24	55	Federal Funds.....	6	7	39
Augmentations.....	205	794	21	Augmentations.....	199	897	19
TOTAL.....	<u>\$ 48,788</u>	<u>\$ 50,696</u>	<u>\$ 56,080</u>	TOTAL.....	<u>\$ 46,982</u>	<u>\$ 50,085</u>	<u>\$ 56,171</u>
Cambridge Springs				Frackville			
State Funds.....	\$ 26,058	\$ 26,870	\$ 30,874	State Funds.....	\$ 34,328	\$ 36,723	\$ 39,814
Federal Funds.....	103	108	127	Federal Funds.....	19	13	28
Augmentations.....	110	385	12	Augmentations.....	140	533	14
TOTAL.....	<u>\$ 26,271</u>	<u>\$ 27,363</u>	<u>\$ 31,013</u>	TOTAL.....	<u>\$ 34,487</u>	<u>\$ 37,269</u>	<u>\$ 39,856</u>
Camp Hill				Graterford			
State Funds.....	\$ 84,898	\$ 88,265	\$ 102,981	State Funds.....	\$ 100,652	\$ 103,306	\$ 114,134
Federal Funds.....	18,324	3,244	124	Federal Funds.....	26	26	436
Augmentations.....	374	1,300	53	Augmentations.....	451	1,736	43
TOTAL.....	<u>\$ 103,596</u>	<u>\$ 92,809</u>	<u>\$ 103,158</u>	TOTAL.....	<u>\$ 101,129</u>	<u>\$ 105,068</u>	<u>\$ 114,613</u>
Chester				Greene			
State Funds.....	\$ 37,750	\$ 39,564	\$ 40,820	State Funds.....	\$ 58,016	\$ 62,070	\$ 67,601
Federal Funds.....	1	0	32	Federal Funds.....	23	18	47
Augmentations.....	157	708	15	Augmentations.....	241	998	18
TOTAL.....	<u>\$ 37,908</u>	<u>\$ 40,272</u>	<u>\$ 40,867</u>	TOTAL.....	<u>\$ 58,280</u>	<u>\$ 63,086</u>	<u>\$ 67,666</u>
Coal Township				Greensburg			
State Funds.....	\$ 45,035	\$ 47,346	\$ 52,226	State Funds.....	\$ 33,291	\$ 35,174	\$ 39,116
Federal Funds.....	99	100	142	Federal Funds.....	115	120	132
Augmentations.....	202	858	25	Augmentations.....	135	803	9
TOTAL.....	<u>\$ 45,336</u>	<u>\$ 48,304</u>	<u>\$ 52,393</u>	TOTAL.....	<u>\$ 33,541</u>	<u>\$ 36,097</u>	<u>\$ 39,257</u>
Cresson				Houtzdale			
State Funds.....	\$ 42,136	\$ 44,344	\$ 49,658	State Funds.....	\$ 50,341	\$ 51,822	\$ 58,129
Federal Funds.....	13,346	2,016	42	Federal Funds.....	109	96	143
Augmentations.....	193	695	18	Augmentations.....	217	837	23
TOTAL.....	<u>\$ 55,675</u>	<u>\$ 47,055</u>	<u>\$ 49,718</u>	TOTAL.....	<u>\$ 50,667</u>	<u>\$ 52,755</u>	<u>\$ 58,295</u>
Dallas				Huntingdon			
State Funds.....	\$ 57,057	\$ 60,478	\$ 67,128	State Funds.....	\$ 53,386	\$ 56,777	\$ 62,324
Federal Funds.....	80	16	69	Federal Funds.....	1,024	21	51
Augmentations.....	243	973	28	Augmentations.....	237	1,097	35
TOTAL.....	<u>\$ 57,380</u>	<u>\$ 61,467</u>	<u>\$ 67,225</u>	TOTAL.....	<u>\$ 54,647</u>	<u>\$ 57,895</u>	<u>\$ 62,410</u>
Fayette				Laurel Highlands			
State Funds.....	\$ 57,335	\$ 60,084	\$ 66,741	State Funds.....	\$ 40,952	\$ 42,902	\$ 46,757
Federal Funds.....	13	13	52	Federal Funds.....	22,695	3,007	22
Augmentations.....	246	1,122	22	Augmentations.....	167	623	12
TOTAL.....	<u>\$ 57,594</u>	<u>\$ 61,219</u>	<u>\$ 66,815</u>	TOTAL.....	<u>\$ 63,814</u>	<u>\$ 46,532</u>	<u>\$ 46,791</u>

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget		2005-06 Actual	2006-07 Available	2007-08 Budget
Mahanoy				Smithfield			
State Funds.....	\$ 47,538	\$ 49,219	\$ 55,960	State Funds.....	\$ 38,959	\$ 40,463	\$ 44,424
Federal Funds.....	17	17	47	Federal Funds.....	24	18	36
Augmentations.....	207	961	25	Augmentations.....	162	529	15
TOTAL.....	<u>\$ 47,762</u>	<u>\$ 50,197</u>	<u>\$ 56,032</u>	TOTAL.....	<u>\$ 39,145</u>	<u>\$ 41,010</u>	<u>\$ 44,475</u>
Mercer				Somerset			
State Funds.....	\$ 32,707	\$ 33,589	\$ 38,485	State Funds.....	\$ 49,192	\$ 51,554	\$ 58,432
Federal Funds.....	8,057	23	34	Federal Funds.....	24	19	79
Augmentations.....	137	548	26	Augmentations.....	215	855	32
TOTAL.....	<u>\$ 40,901</u>	<u>\$ 34,160</u>	<u>\$ 38,545</u>	TOTAL.....	<u>\$ 49,431</u>	<u>\$ 52,428</u>	<u>\$ 58,543</u>
Muncy				Waymart			
State Funds.....	\$ 40,356	\$ 42,828	\$ 45,460	State Funds.....	\$ 59,769	\$ 63,370	\$ 69,230
Federal Funds.....	107	106	162	Federal Funds.....	188	209	235
Augmentations.....	174	682	25	Augmentations.....	244	1,021	14
TOTAL.....	<u>\$ 40,637</u>	<u>\$ 43,616</u>	<u>\$ 45,647</u>	TOTAL.....	<u>\$ 60,201</u>	<u>\$ 64,600</u>	<u>\$ 69,479</u>
Pine Grove				Community Centers			
State Funds.....	\$ 29,180	\$ 30,886	\$ 33,440	State Funds.....	\$ 78,971	\$ 81,788	\$ 94,401
Federal Funds.....	117	94	111	Federal Funds.....	2,410	665	1,181
Augmentations.....	119	525	9	Augmentations.....	567	688	580
TOTAL.....	<u>\$ 29,416</u>	<u>\$ 31,505</u>	<u>\$ 33,560</u>	TOTAL.....	<u>\$ 81,948</u>	<u>\$ 83,141</u>	<u>\$ 96,162</u>
Pittsburgh				Training Academy			
State Funds.....	\$ 1,090	\$ 1,119	\$ 32,273	State Funds.....	\$ 6,018	\$ 6,066	\$ 7,097
Federal Funds.....	0	0	0	Federal Funds.....	26	0	1
Augmentations.....	0	0	0	Augmentations.....	189	225	210
TOTAL.....	<u>\$ 1,090</u>	<u>\$ 1,119</u>	<u>\$ 32,273</u>	TOTAL.....	<u>\$ 6,233</u>	<u>\$ 6,291</u>	<u>\$ 7,308</u>
Quehanna Boot Camp				Central Office			
State Funds.....	\$ 12,683	\$ 14,109	\$ 16,026	State Funds.....	\$ 55,854	\$ 59,351	\$ 59,924
Federal Funds.....	6	0	18	Federal Funds.....	4,215	7,285	4,565
Augmentations.....	54	238	3	Augmentations.....	356	367	412
TOTAL.....	<u>\$ 12,743</u>	<u>\$ 14,347</u>	<u>\$ 16,047</u>	TOTAL.....	<u>\$ 60,425</u>	<u>\$ 67,003</u>	<u>\$ 64,901</u>
Retreat				Other jurisdictions			
State Funds.....	\$ 30,457	\$ 30,983	\$ 34,898	State Funds.....	\$ 160	\$ 241	\$ 250
Federal Funds.....	32	19	45	Federal Funds.....	0	0	0
Augmentations.....	132	572	18	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 30,621</u>	<u>\$ 31,574</u>	<u>\$ 34,961</u>	TOTAL.....	<u>\$ 160</u>	<u>\$ 241</u>	<u>\$ 250</u>
Rockview							
State Funds.....	\$ 58,071	\$ 59,909	\$ 65,011				
Federal Funds.....	103	106	146				
Augmentations.....	270	1,001	32				
TOTAL.....	<u>\$ 58,444</u>	<u>\$ 61,016</u>	<u>\$ 65,189</u>				

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		State Correctional Institutions
\$ 3,219 \$ 2,913 6,979 <hr style="width: 50px; margin-left: 0;"/> 5,637 \$ 15,529	General Government Operations —to continue current program. Medical Care —to reopen SCI Pittsburgh. —contracted medical services and pharmacy costs. —to continue current program. <i>Appropriation Increase</i> Inmate Education and Training —Initiative — Vocational Education Improvement. To provide additional administrative resources to better equip offenders with vocational skills to increase their chances at legal employment and lessen their chance of recidivism. —Initiative — Vocational Education Improvement. Transfer of administrative resources to the State Correctional Institutions appropriation. —to reopen SCI Pittsburgh. —to continue current program. <i>Appropriation Increase</i>	\$ 1,646 792 11,734 28,505 600 <hr style="width: 50px; margin-left: 0;"/> 119,974 \$ 163,251	—Initiative — Vocational Education Improvement. Transfer of administrative resources from the Inmate Education and Training appropriation. —Initiative — Reintegration Programs. To provide additional administrative resources to enhance skills and treatment for inmates to improve their chances of success outside of the prison environment, thereby reducing recidivism. —capacity increases at Community Corrections Centers and additional housing units. —to reopen SCI Pittsburgh. —management information system for the Office of Victim Advocate. —to continue current program. <i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 31,492	\$ 34,195	\$ 37,414	\$ 37,414	\$ 37,414	\$ 37,414	\$ 37,414
Medical Care	182,270	189,509	205,038	213,165	220,144	227,123	234,102
Inmate Education and Training.....	42,438	42,082	45,555	48,270	48,270	48,270	48,270
State Correctional Institutions.....	1,101,381	1,154,473	1,317,724	1,328,832	1,332,117	1,335,402	1,338,687
 GENERAL FUND TOTAL	 <u>\$ 1,357,581</u>	 <u>\$ 1,420,259</u>	 <u>\$ 1,605,731</u>	 <u>\$ 1,627,681</u>	 <u>\$ 1,637,945</u>	 <u>\$ 1,648,209</u>	 <u>\$ 1,658,473</u>



DEPARTMENT OF EDUCATION

The mission of the department is to academically prepare children and adults to succeed in their chosen profession. The department seeks to ensure that the technical support, resources and physical plant are in place for all students whether children or adults to receive a high quality education.

The department establishes standards and measures aimed at continuous improvement of school curriculum. The department manages staff development and research dissemination systems to ensure that all educational institutions can select from proven practices to boost student achievement. Local school districts, school boards and other educational institutions receive technical assistance from the department via a network of Intermediate Units. The department supports the improvement of Pennsylvania's higher education and community colleges via educational programs, funding to support students and direct resources for facility development.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
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GENERAL FUND:

General Government:

	\$	24,724	\$	25,490 ^a	\$	28,222
General Government Operations.....	\$	24,724	\$	25,490^a	\$	28,222
(F)Adult Basic Education - Administration.....		1,800		1,800		1,650
(F)Education of Exceptional Children.....		10,000		10,000		10,000
(F)Special Education Improvement.....		2,100		2,200		2,200
(F)ESEA - Title I - Administration.....		8,500		8,100		8,000
(F)State Approving Agency (VA).....		1,250		1,250		1,200
(F)Food and Nutrition Service.....		4,750		4,800		5,563
(F)Migrant Education - Administration.....		505		550 ^b		555
(F)Vocational Education - Administration.....		3,910		3,910		3,910
(F)Improving Teacher Quality - Title II - Administration/State.....		8,000		5,400		5,400
(F)Byrd Scholarships.....		1,656		1,589		1,586
(F)ESEA - Title V - Administration/State.....		2,820		930		680
(F)Homeless Assistance.....		2,120		2,320 ^c		3,226
(F)Preschool Grant.....		1,000		1,000		1,000
(F)DFSC - Administration.....		1,092		1,092		750
(F)State Literacy Resource Centers.....		125		125		150
(F)School Health Education Programs.....		400		500		500
(F)Learn and Serve America - School Based.....		882		882		882
(F)Environmental Education Workshops.....		500		450		200
(F)Charter Schools Initiatives.....		6,000		7,000		5,000
(F)Educational Technology - Administration.....		1,500		1,500		522
(F)Comprehensive School Reform - Administration.....		800		0		0
(F)Advanced Placement Testing.....		400		400		206
(F)ESEA - Title X-Education Partnerships.....		700		0		0
(F)Refugee Children Education.....		2,054		0		0
(F)Medical Assistance - Nurses' Aide Training.....		293		300		300
(F)State and Community Highway Safety.....		1,100		1,100		1,100
(F)Reading First Initiative - Administration.....		10,000		11,000		11,000
(F)Title IV - 21st Century Community Learning Centers -Admin.....		1,834		2,134 ^d		1,805
(F)National Assessment of Educational Progress (NAEP).....		137		137		137
(F)Evaluation of Student & Parent Access.....		630		800		0
(F)Youth Offenders Grant.....		1,000		1,000		0
(F)Drug and Violence Prevention Data.....		1,193		1,208		381
(F)Foreign Language Assistance.....		150		250		211
(F)Gifted and Talented Student Education.....		400		400		0
(F)Striving Readers.....		4,189		3,505		3,800
(F)Statewide Data Systems.....		1,051		0		0
(F)WIA Incentive Grant.....		1,076		489		489
(F)Advanced Placement Initiative.....		1,444		1,444		1,444
(F)Ready to Teach.....		109		109		0
(F)Statewide Longitudinal Data System.....		2,200		2,200		2,200
(F)School-Based Mental Health Services.....		348		348		348
(F)Refugee School Impact Development (EA).....		250		375		375
(F)Hurricane Education Recovery (EA).....		3,207		0		0
(F)Transition to Teaching.....		0		350		0
(F)Even Start - Migrant Education.....		0		345		345
(F)Migrant Education Coordination Program.....		0		250		87
(F)Partnerships in Character Education.....		0		700		700
(A)Management Services.....		43		55		57
(A)Environmental Education.....		630		261		261
(A)Approved Private Schools.....		158		283		282
(A)National Center for Educational Statistics.....		44		77		77
(A)Reimbursement from Department of Banking.....		16		17		16
(A)Teenage Parenting.....		4,791		4,791		4,889
(A)EPSDT Administration.....		1,150		1,214		1,214
(A)Services to Nonpublic Schools-Administration.....		0		829		862
(A)Troops for Teachers.....		45		97		97
(A)School Facilities Initiatives.....		364		738		114

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal.....	\$ 125,440	\$ 118,094	\$ 113,993
Office of Safe Schools Advocate.....	1,000	1,001	387
Information and Technology Improvement.....	5,144	5,024	4,960
PA Assessment.....	20,356	20,094	31,619
(F) Title VI-Part A State Assessments.....	22,000	22,000	12,415
Subtotal.....	\$ 48,500	\$ 48,119	\$ 49,381
State Library.....	4,336	4,574	4,784
(F)LSTA - Library Development.....	1,650	1,650	1,650
(F)Brownsfield Economic Development Initiative.....	0	5,500	5,500
(F)Save America's Treasures.....	0	250	25
(A)Penalties and Reimbursements.....	4	2	2
(A)Photocopy Service.....	15	17	17
(A)Keystone Fund.....	63	66	68
(A)Gates Foundation.....	112	0	0
(A)Library Restoration.....	4	0	4
(A)PA Humanities Council.....	3	0	3
(A)Thaddeus Stevens Support.....	3	3	3
(A)Joint State Government Commission.....	1	0	1
Subtotal.....	\$ 6,191	\$ 12,062	\$ 12,057
Subtotal - State Funds.....	\$ 55,560	\$ 56,183	\$ 69,972
Subtotal - Federal Funds.....	117,125	113,642	97,492
Subtotal - Augmentations.....	7,446	8,450	7,967
Total - General Government.....	\$ 180,131	\$ 178,275	\$ 175,431
Institutional:			
Youth Development Centers - Education.....	\$ 11,900	\$ 11,402	\$ 11,463
Scranton State School for the Deaf.....	6,565	6,889	7,262
(F)Individuals with Disabilities Education - Scranton.....	85	95	95
(F)School Milk Lunch.....	35	50	50
(F)ESEA - Scranton.....	250	452	452
(F)Life Long Learning.....	4	11	11
(F)Adult Basic Education.....	0	10	10
(A)Cafeteria and Other Fees.....	77	77	35
(A)Tuition Recovery.....	873	873	877
Subtotal.....	\$ 7,889	\$ 8,457	\$ 8,792
Subtotal - State Funds.....	\$ 18,465	\$ 18,291	\$ 18,725
Subtotal - Federal Funds.....	374	618	618
Subtotal - Augmentations.....	950	950	912
Total - Institutional.....	\$ 19,789	\$ 19,859	\$ 20,255
Grants and Subsidies:			
Support of Public Schools:			
Basic Education Funding.....	\$ 4,492,184	\$ 4,784,264	\$ 4,950,929
Dual Enrollment Payments.....	5,000	8,000	10,000
Philadelphia School District.....	25,000	0	0
Basic Ed Formula Enhancements.....	0	2,000	2,000
School Improvement Grants.....	21,073	23,501	23,501
Education Support Services.....	4,000	4,000	0
Pennsylvania Accountability Grants.....	200,000	250,000	350,000
Education Assistance Program.....	66,000	66,000	66,000
Technology Initiative.....	1,290	1,290	1,290
Head Start Supplemental Assistance.....	30,000	40,000	40,000
Science: It's Elementary.....	0	10,000 ^e	15,000
Science and Math Education Programs.....	2,175	2,545 ^f	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Classrooms for the Future.....	0	20,000^g	90,000
Teacher Professional Development.....	13,867	23,367	30,367
(A)Governor's Institute-professional development.....	100	0	0
Rx for PA - Physical and Health Education.....	0	0	30
Adult and Family Literacy.....	18,534	18,534	23,534
(F)Adult Basic Education - Local.....	21,500	23,100	19,000
Career and Technical Education.....	59,636	61,127	62,961
(F)Vocational Education Act - Local.....	53,000	53,000	52,500
New Choices / New Options.....	2,500	2,500	0
Authority Rentals and Sinking Fund Requirements.....	296,483	296,483	308,368
Pupil Transportation.....	485,761	507,244	514,463
Nonpublic and Charter School Pupil Transportation.....	74,037	69,938	69,041
Special Education.....	953,064	980,619	1,010,038
(F)Individuals with Disabilities Education - Local.....	434,800	436,000	414,000
(F)Vocational Rehabilitation Basic Support (EA).....	400	0	0
(A)Vocational Rehabilitation.....	186	0	0
Early Intervention.....	123,487	142,173^h	173,099
Homebound Instruction.....	705	878	784
Tuition for Orphans and Children Placed in Private Homes.....	50,005	51,255	55,649
Payments in Lieu of Taxes.....	241	175	172
Education of Migrant Laborers' Children.....	839	847	847
PA Charter Schools for the Deaf and Blind.....	31,919	32,944	34,236
Special Education - Approved Private Schools.....	83,772	86,461	89,901
Approved Private Schools-Audit Resolution.....	3,000	0	0
Approved Private Schools - Audit Resolution.....	0	10,000	5,000
Intermediate Units.....	6,311	6,311	6,311
School Food Services.....	27,532	28,665	29,633
(F)Food and Nutrition - Local.....	346,881	370,000	392,200
(A)Team Nutrition Training Grant.....	50	20	0
Rx for PA - School Food Services.....	0	0	6,543
School Employees' Social Security.....	456,377	474,629	494,809
School Employees' Retirement.....	254,495	368,757	452,169
School Entity Demonstration Projects.....	5,723	6,000ⁱ	0
Education of Indigent Children.....	35	25	25
High School Reform.....	4,700	8,000	11,000
Subtotal.....	<u>\$ 8,656,662</u>	<u>\$ 9,270,652</u>	<u>\$ 9,805,400</u>
(F)ESEA - Title V - School Districts.....	9,575	4,226	3,434
(F)ESEA - Title I - Local.....	495,000	530,000	535,000
(F)DFSC - School Districts.....	14,000	15,000	10,076
(F)Improving Teacher Quality - Title II - Local.....	132,500	132,500	127,000
(F)Educational Technology - Local.....	23,388	13,000	3,758
(F)Comprehensive School Reform - Local.....	15,776	9,800	41
(F)Reading First Initiative - Local.....	32,044	32,044	32,050
(F)Title V - Empowerment Schools.....	25,000	34,000	1,482
(F)Title IV 21st Century Community Learning Centers - Local.....	53,660	56,660	40,000
(F)Title III - Language Instruction for LEP & Immigrant Student.....	13,000	13,000	13,000
(F)Title VI - Rural & Low Income School - Local.....	513	580	475
(F)Color Me Healthy (EA).....	75	35	35
(F)Adult Basic Education Services (EA).....	7,200	7,200	6,000
Subtotal.....	<u>\$ 821,731</u>	<u>\$ 848,045</u>	<u>\$ 772,351</u>
Other Grants and Subsidies:			
Education Mentoring.....	5,439	1,200	1,200
Lifelong Learning.....	0	9,709	0
Services to Nonpublic Schools.....	79,004	83,643	86,487
Textbooks, Materials and Equipment for Nonpublic Schools.....	24,161	25,580	26,450
Teen Pregnancy and Parenthood.....	1,725	2,225	1,725
(F)TANF - Teenage Parenting Education.....	14,836	13,155	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F) Teenage Parenting - Food Stamps.....	863	863	863
Public Library Subsidy.....	61,362	75,500	75,750
Library Services for the Visually Impaired and Disabled.....	2,965	2,965	2,965
Recording for the Blind and Dyslexic.....	70	70	70
Library Access.....	7,386	7,386	7,386
Electronic Library Catalog.....	3,842	3,842	3,842
Ethnic Heritage.....	165	165	165
Governor's Schools of Excellence.....	2,742	2,742	2,574
Job Training Programs.....	5,300	5,300	0
Reimbursement of Charter Schools.....	92,602	126,689	157,261
Safe and Alternative Schools.....	23,326	23,326	23,326
Alternative Education Demonstration Grants.....	26,300	43,300	0
Parent Involvement Program (06/08).....	1,700	1,700	0
Shared Services.....	0	0	1,000
Subtotal.....	\$ 353,788	\$ 429,360	\$ 391,064
Higher Education - Other Grants and Subsidies:			
Community Colleges.....	214,217	222,679	229,359
Transfer to Community College Capital Fund.....	37,864	42,006	44,506
Regional Community Colleges Services.....	750	900	0
Technical Colleges.....	0	0	2,000
Subtotal.....	\$ 252,831	\$ 265,585	\$ 275,865
(F) Teacher Quality Enhancement.....	4,000	1,764	0
(F) Teacher Recruitment.....	505	192	0
Subtotal.....	\$ 4,505	\$ 1,956	\$ 0
Higher Education - Other Grants and Subsidies:			
Higher Education for the Disadvantaged.....	9,320	9,320	9,320
(A) Act 101 Partnership.....	0	20	0
Higher Education of Blind or Deaf Students.....	54	54	54
Higher Education Assistance.....	5,001 j	19,661	0
Enhanced Technology Initiative.....	0	200	0
Engineering Equipment Grants.....	1,000	1,000	0
Dormitory Sprinklers.....	500	250	250
Community Education Councils.....	1,968	2,186	1,968
Thaddeus Stevens College of Technology.....	10,108	10,613	8,620
Subtotal.....	\$ 27,951	\$ 43,304	\$ 20,212
State System of Higher Education:			
State Universities.....	445,354	467,622	483,989
Recruitment of the Disadvantaged.....	430	452	452
PA Center for Environmental Education (PCEE).....	350	368	368
McKeever Center.....	206	216	216
Affirmative Action.....	1,111	1,167	1,167
Program Initiatives.....	16,046	18,048	18,048
Employee Benefits--PEBTF Transfer.....	1,700	0	0
Subtotal.....	\$ 465,197	\$ 487,873	\$ 504,240
The Pennsylvania State University:			
Educational and General.....	247,208	258,332	263,499
Agricultural Research.....	23,094	25,094	25,094
Agricultural Extension Services.....	27,787	29,787	29,787
Recruitment of the Disadvantaged.....	434	454	454
Pennsylvania College of Technology.....	12,114	12,659	12,659
Pennsylvania College of Technology - Debt Service.....	1,389	1,389	1,389

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal.....	\$ 312,026	\$ 327,715	\$ 332,882
University of Pittsburgh:			
Educational and General.....	154,153	161,090	164,312
Student Life Initiatives.....	416	435	435
Recruitment of the Disadvantaged.....	423	442	442
Western Teen Suicide Center.....	500	523	523
Rural Education Outreach.....	1,742	2,157	2,157
Subtotal.....	\$ 157,234	\$ 164,647	\$ 167,869
Temple University:			
Educational and General.....	161,811	169,093	172,475
Recruitment of the Disadvantaged.....	423	442	442
Subtotal.....	\$ 162,234	\$ 169,535	\$ 172,917
Lincoln University:			
Educational and General.....	12,934	13,516	13,786
Subtotal.....	\$ 12,934	\$ 13,516	\$ 13,786
Non-State Related Universities and Colleges:			
Drexel University.....	6,764	6,967	7,002
University of Pennsylvania - Dental Clinics.....	1,051	1,083	1,088
University of Pennsylvania - Medical Programs.....	3,919	4,037	4,057
University of Pennsylvania - Veterinary Activities.....	38,111	39,254	39,450
University of Pennsylvania - Center for Infectious Disease.....	0	3,200	3,216
University of Pennsylvania - Cardiovascular Studies.....	1,554	1,601	1,609
Phila Health & Educ. Corp - Medical Programs.....	7,495	7,720	7,759
Phila. Health & Educ. Corp - Operations & Maintenance.....	1,668	1,718	1,727
Phila. Health & Educ. Cor - Recruitment of the Disadvantaged.....	296	305	307
Philadelphia Health and Education Corporation.....	1,943	2,001	2,011
Thomas Jefferson University - Doctor of Medicine Instruction.....	5,402	5,564	5,592
Thomas Jefferson University - Operations & Maintenance.....	4,116	4,239	4,260
Philadelphia College of Osteopathic Medicine.....	6,352 ^k	6,543	6,576
Lake Erie College of Osteopathic Medicine.....	1,798	1,852	1,861
Pennsylvania College of Optometry.....	1,636 ^l	1,685	1,693
Philadelphia University of the Arts.....	1,173	1,208	1,214
Subtotal.....	\$ 83,278	\$ 88,977	\$ 89,422
Non-State Related Institutions:			
Berean - Operations and Maintenance.....	1,453	1,497	1,504
Berean - Rental Payments.....	87	0	0
Johnson Technical Institute.....	187	193	194
Williamson Free School of Mechanical Trades.....	69	71	71
Subtotal.....	\$ 1,796	\$ 1,761	\$ 1,769
Subtotal - State Funds.....	\$ 9,613,315	\$ 10,366,767	\$ 10,896,863
Subtotal - Federal Funds.....	1,698,516	1,746,119	1,650,914
Subtotal - Augmentations.....	336	40	0
Total - Grants and Subsidies.....	\$ 11,312,167	\$ 12,112,926	\$ 12,547,777
STATE FUNDS.....	\$ 9,687,340	\$ 10,441,241	\$ 10,985,560
FEDERAL FUNDS.....	1,816,015	1,860,379	1,749,024
AUGMENTATIONS.....	8,732	9,440	8,879
GENERAL FUND TOTAL.....	\$ 11,512,087	\$ 12,311,060	\$ 12,743,463

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>MOTOR LICENSE FUND:</u>			
<i>Grants and Subsidies:</i>			
Safe Driving Course.....	\$ 1,230	\$ 1,230	\$ 1,230
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>Grants and Subsidies:</i>			
Local Libraries Rehabilitation and Development (94-04) (EA).....	\$ 5,197	\$ 0	\$ 0
Local Libraries Rehab. and Development (Current Year) (EA).....	3,398	4,164	3,456
SSHE-Deferred Maintenance - RTT (Current Year) (EA).....	17,959	19,946	15,550
Total - Grants and Subsidies.....	\$ 26,554	\$ 24,110	\$ 19,006
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 26,554	\$ 24,110	\$ 19,006
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
LSTA - Library Grants.....	\$ 4,652	\$ 4,950	\$ 5,000
Private Licensed Schools.....	509	592	598
Empowerment School Districts.....	1,175	0	0
Medical Assistance Reimbursements.....	94,570	62,000	90,000
Approved Private Schools - Audit Resolution.....	1,633	0	0
GENERAL FUND TOTAL.....	\$ 102,539	\$ 67,542	\$ 95,598
COMMUNITY COLLEGE CAPITAL FUND:			
Community College Capital.....	\$ 0 m	\$ 0 m	\$ 0 m
EDUCATION TECHNOLOGY FUND:			
Broadband Technology Services (EA).....	\$ 9,790	\$ 9,790	\$ 9,790
Administration (EA).....	210	210	210
EDUCATION TECHNOLOGY FUND TOTAL.....	\$ 10,000	\$ 10,000	\$ 10,000
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA).....	\$ 150	\$ 150	\$ 225
PROPERTY TAX RELIEF FUND:			
Property Tax Relief Reserve Fund (EA).....	\$ 0	\$ 0	\$ 700,000
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration.....	\$ 39,539	\$ 39,455	\$ 40,811
Directed Commissions.....	0	1,529	2,090
(A)Health Insurance - Administration Reimbursement.....	0	800	874
(A)Health Options - Administration Reimbursement.....	0	316	354
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL.....	\$ 39,539	\$ 42,100	\$ 44,129

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 9,687,340	\$ 10,441,241	\$ 10,985,560
SPECIAL FUNDS.....	27,784	25,340	20,236
FEDERAL FUNDS.....	1,816,015	1,860,379	1,749,024
AUGMENTATIONS.....	8,732	9,440	8,879
OTHER FUNDS.....	152,228	119,792	849,952
TOTAL ALL FUNDS.....	\$ 11,692,099	\$ 12,456,192	\$ 13,613,651

^a Actually appropriated as \$500,000 for Teacher Certification System and \$24,990,000 for General Government Operations.

^b Includes recommended supplemental appropriation of \$45,000.

^c Includes recommended supplemental appropriation of \$200,000.

^d Includes recommended supplemental appropriation of \$300,000.

^e Actually appropriated as part of the \$12.545 million Science and Math Education Programs appropriation.

^f Actually appropriated as \$12.545 million. Amount shown is net of transfer to Science: It's Elementary.

^g Actually appropriated as part of the \$26 million School Entity Demonstration Projects appropriation.

^h Includes recommended supplemental appropriation of \$4,521,000.

ⁱ Actually appropriated as \$26 million. Amount shown is net of transfer to Classrooms for the Future.

^j Actually appropriated as \$6,675,000. Amount shown is net of transfers to Philadelphia College of Osteopathic Medicine and Pennsylvania College of Optometry.

^k 2005-06 Actual includes \$1,491,000 actually appropriated as a part of Higher Education Assistance.

^l 2005-06 Actual includes \$183,000 actually appropriated as a part of Higher Education Assistance.

^m Not added to the total to avoid double counting: 2005-06 Actual is \$37,864,000, 2006-07 Available is \$42,006,000 and 2007-08 Budget is \$44,506,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 29,868	\$ 30,514	\$ 33,182	\$ 33,182	\$ 33,182	\$ 33,182	\$ 33,182
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	93,875	84,242	77,902	77,691	77,696	77,702	77,708
OTHER FUNDS.....	47,475	51,054	52,596	52,596	52,596	52,596	52,596
SUBCATEGORY TOTAL.....	\$ 171,218	\$ 165,810	\$ 163,680	\$ 163,469	\$ 163,474	\$ 163,480	\$ 163,486
BASIC EDUCATION							
GENERAL FUND.....	\$ 8,102,030	\$ 8,753,497	\$ 9,278,619	\$ 9,312,955	\$ 9,296,690	\$ 9,303,686	\$ 9,256,302
SPECIAL FUNDS.....	1,230	1,230	1,230	1,230	1,230	1,230	1,230
FEDERAL FUNDS.....	1,715,985	1,766,781	1,663,947	1,663,947	1,663,947	1,663,947	1,663,947
OTHER FUNDS.....	108,628	73,120	801,137	801,137	801,137	801,137	801,137
SUBCATEGORY TOTAL.....	\$ 9,927,873	\$ 10,594,628	\$ 11,744,933	\$ 11,779,269	\$ 11,763,004	\$ 11,770,000	\$ 11,722,616
LIBRARY SERVICES							
GENERAL FUND.....	\$ 79,961	\$ 94,337	\$ 94,797	\$ 94,797	\$ 94,797	\$ 94,797	\$ 94,797
SPECIAL FUNDS.....	8,595	4,164	3,456	3,668	3,972	4,280	4,496
FEDERAL FUNDS.....	1,650	7,400	7,175	7,175	7,175	7,175	7,175
OTHER FUNDS.....	4,857	5,038	5,098	5,098	5,098	5,098	5,098
SUBCATEGORY TOTAL.....	\$ 95,063	\$ 110,939	\$ 110,526	\$ 110,738	\$ 111,042	\$ 111,350	\$ 111,566
HIGHER EDUCATION							
GENERAL FUND.....	\$ 1,475,481	\$ 1,562,893	\$ 1,578,962	\$ 1,578,962	\$ 1,578,962	\$ 1,578,962	\$ 1,578,962
SPECIAL FUNDS.....	17,959	19,946	15,550	16,503	17,871	19,257	20,229
FEDERAL FUNDS.....	4,505	1,956	0	0	0	0	0
OTHER FUNDS.....	0	20	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,497,945	\$ 1,584,815	\$ 1,594,512	\$ 1,595,465	\$ 1,596,833	\$ 1,598,219	\$ 1,599,191
ALL PROGRAMS:							
GENERAL FUND.....	\$ 9,687,340	\$ 10,441,241	\$ 10,985,560	\$ 11,019,896	\$ 11,003,631	\$ 11,010,627	\$ 10,963,243
SPECIAL FUNDS.....	27,784	25,340	20,236	21,401	23,073	24,767	25,955
FEDERAL FUNDS.....	1,816,015	1,860,379	1,749,024	1,748,813	1,748,818	1,748,824	1,748,830
OTHER FUNDS.....	160,960	129,232	858,831	858,831	858,831	858,831	858,831
DEPARTMENT TOTAL.....	\$ 11,692,099	\$ 12,456,192	\$ 13,613,651	\$ 13,648,941	\$ 13,634,353	\$ 13,643,049	\$ 13,596,859

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 Commonwealth and 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. The Department continues to transfer mainframe applications to client servers which permit departmental employees to perform their responsibilities in a more efficient manner.

In addition to including the executive, budget, communications 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.

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 161,000 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 FUND		Information and Technology Improvement
	General Government Operations	\$	—to continue current program.
\$ 1,547	—to continue current program.		
700	—legal and consultant costs.	\$ -64	—to continue current program.
<u>485</u>	—fingerprint and background checks.		
\$ 2,732	<i>Appropriation Increase</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 24,724	\$ 25,490	\$ 28,222	\$ 28,222	\$ 28,222	\$ 28,222	\$ 28,222
Information and Technology Improvement	<u>5,144</u>	<u>5,024</u>	<u>4,960</u>	<u>4,960</u>	<u>4,960</u>	<u>4,960</u>	<u>4,960</u>
TOTAL GENERAL FUND	<u>\$ 29,868</u>	<u>\$ 30,514</u>	<u>\$ 33,182</u>	<u>\$ 33,182</u>	<u>\$ 33,182</u>	<u>\$ 33,182</u>	<u>\$ 33,182</u>

PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

Program: PreK–12 Education (Basic Education)

Pennsylvania's preK-12 education system is designed to provide every child in the Commonwealth with the skills they need to be active citizens and future leaders in our global economy. In 2005-06, 69% of Pennsylvania's students met the State standards in math and 68% met the State standards in reading.

In every subject and grade – and for students of every race and income level – achievement has increased since 2001-02.

Program Element: Basic Education Funding

The Commonwealth and local school districts share the financing of public elementary and secondary education in Pennsylvania. There are 501 local school districts.

The Basic Education Funding appropriation is the largest subsidy the Commonwealth provides to support local school districts. The subsidy has two core principles:

- **Direct the most State resources to the communities with the greatest need.** Pennsylvania's school districts have dramatically different levels of local wealth and student need. Commonwealth resources are directed to all 501 school districts but are targeted to low-wealth, high-need districts in order to ensure that students in all communities have the academic opportunities they deserve.
- **Help communities achieve school funding adequacy.** Despite significant local tax burdens, too many school districts still cannot achieve an adequate level of school funding to meet their students' academic needs. Pennsylvania's "foundation funding" approach sets an adequacy target and helps school districts below the target increase their educational investment.

In order to increase academic achievement, school districts are encouraged to invest in early childhood education and other proven programs. The Department of Education supports school improvement through intensive training and other initiatives.

Program Element: Accountability Block Grants

In 2006-07 Pennsylvania's Education Block Grant provides \$250 million for school districts to invest in educational programs that are proven to help children learn. The 2007-08 school year will mark the fourth year of this targeted funding stream.

The Accountability Block Grant legislation includes a menu of program options, providing flexibility to school districts while ensuring that taxpayer resources will be used for academic initiatives that are shown to be effective. More than \$2 out of every \$3 in block grant funding is being invested in early childhood education: high-quality pre-kindergarten, full-day kindergarten, and class-size

reduction in kindergarten through third grade. Of the nearly 14,000 school district and Head Start pre-kindergarten enrollments created since Governor Rendell took office approximately 3,400 are the result of the Accountability Block Grant program.

Program Name	Number of Students Enrolled	Number of Districts
Quality Pre-Kindergarten	4,287	45
Full-day Kindergarten	55,079	335
K-3rd Grade Class Size Reduction	23,530	94
Tutoring Assistance	24,179	90
Professional Education	319,978	99
Literacy and Math Coaching	280,394	108
Performance of Student Subgroups	125,059	117
Science and Applied-Knowledge Skills	170,787	87
Social and Health Services	126,746	69
Research-based Improvement Strategies (District Specific)	9,674	18

Program Element: Head Start Supplemental Assistance Program

By providing first-ever State funding for Head Start in 2004-05 and launching the Accountability Block Grant, Pennsylvania removed itself from the list of nine states in the nation that failed to provide funding for pre-school. In FY2006-07 the State investment of \$40 million will serve 5,780 children.

Program Element: Transforming Pennsylvania's High Schools

All Pennsylvania students must graduate from high school prepared to enter college and the high-skills workforce. According to a national report, only 44% of the Commonwealth's high school freshmen graduate on time with a college-ready transcript.

Project 720. Project 720 – named for the number of days a student spends in high school from the beginning of 9th grade to the end of 12th grade – is helping transform Pennsylvania's high schools.

In 2006-07, Project 720 provided \$8 million in State grants to 117 high schools, three comprehensive Career and Technical Centers, and one charter high school. Participating high schools agreed to upgrade the high school experience, including requiring a college- and career-ready curriculum for every student.

Dual Enrollment. Fiscal year 2006-07 is the second year for State-supported Dual Enrollment in Pennsylvania. The Commonwealth invested \$8 million in this important program, which allows high school students to earn high school and college credits for courses taken through a college or university while they complete their high school graduation requirements. This year, Pennsylvania high

Program: PreK–12 Education (continued)

school students are taking nearly 9,300 college courses through this program.

Career and Technical Education. Career and Technical Education, formerly known as Vocational Education, serves approximately 100,000 secondary students. Vocational education provides a rigorous high school education to students while delivering skilled training in high-demand employment fields. Wherever possible, students earn real-world industry-based certifications at the end of their programs. To upgrade Career and Technical Education, Pennsylvania launched a multi-million dollar program to enhance equipment and curriculum, as well as help boost the academic rigor and alignment to economic development needs in every Career and Technical Education program.

Program Element: Tutoring

Pennsylvania provides tutoring support as a proven way to help students who are struggling in reading and math. The State funds local tutoring programs and holds tutoring providers accountable for student progress.

The Educational Assistance Program – Pennsylvania’s \$66 million State-funded tutoring initiative – is targeted to struggling students in 175 school districts and Career and Technical Centers where a school failed to make Adequate Yearly Progress in reading or math as required by the No Child Left Behind Act. In 2006-07, an estimated 73,000 students will receive tutoring in math and 83,000 will receive tutoring in reading.

In addition, school districts may use a portion of their Accountability Block Grant to provide tutoring. In 2006-07, approximately 24,179 students in 90 school districts will benefit from Accountability Block Grant tutoring.

Program Element: Special Education

Special education serves approximately 269,000 school-aged students in Pennsylvania school districts, charter schools, intermediate units, approved private schools, and private residential facilities (excluding Gifted students) based on the December 1, 2006 child count.

The major special education appropriation provides support for programs for students with disabilities served by the public schools of the Commonwealth. Public school special education programs are administered by all 501 school districts and charter schools, where appropriate. These programs may be directly operated by the districts or contracted with other school districts, intermediate units or other providers. When appropriate public education is not available, students may be assigned to department-approved private schools.

Preliminary data from the December 1, 2006 child count indicates approximately 14.9% of Pennsylvania students

were classified as having a disability, but the proportion of special education students varies from one school district or charter school to the next.

Funds are also provided under this program element for the State-operated Scranton State School for the Deaf, Early Intervention, and Approved/Private Charter Schools for the Deaf and Blind.

Percent Special Education Total Enrollment	Percent of School Districts	Percent of Charter Schools
Less than 10%	2.8	34.8
At least 10% but less than 12%	11.6	14.7
At least 12% but less than 15%	35.3	10.1
15% or more	50.3	40.4

Program Element: Science: It’s Elementary

Science: It’s Elementary for grades K through 6 provides resources for hands-on learning equipment and intensive teacher training to elementary schools that commit to upgrading their science curriculum. Requested funds go to ASSET Incorporated, an instructional materials resource center in Pittsburgh, who provides participating school districts with professional development, instructional materials (science kits), and reimbursement of costs for participation to support implementation of inquiry-based science instruction in grades K through 6. The project was funded at \$10 million in 2006-07, supporting implementation in 78 schools involving 1,490 teachers. By the fifth year, it is anticipated that all school districts that wish to participate will be able to do so. In year one of the program, each classroom teacher receives (on a loan basis) one science kit and professional development necessary to teach that kit. In year two of the program, each teacher receives two kits and the necessary professional development. In year three they receive three kits with professional development, and in year four they receive four kits with professional development (one per quarter) to support the full year of instruction.

Program Element: Classrooms for the Future

This initiative will transform the way high school teachers teach and how students learn by providing \$200 million over three years to equip these schools’ English, math, science and social studies classrooms with enhanced technology, laptop computers and other state-of-the-art resources as well as to provide teachers and school leaders extensive training on how to best harness the power of technology to increase student achievement and ensure students are ready for college and the high-tech global job market. In 2006-07, 79 school districts with 103 school buildings are receiving equipment and training. The number will increase until all high schools can participate by the third year.

Program: PreK–12 Education (Basic Education) (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Basic Education							
Targeted Investment							
Public school enrollment (preK-12)	1,830,684	1,821,710	1,809,090	1,796,580	1,782,440	1,770,150	1,760,380
State average spending per student.....	\$10,200	\$10,675	\$11,150	\$11,625	\$12,100	\$12,575	\$13,050
State preK-12 spending per student.....	\$4,000	\$4,300	\$4,500	\$4,700	\$4,900	\$5,100	\$5,300
Percentage of students in districts spending less than \$8,500 per student....	10%	8%	7%	6%	5%	4%	3%
Percentage of the State Basic Education Funding increase directed to poorer-than- average districts.....	66%	70%	71%	72%	73%	74%	75%
Early Childhood Education							
Number of school districts offering pre- kindergarten ⁽¹⁾	71	76	85	85	85	85	85
Number of students enrolled in pre- kindergarten (excluding Head Start) ⁽¹⁾	10,435	11,565	13,000	13,000	13,000	13,000	13,000
Number of students in State-funded Head Start expansion.....	4,710	5,786	5,790	5,790	5,790	5,790	5,790
Number of school districts offering full-day kindergarten ⁽²⁾	370	385	400	440	480	500	500
Percentage of kindergarten students in full-day programs.....	52%	54%	65%	80%	95%	100%	100%
Number of students in new PA Pre-K Counts program*.....	N/A	N/A	11,100	32,047	39,640	47,226	46,226
Early Intervention							
Number of children participating in Early Intervention	37,638	40,747	43,496	46,246	48,996	51,746	54,496
Children on their 3rd birthday who transitioned from infant/toddler Early Intervention to preschool Early Intervention.....	6,515	8,771	9,146	9,146	9,146	9,146	9,146
Number of children who met their individual goals and no longer need Early Intervention prior to school age	988	1,110	1,188	1,273	1,363	1,375	1,380
Percentage of early intervention children included in typical early childhood educational settings such as home, child care or Head Start.....	49%	50%	53%	54%	56%	58%	59%
Percentage of children not participating in Special Education after participating in Early Intervention.....	42%	43%	44%	44%	45%	45%	46%
Secondary Education-Transforming Pennsylvania's High Schools							
Number of high schools participating in Project 720.....	75	118	135	135	135	135	135
Percentage of high schools participating in Project 720.....	11.1%	16.8%	19.0%	19.0%	19.0%	19.0%	19.0%
Percentage of high schools offering at least one Advanced Placement (AP) course*.....	79.8%	81.0%	83.0%	85.0%	87.0%	89.0%	91.0%
Number of Advanced Placement tests given in high schools*.....	63,793	65,293	66,793	68,293	69,793	71,293	72,793
Percentage of Advanced Placement tests with scores of "3" or higher demonstrating mastery of the course*	68.5%	69.5%	70.5%	71.5%	72.5%	73.5%	74.5%
Secondary Education-Helping High School Students Earn College Credit							
Number of college-credit courses subsidized by the Dual Enrollment Program*.....	9,110	9,293	11,616	11,616	11,616	11,616	11,616
Number of college-credit courses filled by students designated as low income*	1,747	1,803	2,254	2,254	2,254	2,254	2,254
Percentage of courses passed with a grade of "C" or better*.....	83.0%	83.5%	84.0%	84.5%	85.0%	85.5%	86.0%

Program: PreK–12 Education (Basic Education) (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Funded Tutoring (Educational Assistance Program)							
Percentage of eligible students in schools funded with State tutoring funds from EAP receiving tutoring in mathematics (Access and Participation) *.....	38%	40%	41%	42%	43%	44%	45%
Percentage of tutored students (grades 3-8 and 11) that scored proficient/advanced in mathematics (PSSA) (Impact)*	38%	39%	44%	49%	54%	59%	64%
Percentage of eligible students in schools funded with State tutoring funds from EAP receiving tutoring in reading (Access and Participation) *.....	41%	43%	44%	45%	46%	47%	48%
Percentage of tutored students (grades 3-8 and 11) who scored proficient/advanced in reading (PSSA)(Impact)*	30%	31%	36%	41%	46%	51%	56%
School Improvement							
Difference between the percentage of current 11th graders reaching proficiency in math and the percent of these same students who reached proficiency in math as 8th graders (3 years prior)*	1%	2%	3%	5%	6%	7%	8%
Difference the percentage of current 8th graders reaching proficiency in math and the percent of these same students who reached proficiency in math as 5th graders (3 years prior)*	6%	8%	8%	9%	9%	10%	10%
Average percentage of students who are proficient in math among the lowest performing schools*	40%	41%	48%	53%	60%	67%	78%
Difference between the percentage of current 11th graders reaching proficiency in reading and the percent of these same students who reached proficiency in reading as 8th graders (3 years prior)*	2%	4%	4%	5%	5%	6%	6%
Difference between the percentage of current 8th graders reaching proficiency in reading the percent of these same students who reached proficiency in reading as 5th graders (3 years prior)*	13%	13%	14%	14%	15%	15%	16%
Average percentage of students who are proficient in reading among the lowest performing schools*	44%	45%	51%	58%	64%	72%	81%
Accountability							
Percentage of students proficient/advanced in mathematics ⁽³⁾	66%	68%	71%	73%	76%	78%	81%
Percentage gains in mathematics proficiency from 5th to 8th grade-same students	6.0%	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%
Percentage of students proficient/advanced in reading ⁽³⁾	66%	68%	71%	73%	76%	78%	81%
Percentage gains in reading proficiency from 5th to 8th grade-same students	1%	3%	5%	7%	9%	11%	13%
Percentage of schools making Adequate Yearly Progress.....	82%	83%	85%	87%	89%	91%	93%
Percentage of school districts making Adequate Yearly Progress	95%	95%	96%	96%	97%	97%	98%

Program: PreK–12 Education (Basic Education) (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Career & Technical (Vocational) Education							
Enrollment	100,257	101,159	102,069	102,988	103,915	104,850	105,794
Percentage of vocational education program completers.....	54.5%	60.0%	60.0%	70.0%	70.0%	75.0%	80.0%
Percentage of vocational education 11th graders proficient/advanced in math*	20.8%	29.6%	38.4%	47.2%	56.0%	67.0%	78.0%
Percentage of vocational education 11th graders proficient/advanced in reading* ...	38.7%	44.8%	50.9%	56.9%	63.0%	72.0%	81.0%
Skilled workforce--percentage of PA Skills Certificates awarded*.....	48.0%	49.0%	50.5%	52.0%	53.5%	55.0%	56.5%
Special Education							
Pupils with disabilities enrolled in special education programs.....	268,198	269,000	266,000	265,000	264,000	264,000	263,000
Special education incidence rate.....	14.7%	14.6%	14.6%	14.5%	14.2%	14.2%	14.0%
Percentage of children with IEPs aged 6 through 21 spending most of their day in a regular classroom*	43.7%	43.8%	45.0%	47.0%	49.0%	51.0%	53.0%
Classrooms for the Future							
Number of participating schools*.....	NA	103	353	611	611	611	611
Number of core content area teachers participating in the Classrooms for the Future Program.....	NA	1,987	12,100	25,485	25,485	25,485	25,485
Number of students participating in the Classrooms for the Future Program	NA	56,084	309,688	603,424	603,424	603,424	603,424
Number of computers for students in classrooms.....	NA	16,344	99,822	193,750	193,750	193,750	193,750
Science: It's Elementary							
Number of students participating in Science: It's Elementary*.....	NA	42,000	91,800	141,600	191,400	241,200	241,200
Number of teachers statewide who received intensive training/inquiry-based science instruction through Science: It's Elementary (Quality and Effectiveness of Program Implementation)	NA	1,400	3,060	4,720	6,380	8,040	8,040
Other Education Programs							
Nonpublic school enrollment	271,269	261,504	252,090	243,015	234,267	225,834	217,704

*New program measure.

(1) Includes pre-kindergarten and K4 (kindergarten for 4-year-olds).

(2) Includes only districts where at least 10 students are enrolled in full-day kindergarten.

(3) Projections for 2006-07 through 2011-12 are based on the rate of progress over the last four years.

Program: PreK–12 Education (Basic Education) (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Office of Safe Schools Advocate</p> <p>\$ -614 —program reduction.</p>	<p>\$ 7,000</p>	<p>Teacher Professional Development</p> <p>—Initiative—Improving Student Achievement. To provide resources to assist teachers to integrate technology into lessons and daily activities as part of the Classrooms for the Future initiative.</p>
<p>PA Assessment</p> <p>\$ 11,525 —Initiative—Improving Student Achievement. To provide additional resources for school district assessments as required by No Child Left Behind and assessment analysis.</p>	<p>\$ 30</p>	<p>Rx for PA-Physical and Health Education</p> <p>—Initiative—Improving Physical and Health Education. To assist elementary school teachers integrate healthy living concepts into lesson plans so that students can learn critical health information and health risks while participating in physical and health education classes.</p>
<p>Youth Development Centers — Education</p> <p>\$ 61 —to continue current program.</p>		
<p>Scranton State School for the Deaf</p> <p>\$ 373 —to continue current program.</p>		
<p>Basic Education Funding</p> <p>\$ 166,665 —Initiative—Improving Student Achievement. To provide a nearly 3.5 percent increase for school district basic education programs and continue a foundation funding approach to assist school districts in reaching a research-based adequate funding level.</p>	<p>\$ 5,000</p>	<p>Adult and Family Literacy</p> <p>—Initiative—Literacy Education. To provide additional resources for adult and family literacy programs.</p>
<p>Dual Enrollment Payments</p> <p>\$ 2,000 —Initiative—Improving Student Achievement. To provide grants to school districts to assist 10,500 additional students earn college credit as they complete their high school graduation requirements.</p>	<p>\$ 1,834</p>	<p>Career and Technical Education</p> <p>—to continue current program.</p>
<p>Education Support Services</p> <p>\$ -4,000 —program elimination.</p>	<p>\$ -2,500</p>	<p>New Choices/New Options</p> <p>—nonrecurring item.</p>
<p>Pennsylvania Accountability Grants</p> <p>\$ 100,000 —Initiative—Improving Student Achievement. To provide additional resources to invest in proven pre-kindergarten and full-day kindergarten programs.</p>	<p>\$ 3,581</p> <p style="text-align: right;">8,304</p> <p>\$ 11,885</p>	<p>Authority Rentals and Sinking Fund Requirements</p> <p>—new projects and accelerated redemptions. —to continue current program.</p> <p>Appropriation Increase</p>
<p>Science: It's Elementary</p> <p>\$ 5,000 —Initiative—Improving Student Achievement. To provide additional resources to assist nearly 50,000 more students in 85 additional school districts to become active science explorers.</p>	<p>\$ 7,219</p>	<p>Pupil Transportation</p> <p>—to continue current program.</p>
<p>Science and Math Education Programs</p> <p>\$ -2,545 —nonrecurring item.</p>	<p>\$ -897</p>	<p>Nonpublic and Charter School Pupil Transportation</p> <p>—to continue current program.</p>
<p>Classrooms for the Future</p> <p>\$ 90,000 —Initiative—Improving Student Achievement. To provide resources for core-subject high school classrooms in Pennsylvania to acquire an Internet-equipped laptop computer on each student desk and multi-media technology at the teacher's fingertips.</p>	<p>\$ 29,419</p>	<p>Special Education</p> <p>—Initiative—Improving Student Achievement. To provide a three percent increase for special education programs.</p>
<p>-20,000 —nonrecurring item previously appropriated as part of the School District Demonstration Projects appropriation.</p>	<p>\$ 30,926</p>	<p>Early Intervention</p> <p>—Initiative—Improving Student Achievement. To continue the new funding methodology that establishes a benchmark payment per child for program services and to expand early intervention services to 2,749 additional children from ages three through five.</p>
<p>\$ 70,000 Appropriation Increase</p>	<p>\$ -94</p> <p>4,394</p>	<p>Homebound Instruction</p> <p>—to continue current program.</p>
	<p>\$ -3</p>	<p>Tuition for Orphans and Children Placed in Private Homes</p> <p>—to continue current program.</p>
		<p>Payments in Lieu of Taxes</p> <p>—to continue current program.</p>

Program: PreK–12 Education (Basic Education) (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 1,292	PA Charter Schools for the Deaf and Blind —to provide a 3.9% increase.	\$ -9,709	Lifelong Learning —nonrecurring projects.
\$ 3,440	Special Education-Approved Private Schools —to provide a 3.9% increase.	\$ 2,844	Services to Nonpublic Schools —to provide a 3.4% increase.
\$ -5,000	Approved Private Schools-Audit Resolution —nonrecurring cost.	\$ 870	Textbooks, Materials and Equipment for Nonpublic Schools —to provide a 3.4% increase.
\$ 968	School Food Services —to continue current program.	\$ -500	Teen Pregnancy and Parenthood —nonrecurring project.
\$ 6,543	Rx for PA-School Food Services —Initiative—Improving School Nutrition. To increase the number of school breakfasts served to students and provide incentives for schools that adopt best-practice nutritional guidelines.	\$ -168	Governor's Schools of Excellence —nonrecurring projects.
\$ 20,180	School Employees' Social Security —to continue current program.	\$ 30,572	Reimbursement of Charter Schools —to continue current program at the same reimbursement percentage to school districts.
\$ 83,412	School Employees' Retirement —to continue current program at the actuarially determined employer contribution rate.	\$ -43,300	Alternative Education Demonstration Grants —nonrecurring projects.
\$ -6,000	School District Demonstration Projects —nonrecurring projects.	\$ -1,700	Parent Involvement Program —nonrecurring projects.
\$ 3,000	High School Reform —Initiative—Improving Student Achievement. To provide grants to 30 additional school districts to transform high schools by increasing the rigor of academic programs.	\$ 1,000	Shared Services —Initiative—Shared Services. To provide resources for groups of school districts to engage consultants to make recommendations on ways to better serve students and the public through shared services.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Office of Safe Schools Advocate	\$ 1,000	\$ 1,001	\$ 387	\$ 387	\$ 387	\$ 387	\$ 387
PA Assessment.....	20,356	20,094	31,619	31,619	31,619	31,619	31,619
Youth Development Centers - Education ..	11,900	11,402	11,463	11,463	11,463	11,463	11,463
Scranton State School for the Deaf.....	6,565	6,889	7,262	7,262	7,262	7,262	7,262
Basic Education Funding.....	4,492,184	4,784,264	4,950,929	4,950,929	4,950,929	4,950,929	4,950,929
Dual Enrollment Payments	5,000	8,000	10,000	10,000	10,000	10,000	10,000
Philadelphia School District.....	25,000	0	0	0	0	0	0
Basic Ed Formula Enhancements	0	2,000	2,000	2,000	2,000	2,000	2,000
School Improvement Grants.....	21,073	23,501	23,501	23,501	23,501	23,501	23,501
Education Support Services	4,000	4,000	0	0	0	0	0
Pennsylvania Accountability Grants	200,000	250,000	350,000	350,000	350,000	350,000	350,000
Education Assistance Program.....	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Technology Initiative	1,290	1,290	1,290	1,290	1,290	1,290	1,290

Program: PreK–12 Education (Basic Education) (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND: (continued)							
Head Start Supplemental Assistance	\$ 30,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Science: It's Elementary	0	10,000	15,000	15,000	15,000	15,000	15,000
Science and Math Education Programs	2,175	2,545	0	0	0	0	0
Classrooms for the Future	0	20,000	90,000	90,000	90,000	90,000	15,000
Teacher Professional Development.....	13,867	23,367	30,367	30,367	30,367	30,367	30,367
Rx for PA - Physical and Health Education	0	0	30	30	30	30	30
Adult and Family Literacy	18,534	18,534	23,534	23,534	23,534	23,534	23,534
Career and Technical Education.....	59,636	61,127	62,961	62,961	62,961	62,961	62,961
New Choices / New Options.....	2,500	2,500	0	0	0	0	0
Authority Rentals and Sinking Fund							
Requirements	296,483	296,483	308,368	308,368	308,368	308,368	308,368
Pupil Transportation.....	485,761	507,244	514,463	514,463	514,463	514,463	514,463
Nonpublic and Charter School Pupil							
Transportation.....	74,037	69,938	69,041	69,041	69,041	69,041	69,041
Special Education.....	953,064	980,619	1,010,038	1,010,038	1,010,038	1,010,038	1,010,038
Early Intervention.....	123,487	142,173	173,099	173,099	173,099	173,099	173,099
Homebound Instruction	705	878	784	784	784	784	784
Tuition for Orphans and Children Placed							
in Private Homes	50,005	51,255	55,649	55,649	55,649	55,649	55,649
Payments in Lieu of Taxes.....	241	175	172	172	172	172	172
Education of Migrant Laborers' Children ...	839	847	847	847	847	847	847
PA Charter Schools for the Deaf and Blind							
Special Education - Approved Private							
Schools	83,772	86,461	89,901	89,901	89,901	89,901	89,901
Approved Private Schools-Audit							
Resolution.....	3,000	0	0	0	0	0	0
Approved Private Schools - Audit							
Resolution.....	0	10,000	5,000	5,000	0	0	0
Intermediate Units	6,311	6,311	6,311	6,311	6,311	6,311	6,311
School Food Services.....	27,532	28,665	29,633	29,633	29,633	29,633	29,633
Rx for PA - School Food Services	0	0	6,543	6,543	6,543	6,543	6,543
School Employees' Social Security	456,377	474,629	494,809	514,601	535,185	556,592	578,856
School Employees' Retirement	254,495	368,757	452,169	466,713	434,864	420,453	425,805
School Entity Demonstration Projects	5,723	6,000	0	0	0	0	0
Education of Indigent Children	35	25	25	25	25	25	25
High School Reform	4,700	8,000	11,000	11,000	11,000	11,000	11,000
Education Mentoring.....	5,439	1,200	1,200	1,200	1,200	1,200	1,200
Lifelong Learning	0	9,709	0	0	0	0	0
Services to Nonpublic Schools.....	79,004	83,643	86,487	86,487	86,487	86,487	86,487
Textbooks, Materials and Equipment for							
Nonpublic Schools.....	24,161	25,580	26,450	26,450	26,450	26,450	26,450
Teen Pregnancy and Parenthood.....	1,725	2,225	1,725	1,725	1,725	1,725	1,725
Ethnic Heritage	165	165	165	165	165	165	165
Governor's Schools of Excellence.....	2,742	2,742	2,574	2,574	2,574	2,574	2,574
Job Training Programs	5,300	5,300	0	0	0	0	0
Reimbursement of Charter Schools	92,602	126,689	157,261	157,261	157,261	157,261	157,261
Safe and Alternative Schools.....	23,326	23,326	23,326	23,326	23,326	23,326	23,326
Alternative Education Demonstration							
Grants	26,300	43,300	0	0	0	0	0
Parent Involvement Program (06/08)	1,700	1,700	0	0	0	0	0
Shared Services	0	0	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	\$ 8,102,030	\$ 8,753,497	\$ 9,278,619	\$ 9,312,955	\$ 9,296,690	\$ 9,303,686	\$ 9,256,302
MOTOR LICENSE FUND:							
Safe Driving Course	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230

PROGRAM OBJECTIVE: To provide and improve library services to citizens of the Commonwealth, special libraries, and government agencies and employees.

Program: Library Services

The proposed 2007-08 budget brings Pennsylvania's public libraries to their highest funding level in history. The Public Library Subsidy supports basic operations in local public libraries, enabling these libraries to provide direct service to meet the demands of Pennsylvania residents for information, education and cultural enrichment. Children's librarians are encouraged, as a result of the research on the importance of brain development and early literacy, to include a focus on early childhood needs of families and children participating in local preschool programs. Pennsylvania is a national leader in its State-level investment in local libraries.

As a result of the State Public Library Subsidy and local library funding in 2006-07:

- Local libraries will operate for 1,564,000 hours.
- 40,229,000 patrons will visit public libraries.
- 64,528,000 books and other materials will be borrowed.

The Public Library Subsidy also supports the district library center program in 29 designated public libraries, which are charged with providing resources and services to the local libraries and residents of their defined geographic areas.

According to the most recent data from the National Center for Education Statistics, Pennsylvania's State appropriation for libraries and the State share of total library expenditures are both among the highest in the nation, yet Pennsylvania is below the national average on the total level of library funding and the share that comes from local government. The State's library funding formula is designed to help address this challenge by encouraging increased local investment in community libraries, as well as high standards for service levels.

The Library Services program also includes: Library Access, the Electronic Library Catalog, Library Services for Visually Impaired and Disabled, and the State Library.

The Library Access appropriation supports three program components. First, the Statewide Library Card program allows people to use any participating public library no matter where they live. Second, the Interlibrary Delivery Service (IDS) provides cost-effective delivery of materials between libraries to encourage resource sharing. Third, Library Access supports the POWER (Pennsylvania

Online World of Electronic Resources) Library to provide online periodical and reference databases for use in public and school libraries and by Pennsylvania residents at home.

The Electronic Library Catalog, also known as the Access Pennsylvania Database program, supports the development and expansion of the largest union (joint) catalog in North America. This database is a web-based automated catalog of more than 2,797 Pennsylvania libraries and provides access to books, journals and other information held by any participating school, public, college or university library.

Library Services for Visually Impaired and Disabled provides operating funds to Pennsylvania's regional libraries for direct mail services to Pennsylvania residents who are blind or who have a physical disability that prevents them from using regular print materials. Seventy percent of the users of this program are elderly persons who are often homebound and isolated with no other access to the world of books. The program also supports students who require specialized general reading and educational materials.

The State Library, located in Harrisburg, is a major resource library serving the State Government, as well as libraries and residents of the Commonwealth. An extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers and Pennsylvania State and U.S. Government publications are available. Online access is provided to over 300 databases, many of which have full-text articles. The State Library is home to the Rare Books Collection, which is organized around the Assembly Collection that was ordered by Ben Franklin in 1745 when he was Clerk of the Assembly, and includes imprints from colonial times to 1850.

The State Library provides research assistance to State Government by several means. Patrons can request services in person, via the telephone and through the library's webpage. The computer catalog gives all users more rapid access to information about the collection. The State Library's holdings are also available to all Pennsylvania Libraries through the web-based ACCESS Pennsylvania.

Program: Library Services (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Items accessed-State Library of Pennsylvania (in thousands).....	303,342	306,389	309,439	312,534	315,659	318,816	322,206
Visits to public libraries (in thousands)	36,306	40,229	40,631	41,038	41,448	41,862	42,281
Materials borrowed from public libraries (in thousands).....	59,223	64,528	65,152	65,803	66,461	67,126	67,797
Items borrowed from public library children's collections- included above (in thousands)	22,159	24,137	24,378	24,622	24,868	25,117	25,638
Total public library hours open annually (in thousands).....	1,469	1,564	1,564	1,564	1,564	1,564	1,564
Materials borrowed from libraries for Blind and Physically Handicapped (in thousands).....	1,852	1,880	1,908	1,937	1,966	1,996	2,025
POWER Library use-items examined (in thousands).....	21,924	22,253	22,587	22,925	23,269	23,618	23,973
Items loaned under the Statewide Library ACCESS program.....	14,271	14,414	14,558	14,703	14,850	14,999	15,149

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND State Library	KEYSTONE RECREATION, PARK AND CONSERVATION FUND Local Libraries Rehabilitation and Development (EA)
\$ 210 —to continue current program.	
\$ 250 Public Library Subsidy —to continue current program.	\$ -708 —nonrecurring projects.

All other appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
State Library	\$ 4,336	\$ 4,574	\$ 4,784	\$ 4,784	\$ 4,784	\$ 4,784	\$ 4,784
Public Library Subsidy.....	61,362	75,500	75,750	75,750	75,750	75,750	75,750
Library Services for the Visually Impaired and Disabled.....	2,965	2,965	2,965	2,965	2,965	2,965	2,965
Recording for the Blind and Dyslexic.....	70	70	70	70	70	70	70
Library Access	7,386	7,386	7,386	7,386	7,386	7,386	7,386
Electronic Library Catalog	3,842	3,842	3,842	3,842	3,842	3,842	3,842
TOTAL GENERAL FUND	\$ 79,961	\$ 94,337	\$ 94,797	\$ 94,797	\$ 94,797	\$ 94,797	\$ 94,797
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehabilitation and Development (94-04) (EA).....	\$ 5,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local Libraries Rehab. and Development (Current Year) (EA).....	3,398	4,164	3,456	3,668	3,972	4,280	4,496
KEYSTONE RECREATION, PARK CONSERVATION FUND	\$ 8,595	\$ 4,164	\$ 3,456	\$ 3,668	\$ 3,972	\$ 4,280	\$ 4,496

PROGRAM OBJECTIVE: To fulfill Pennsylvania's requirements for graduates of higher education programs, to respond to the demands of students for higher education and to support the public institutions providing those programs.

Program: Higher Education

Higher education in Pennsylvania is provided through 271 degree-granting institutions that include the universities of the State System of Higher Education, the State-related universities, the community colleges, the Commonwealth's private colleges and universities, the State affiliated Thaddeus Stevens College of Technology, and specialized

associate degree-granting institutions. Funding for these institutions is through direct grant appropriations and through State-funded student grant programs administered by the Pennsylvania Higher Education Assistance Agency (PHEAA).

Table 1
Full-Time Equivalent Enrollments at State-Supported Institutions of Higher Education, Actual and Projected

Institutional Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State System of Higher Education.....	100,392	101,369	102,061	102,427	102,807	103,228	103,679
Community Colleges	88,150	90,908	93,105	95,268	97,363	99,368	101,283
State-Related Universities	139,894	143,106	143,629	143,898	144,132	144,215	144,281
Non-State Related Universities & Colleges...	43,662	44,432	45,121	45,947	46,208	46,328	46,834
TOTAL	372,098	379,815	383,916	387,540	390,510	393,139	396,077

Program Element: State System of Higher Education

Funding for the 14 universities of the State System of Higher Education is distributed through the Office of the Chancellor to the individual universities in accordance with a formula that considers student enrollment, programs of the school and the operational cost of the individual campuses. Although each university has an individual mission, they all provide teacher education, a broad liberal arts curriculum, and most offer the master degree level of study in their programs.

Program Element: Community Colleges

The funding formula for the community colleges is stipulated in Act 46 of 2005. Funding is shared by sponsoring counties or school districts, the students through tuition payments and the Commonwealth. Commonwealth appropriations are based on a formula that ensures predictable base operating funding, provides a supplement for enrollment growth, provides a stipend for students enrolled in economic development programs that focus on high priority occupations and recognizes the capital costs of the colleges. The colleges offer two-year liberal arts curricula, two-year programs in technologies, and other programs in career areas that culminate in an associate degree or certificate and non-degree programs. They play a major role in the Commonwealth's workforce development initiative.

Program Element: State-related Universities

Funding for the four State-related universities — the Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University — provides basic support for their educational programs. The first three of these Commonwealth universities are major research universities; they provide programs to the doctoral level in varied academic disciplines and professional schools in podiatry, medicine, dentistry and law. The fourth, Lincoln University, provides programs in numerous disciplines at the baccalaureate and master's degree levels.

Program Element: Enrollment and Degree Programs

In 2005, of 142,647 high school graduates, 105,592, or approximately 74%, planned to attend a degree-granting postsecondary institution. This is a significant improvement over the past decade when only slightly more than half of Pennsylvania high school graduates indicated they planned to attend a postsecondary institution. Participation rates of non-traditional students and part-time students also continue to increase. Full-time equivalent enrollment in State-supported colleges and universities has been rising at levels in excess of two percent annually and will continue to increase in the immediate future with that trend differing from sector to sector. Community College growth, for example, has been much more dramatic. This overall growth is not only the result of minor growth in the population of traditional age students but is especially due to the increase in participation rates of non-traditional and part-time students.

Program: Higher Education (continued)

Table 2
Full-Time Enrollments by Subject Area at State-Supported Institutions of Higher Education, Actual and Projected

Subject Area	Number and Percent of Total	2005-06 Actual	2006-07 Projected	2007-08 Projected	2008-09 Projected	2009-10 Projected	2010-11 Projected	2011-12 Projected	Percent Change
Agricultural and Natural Resources	# %	3,306 0.89%	3,442 0.91%	3,460 0.90%	3,468 0.89%	3,473 0.89%	3,478 0.88%	3,482 0.88%	5.32%
Arts and Letters	# %	75,653 20.33%	77,409 20.38%	78,339 20.41%	79,288 20.46%	80,127 20.52%	80,981 20.60%	81,846 20.66%	8.19%
Business, Management and Data Processing	# %	54,643 14.69%	55,634 14.65%	56,264 14.66%	56,566 14.60%	57,054 14.61%	57,517 14.63%	57,854 14.61%	5.88%
Communications and Related Technologies	# %	13,488 3.62%	13,740 3.62%	13,963 3.64%	13,996 3.61%	14,072 3.60%	14,099 3.59%	14,188 3.58%	5.19%
Computer and Information Sciences	# %	11,694 3.14%	12,068 3.18%	12,280 3.20%	12,382 3.20%	12,506 3.20%	12,639 3.21%	12,771 3.22%	9.21%
Education	# %	34,399 9.24%	34,788 9.16%	35,093 9.14%	35,338 9.12%	35,599 9.12%	35,845 9.12%	36,125 9.12%	5.02%
Engineering, Architecture and Environmental Design	# %	17,739 4.77%	18,029 4.75%	18,177 4.73%	18,258 4.71%	18,374 4.71%	18,477 4.70%	18,576 4.69%	4.72%
Engineering Technologies and Related Technologies	# %	5,984 1.61%	6,163 1.62%	6,218 1.62%	6,302 1.63%	6,373 1.63%	6,444 1.64%	6,518 1.65%	8.92%
Health Professions, Health Sciences and Biological Sciences	# %	60,464 16.25%	61,636 16.23%	62,225 16.21%	63,201 16.31%	63,588 16.28%	63,756 16.22%	64,284 16.23%	6.32%
Home Economics, Human Services and Public Affairs	# %	28,427 7.64%	29,046 7.65%	29,399 7.66%	29,720 7.67%	29,991 7.68%	30,238 7.69%	30,486 7.70%	7.24%
Industrial, Repair, Construction and Transport Technologies	# %	3,769 1.01%	3,844 1.01%	3,906 1.02%	3,972 1.02%	4,030 1.03%	4,079 1.04%	4,131 1.04%	9.60%
Law	# %	4,901 1.32%	5,085 1.34%	5,242 1.37%	5,409 1.40%	5,462 1.40%	5,508 1.40%	5,522 1.39%	12.67%
Physical Sciences, Mathematics and Related Technologies	# %	14,947 4.02%	15,361 4.04%	15,430 4.02%	15,476 3.99%	15,515 3.97%	15,550 3.96%	15,587 3.94%	4.28%
Social Sciences, Psychology, Area Studies and Foreign Languages	# %	37,510 10.08%	38,116 10.04%	38,341 9.99%	38,484 9.93%	38,587 9.88%	38,685 9.84%	38,759 9.79%	3.33%
Multi-Interdisciplinary Studies/ Military Sciences	# %	5,174 1.39%	5,454 1.44%	5,579 1.45%	5,680 1.47%	5,759 1.47%	5,843 1.49%	5,948 1.50%	14.96%
TOTAL		372,098	379,815	383,916	387,540	390,510	393,139	396,077	6.44%

Percentages in some columns may not total to 100.00% due to rounding.

The Department of Education and PHEAA communicate with school districts to disseminate information to students and their parents about the importance of post secondary education, choices available to students, financial aid available and the high school preparation required.

Combined with higher education enrollment size, the diversity of enrollments by discipline will shape the future of higher education. Table 2 shows projections of enrollment in all sectors of higher education from 2005-06 through 2011-12. It reflects the increased choices of career-oriented disciplines with good employment rates

such as business, management, data processing and health professions, but also reflects slower than anticipated growth in the engineering technology and industrial technologies enrollments.

From Table 3 it can be seen that the State-supported universities and colleges graduated over 84,000 students in 2005-06 with degrees ranging from the two-year associate degree to doctoral and professional degrees. Pennsylvania degree graduates from both the public and private sectors totaled over 134,000.

Program: Higher Education (continued)

Table 3
Higher Education Degrees Awarded by State-Supported
and Private Institutions of Higher Education,
Actual and Projected

Institutional Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State-Supported:							
State System of Higher Education.....	21,456	21,884	22,190	22,419	22,673	22,894	23,097
Community Colleges.....	12,943	13,317	13,653	13,958	14,247	14,527	14,796
State-Related Universities.....	36,167	36,327	36,448	36,577	36,824	36,875	36,932
Non-State Related Universities & Colleges	13,786	14,173	14,634	14,995	15,055	15,088	15,240
Non-State-Supported:							
Private Universities & Colleges	50,400	51,660	52,952	54,276	55,632	57,023	58,449
TOTAL	134,752	137,361	139,877	142,225	144,431	146,407	148,514

Program Element: Support for Educationally Disadvantaged and Minority Students

The Higher Education Equal Opportunity Program, under Act 101 of 1971, provides grants to colleges for tutorial and counseling services for economically and educationally disadvantaged students to aid them in succeeding in college.

In 1996, the Pennsylvania Department of Education and the United States Department of Education, Office of Civil Rights, embarked on a cooperative agreement designed to assess and address the continued challenges in providing higher education opportunities for African American students in Pennsylvania. Funding is included in this subcategory and in the capital budget to further assist with the cost of recruitment and retention of minority students, to provide for an affirmative action program at the State System of Higher Education and to continue infrastructure improvements at Cheyney and Lincoln Universities. Further funding is provided for a post-baccalaureate scholarship program directed at the achievement of a terminal professional degree for recent graduates of Cheyney University and Lincoln University. This scholarship program funding is made available through a program administered at these universities and disbursed through PHEAA.

Program Element: Research

An essential ingredient for a healthy economy and the creation of new jobs in any region is the existence of vigorous research universities. Regions with the most dynamic economies are those where research and development investments have been significant. The research university not only provides new ideas, technologies and products to industry, but also educates and motivates graduates to turn those ideas, technologies and products into industry and jobs.

While the University of Pittsburgh and Temple University are also major research universities, the Pennsylvania State University is the primary recipient of direct research funds designated by the Commonwealth to support research in agriculture, engineering, biological and physical sciences, earth and mineral sciences, health and

human services, and other disciplines. Pennsylvania State University is the Commonwealth's Federally designated land-grant university, and as such has received funds designated for agricultural research since 1901.

The continued State support for organized research is a means of promoting a responsive position on the constantly changing needs of the Commonwealth. In this regard, colleges and universities play a major role in the economic development of the Commonwealth through the creation of a climate that attracts new high technology industries to the State.

Program Element: Community Service

Public and community services are provided by all sectors of higher education and include short-term courses, workshops and programs in the arts. The bulk of Commonwealth funding in this area supports the Cooperative Extension Service of Pennsylvania State University. This service offers consultation to any State resident on agricultural or environmental issues. It operates the Agricultural Extension Computer Network with a computer in every county cooperative extension service office and offers a Statewide network of information linked to the resources of the main campus.

Program Element: Support Services

The Department 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, the State Board of Private Licensed Schools and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the Higher Education Master Plan. The department also partners with other Commonwealth agencies on workforce development strategies. Additionally, the department provides teaching certificates to those seeking certification in Pennsylvania.

Pennsylvania has been a national leader in education reform by introducing concepts of quality performance and accountability in basic and secondary education. This budget will continue these efforts and introduce

Program: Higher Education (continued)

programmatic initiatives through a combined effort of elementary/secondary and postsecondary and higher education, jointly with the United States Department

of Education, to fulfill the initiatives of “No Child Left Behind”.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Access & Affordability							
Minority enrollment at public institutions.....	65,062	66,363	67,691	69,044	70,425	71,834	73,271
Disadvantaged students served by specialized programs.....	13,779	13,898	13,995	14,095	14,195	14,295	14,395
Outcomes							
Six-year graduation rate for full-time, first-time students at State System institutions.....	53.3%	54.0%	54.7%	55.4%	56.1%	57.1%	58.1%
Six-year graduation rate for full-time, first-time students at State-related institutions.....	62.4%	63.3%	64.2%	65.5%	66.5%	67.6%	68.7%
Three-year graduation rate for full-time, first-time students at community colleges.	15.7%	15.8%	15.9%	16.0%	16.1%	16.2%	16.3%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Community Colleges</p> <p>\$ 6,680 —to continue current program.</p> <p>Transfer to Community College Capital Fund</p> <p>\$ 2,500 —to continue current program.</p> <p>Regional Community Colleges Services</p> <p>\$ -900 —nonrecurring project.</p> <p>Technical Colleges</p> <p>\$ 2,000 —Initiative—Technical Colleges. To provide operational resources and equipment for two new Technical Colleges that would provide up to two years of education and skills training in regions of the state not currently served by community colleges.</p> <p>Higher Education Assistance</p> <p>\$ -19,661 —nonrecurring projects.</p> <p>Enhanced Technology Initiative</p> <p>\$ -200 —nonrecurring project.</p> <p>Engineering Equipment Grants</p> <p>\$ -1,000 —nonrecurring project.</p> <p>Community Education Councils</p> <p>\$ -218 —nonrecurring projects.</p> <p>Thaddeus Stevens College of Technology</p> <p>\$ -2,036 —nonrecurring project.</p> <p style="padding-left: 20px;">43 —to continue current program.</p> <p>\$ -1,993 <i>Appropriation Decrease</i></p>	<p>State System of Higher Education (SSHE)</p> <p>\$ 16,367 —to provide an increase in State support.</p> <p>Pennsylvania State University</p> <p>\$ 5,167 —to provide an increase in State support.</p> <p>University of Pittsburgh</p> <p>\$ 3,222 —to provide an increase in State support.</p> <p>Temple University</p> <p>\$ 3,382 —to provide an increase in State support.</p> <p>Lincoln University</p> <p>\$ 270 —to provide an increase in State support.</p> <p>Non-State-related Universities and Colleges</p> <p>\$ 445 —to provide an increase in State support.</p> <p>Non-State-related Institutions</p> <p>\$ 8 —to provide an increase in State support.</p> <p>KEYSTONE RECREATION, PARK AND CONSERVATION FUND</p> <p>State System of Higher Education - Deferred Maintenance (EA)</p> <p>\$ -4,396 —nonrecurring projects.</p>
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All other appropriations are recommended at the current year funding level.

Program: Higher Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Community Colleges	\$ 214,217	\$ 222,679	\$ 229,359	\$ 229,359	\$ 229,359	\$ 229,359	\$ 229,359
Transfer to Community College Capital Fund.....	37,864	42,006	44,506	44,506	44,506	44,506	44,506
Regional Community Colleges Services ...	750	900	0	0	0	0	0
Technical Colleges.....	0	0	2,000	2,000	2,000	2,000	2,000
Higher Education for the Disadvantaged...	9,320	9,320	9,320	9,320	9,320	9,320	9,320
Higher Education of Blind or Deaf							
Students.....	54	54	54	54	54	54	54
Higher Education Assistance	5,001	19,661	0	0	0	0	0
Enhanced Technology Initiative	0	200	0	0	0	0	0
Engineering Equipment Grants	1,000	1,000	0	0	0	0	0
Dormitory Sprinklers.....	500	250	250	250	250	250	250
Community Education Councils.....	1,968	2,186	1,968	1,968	1,968	1,968	1,968
Thaddeus Stevens College of Technology	10,108	10,613	8,620	8,620	8,620	8,620	8,620
State System of Higher Education.....	465,197	487,873	504,240	504,240	504,240	504,240	504,240
Pennsylvania State University	312,026	327,715	332,882	332,882	332,882	332,882	332,882
University of Pittsburgh.....	157,234	164,647	167,869	167,869	167,869	167,869	167,869
Temple University	162,234	169,535	172,917	172,917	172,917	172,917	172,917
Lincoln University	12,934	13,516	13,786	13,786	13,786	13,786	13,786
Non-State-related Universities and Colleges.....	83,278	88,977	89,422	89,422	89,422	89,422	89,422
Non-State-related Institutions	1,796	1,761	1,769	1,769	1,769	1,769	1,769
TOTAL GENERAL FUND	\$ 1,475,481	\$ 1,562,893	\$ 1,578,962	\$ 1,578,962	\$ 1,578,962	\$ 1,578,962	\$ 1,578,962
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education — Deferred Maintenance (EA)	\$ 17,959	\$ 19,946	\$ 15,550	\$ 16,504	\$ 17,872	\$ 19,258	\$ 20,230



EMERGENCY MANAGEMENT AGENCY

The Pennsylvania Emergency Management Agency develops and maintains a comprehensive plan and program for the civil defense of the Commonwealth. Primarily the plan calls for the protection of life and property both prior to and in the event of natural and other disasters. The agency, through the Office of the State Fire Commissioner, provides loans to volunteer fire, ambulance and rescue companies, and coordinates State fire services. The Emergency Management Agency also administers post-disaster aid to affected localities and citizens.

Emergency Management Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2005-06 2006-07 2007-08
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 5,838	\$ 5,942	\$ 6,379
(F) Civil Preparedness.....	9,570	6,847	6,847
(F) Flash Flood Project - Warning System.....	95	96 ^a	95
(F) Hazardous Materials Planning and Training.....	408	405	405
(F) Domestic Preparedness - First Responders (EA).....	230,000	150,000	150,000
(F) Incident Response Reporting (EA).....	885	74	0
(F) Bioterrorism Preparedness Training (EA).....	128	154	0
(F) State Emergency Voice Alerting System (SEVAN) (EA).....	750	236	0
(A) Nuclear Facility.....	77	67	74
(A) Purchasing Card Rebate.....	6	0	0
Avian Flu / Pandemic Preparedness.....	0	500	500
(F) Avian Flu / Pandemic Preparedness.....	0	12,250	12,500
Information Systems Management.....	1,151	1,103	1,103
Subtotal.....	\$ 248,908	\$ 177,674	\$ 177,903
State Fire Commissioner.....	2,026	2,026	2,181
(F) Fire Prevention.....	66	66	66
(F) Assistance to Firefighters Grant Program.....	38	38	0
(A) Fire Academy Fees.....	234	298	80
(A) Arson Fines.....	0	2	2
Subtotal.....	\$ 2,364	\$ 2,430	\$ 2,329
Security.....	1,132	1,132	1,170
Subtotal - State Funds.....	\$ 10,147	\$ 10,703	\$ 11,333
Subtotal - Federal Funds.....	241,940	170,166	169,913
Subtotal - Augmentations.....	317	367	156
Total - General Government.....	\$ 252,404	\$ 181,236	\$ 181,402

Grants and Subsidies:

(F) September 1999 Tropical Storm Disaster-Public Assistance(EA).....	\$ 315	\$ 0	\$ 0
(F) September 1999 Tropical Storm Disaster-Hazard Mitigation(EA).....	9,400	0	6,800
(F) June 2001 Storm Disaster - Public Assistance (EA).....	2,000	0	0
(F) February 2003 Snow Storm Disaster (EA).....	350	0	0
July 2003 Storm Relief.....	75	0	0
(F) July 2003 Storm Disaster - Hazard Mitigation (EA).....	2,500	2,218	2,000
(F) July 2003 Storm Disaster - Public Assistance (EA).....	5,000	16,600	16,600
August 2004 Storm Relief (6/08).....	100	0	0
(F) August 2004 Storm Disaster - Hazard Mitigation (EA).....	1,000	770	800
August 2004 Storm Disaster - Public Assistance (6/08).....	100	0	0
(F) August 2004 Storm Disaster - Public Assistance (EA).....	1,000	0	0
September 2004 Storm Relief (6/08).....	100	0	0
(F) September 2004 Tropical Storm Frances-Hazard Mitigation (EA).....	1,000	280	160
(F) September 2004 Tropical Storm Frances-Public Assistance (EA).....	500	0	0
(F) September 2004 Tropical Storm Ivan - Hazard Mitigation (EA).....	7,000	17,100	7,000
(F) September 2004 Tropical Storm Ivan - Public Assistance (EA).....	40,000	20,000	5,000
Sept 2004 Tropical Storm Ivan-Public Asst State Match (6/08).....	5,000	0	0
April 2005 Storm Disaster - Public Assistance (6/08).....	2,530	500^b	0
(F) April 2005 Storm Disaster - Public Assistance (EA).....	40,000	10,000	5,000
(F) April 2005 Storm Disaster - Hazard Mitigation (EA).....	0	1,800	0
September 2005 Hurricane Katrina-EMAC.....	3,000	0	0
(F) September 2005 Hurricane Katrina - Disaster (EA).....	50,000	2,500	0
June 2006 Storm Relief.....	500	0	0
June 2006 Flood Disaster Relief.....	0	5,000	9,500
June 2006 Flood Disaster - Public Assistance.....	0	1,500	0
(F) June 2006 Summer Storm - Public Assistance (EA).....	0	60,000	50,000
September 2006 Tropical System Ernesto Disaster Relief.....	0	50	0

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Hazard Mitigation	4,035	3,500	4,500
Regional Events Security	0	6,045	6,045
Firefighters' Memorial Flag	10	10	10
Volunteer Company Grants	25,000	0	0
Red Cross Extended Care Program	500	1,000	500
Subtotal - State Funds.....	\$ 40,950	\$ 17,605	\$ 20,555
Subtotal - Federal Funds.....	160,065	131,268	93,360
Total - Grants and Subsidies.....	\$ 201,015	\$ 148,873	\$ 113,915
STATE FUNDS.....	\$ 51,097	\$ 28,308	\$ 31,888
FEDERAL FUNDS.....	402,005	301,434	263,273
AUGMENTATIONS.....	317	367	156
GENERAL FUND TOTAL	\$ 453,419	\$ 330,109	\$ 295,317
<u>MOTOR LICENSE FUND:</u>			
<i>Grants and Subsidies:</i>			
September 2004 Tropical Storm Ivan - Public Assistance.....	\$ 12,500	\$ 0	\$ 0
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Emergency Management and Disaster Assistance.....	\$ 3,204	\$ 2,500	\$ 2,500
Radiological Emergency Response Planning.....	501	600	500
Radiation Emergency Response Fund.....	547	500	500
GENERAL FUND TOTAL.....	\$ 4,252	\$ 3,600	\$ 3,500
HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations.....	\$ 117	\$ 117	\$ 117
Hazardous Materials Response Team.....	417	417	417
Grants to Counties.....	824	824	824
Public and Facilities Owners Education.....	117	117	117
HAZARDOUS MATERIAL RESPONSE FUND TOTAL.....	\$ 1,475	\$ 1,475	\$ 1,475
STATE GAMING FUND:			
Transfer to Volunteer Company Grants Program (EA).....	\$ 0	\$ 25,000	\$ 25,000
VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans.....	\$ 14,382	\$ 17,500	\$ 17,500
WIRELESS E-911 EMERGENCY SERVICES FUND:			
General Operations.....	\$ 1,890	\$ 1,840	\$ 2,200
Wireless E-911 Emergency Services Grants.....	131,337	94,000	107,800
WIRELESS E-911 EMERGENCY SERVICES FUND TOTAL.....	\$ 133,227	\$ 95,840	\$ 110,000

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 51,097	\$ 28,308	\$ 31,888
SPECIAL FUNDS.....	12,500	0	0
FEDERAL FUNDS.....	402,005	301,434	263,273
AUGMENTATIONS.....	317	367	156
OTHER FUNDS.....	153,336	143,415	157,475
TOTAL ALL FUNDS.....	\$ 619,255	\$ 473,524	\$ 452,792

^a Includes recommended supplemental appropriation of \$96,000.

^b Includes recommended supplemental appropriation of \$500,000.

Emergency Management Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND.....	\$ 23,561	\$ 25,272	\$ 29,197	\$ 29,197	\$ 19,697	\$ 19,697	\$ 19,697
SPECIAL FUNDS.....	12,500	0	0	0	0	0	0
FEDERAL FUNDS.....	401,901	301,330	263,207	263,207	191,607	191,607	191,607
OTHER FUNDS.....	5,810	30,142	30,049	30,049	30,049	30,049	30,049
SUBCATEGORY TOTAL.....	\$ 443,772	\$ 356,744	\$ 322,453	\$ 322,453	\$ 241,353	\$ 241,353	\$ 241,353
FIRE PREVENTION AND SAFETY							
GENERAL FUND.....	\$ 27,536	\$ 3,036	\$ 2,691	\$ 2,691	\$ 2,691	\$ 2,691	\$ 2,691
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	104	104	66	66	66	66	66
OTHER FUNDS.....	147,843	113,640	127,582	127,582	127,582	127,582	127,582
SUBCATEGORY TOTAL.....	\$ 175,483	\$ 116,780	\$ 130,339	\$ 130,339	\$ 130,339	\$ 130,339	\$ 130,339
ALL PROGRAMS:							
GENERAL FUND.....	\$ 51,097	\$ 28,308	\$ 31,888	\$ 31,888	\$ 22,388	\$ 22,388	\$ 22,388
SPECIAL FUNDS.....	12,500	0	0	0	0	0	0
FEDERAL FUNDS.....	402,005	301,434	263,273	263,273	191,673	191,673	191,673
OTHER FUNDS.....	153,653	143,782	157,631	157,631	157,631	157,631	157,631
DEPARTMENT TOTAL.....	\$ 619,255	\$ 473,524	\$ 452,792	\$ 452,792	\$ 371,692	\$ 371,692	\$ 371,692

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.

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 (EMAC), allows PEMA to provide and coordinate emergency services to other states participating in a mutual assistance agreement. All 50 States are EMAC participants. The Governor is authorized to transfer up to \$15 million in unused appropriated funds for these expenses, which may be reimbursed by other states. PEMA's participation in the Hurricane Katrina mission cost over \$3 million and consisted of 80 missions performed by ambulance companies, fire and police departments, Air and Army National Guard, mental health professionals, search and rescue teams, as well as corrections officers and maintenance personnel.

The agency's mission includes programs concerning prison/community safety, 911-program implementation and maintenance, Statewide chemical and nuclear power safety and hazardous materials transportation.

The Commonwealth's civil preparedness and emergency response capability is provided through the maintenance of a Statewide system, to facilitate hazard assessment, emergency planning, warning, and emergency communications. A satellite-based network that monitors actual rainfall amounts provides an early warning system for flooding. To facilitate rapid deployment of resources

to protect life and property, an emergency response and command center has been developed. Training and education are provided to county and local entities on an ongoing basis to maintain their civil preparedness and emergency response readiness.

Counties are required to have an approved emergency program plan consisting of a statement of accomplishments, required financial needs, hazard vulnerability and goals indicating projected activity. Federal and State laws mandate conduct of exercise programs to test and update existing emergency preparedness and response plans. The comprehensive exercise program is an extensive and integrated training and testing program that enhances and measures the ability of county and local forces to provide a comprehensive and coordinated first line of response to emergency conditions. The agency coordinates urban search and rescue capabilities for response to certain types of disasters. Regional rapid assessment teams are trained to provide assessment of needs in disaster areas. The agency coordinates nine regional counter-terrorism task forces and incident support teams.

Activities required by the Environmental Protection Agency under the Federal Superfund Amendments and Reauthorization Act (SARA Title III) and the Federal Clean Air Act amendments include upgrading chemical emergency preparedness facility plans. Responsibilities for preparedness involve State and county governments and chemical manufacturers. Agency activities also required by SARA Title III are planning and training activities for compliance with the Hazardous Materials Transportation Uniform Safety Act.

Act 56 of 2003 established the Wireless E-911 Emergency Services Fund, which provides for the collection of a monthly surcharge on wireless telephone customers to support a Statewide integrated wireless E-911 system. The surcharge funds grants to public safety answering points to upgrade 911 technology enabling emergency responders to locate emergency calls from wireless telephones.

Emergency Management Agency

Program: Emergency Management (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
County/Local Emergency plans developed	974	1,050	1,050	1,100	1,150	1,150	1,150
Emergency management and health preparedness training recipients.....	9,250	8,000	8,000	8,000	8,000	8,000	8,000
Emergency management grants awarded..	504	500	500	500	500	500	500
All Hazard Emergency exercise participants	501,875	700,000	800,000	800,000	800,000	800,000	800,000
Responses to Statewide emergency incidents.....	7,303	7,200	7,500	7,500	7,500	7,500	7,500
Federal disaster funds disbursed (in thousands).....	\$61,295	\$111,325	\$93,360	\$65,000	\$65,000	\$65,000	65,000

Emergency management and health preparedness training recipients decrease in 2006-07 due to a reduction in enrollments.

All Hazard Emergency exercise participants increase beginning in 2006-07 due to broader measurement which now includes all hazard exercises such as weather and medical services not previously measured.

Federal disaster funds disbursed increase in 2006-07 due to damage caused by recent hurricanes and storms, and support provided for Hurricane Katrina evacuees.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 437 General Government Operations —to continue current program.</p> <p>\$ 38 Security —to continue current program.</p> <p>\$ -500 April 2005 Storm Disaster - Public Assistance —nonrecurring State match for federally funded projects.</p> <p>\$ 4,500 June 2006 Flood Disaster Relief —State match for federally funded projects.</p>	<p>\$ -50 September 2006 Tropical System Ernesto Disaster Relief —nonrecurring program costs.</p> <p>\$ -1,500 June 2006 Flood Disaster - Public Assistance —nonrecurring State match for federally funded projects.</p> <p>\$ 1000 Hazard Mitigation —State match for federally funded projects.</p>
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
General Government Operations	\$ 5,838	\$ 5,942	\$ 6,379	\$ 6,379	\$ 6,379	\$ 6,379	\$ 6,379
Avian Flu / Pandemic Preparedness	0	500	500	500	500	500	500
Information Systems Management.....	1,151	1,103	1,103	1,103	1,103	1,103	1,103
Security.....	1,132	1,132	1,170	1,170	1,170	1,170	1,170
July 2003 Storm Relief	75	0	0	0	0	0	0
August 2004 Storm Relief (6/08)	100	0	0	0	0	0	0
August 2004 Storm Disaster - Public Assistance (6/08)	100	0	0	0	0	0	0
September 2004 Storm Relief (6/08).....	100	0	0	0	0	0	0
Sept 2004 Tropical Storm Ivan-Public Asst State Match (6/08)	5,000	0	0	0	0	0	0
April 2005 Storm Disaster - Public Assistance (6/08)	2,530	500	0	0	0	0	0
September 2005 Hurricane Katrina-EMAC	3,000	0	0	0	0	0	0
June 2006 Flood Disaster Relief	0	5,000	9,500	9,500	0	0	0
June 2006 Storm Relief	500	0	0	0	0	0	0
September 2006 Tropical System Ernesto Disaster Relief	0	50	0	0	0	0	0
June 2006 Flood Disaster - Public Assistance.....	0	1,500	0	0	0	0	0
Hazard Mitigation.....	4,035	3,500	4,500	4,500	4,500	4,500	4,500
Regional Events Security	0	6,045	6,045	6,045	6,045	6,045	6,045
TOTAL GENERAL FUND	\$ 23,561	\$ 25,272	\$ 29,197	\$ 29,197	\$ 19,697	\$ 19,697	\$ 19,697

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining Statewide municipal fire and emergency service capability.

Program: Fire Prevention and Safety

The State Fire Commissioner Act, Act 61 of 1995 places responsibility on the State Fire Commissioner for addressing the diverse training, operational and informational needs of the Commonwealth's fire and emergency services community. The Commissioner oversees the development and operation of the State Fire Academy's Resident and Local Level Training Programs, the Volunteer Loan Assistance Program (VLAP), the Pennsylvania Fire Information Reporting System (PennFIRS), a public education/information program, and the administration of the firefighter's memorial flag program. Responsibilities also include management and operation of the Volunteer Fire Company and Volunteer Ambulance Service Grant Programs. The State Fire Commissioner is responsible for coordinating Federal, State and private fire safety funds; assisting State agencies in the development of plans related to fire safety; reviewing existing or proposed rules and regulations affecting the safety of Commonwealth citizens; and providing a cost-effective fire-loss management system for the Commonwealth.

Through contacts with government agencies, the business community, consumers and the fire service, the Fire Commissioner's Office renders technical assistance; collects, reviews and disseminates pertinent information about fire death data and fire prevention and control techniques; and conducts statewide fire safety educational programs for the entire fire community.

The State Fire Academy (SFA) at Lewistown is the catalyst for training delivery to the State's fire and emergency response community. The Local Level Training Program, a unique system involving the SFA, community colleges and county and local training facilities and organizations, provides a comprehensive curriculum of basic and mid level fire, rescue, hazardous material, officer development and fire department management courses deliverable to firefighters through county and local fire department programs.

The SFA's Lewistown training facilities and staff support

the Resident Training Program of mid-level, advanced and specialty training in fire, rescue, hazardous material, and officer development aimed at providing professional development opportunities for the State's firefighters, fire officers, the academy's cadre of field instructors and employees from other State agencies. Each year selected programs of timely interest and concern are made available to the State's fire service locally through the Academy on the Road program. The SFA also makes available a Firefighter Certification Program that measures individual knowledge and skills against nationally accepted professional standards to assist firefighters in maximizing their training and experience credentials.

The Volunteer Loan Assistance Program (VLAP) provides assistance to the volunteer fire fighting, ambulance and rescue community in the form of low interest loans for the purpose of establishing or modernizing facilities to house apparatus and equipment, purchasing new or rehabilitating old apparatus, and purchasing protective, communications and accessory equipment. Funding for the loan program is reflected in the financial statement for the Volunteer Companies Loan Fund included in the Special Funds Appendix.

This budget proposes the continuation of the annual \$25 million transfer from the State Gaming Fund to the Volunteer Company Grants program. These funds are used for grants to volunteer fire companies and ambulance services to support these emergency services throughout the Commonwealth.

Act 168 of 1990 provides for a flag to honor firefighters who have died in the line of duty, and assigns the Office of the Pennsylvania State Fire Commissioner the responsibility to implement the provisions of the act. As part of its involvement in this program, the Fire Commissioner's Office provides personal support and assistance to fire departments and surviving relatives immediately following such deaths, and attempts to ascertain and use lessons-learned to reduce the number of firefighter deaths in the future.

Emergency Management Agency

Program: Fire Prevention and Safety (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Fire Academy entry level training - graduates.....	2,638	4,000	4,100	4,100	4,100	4,100	4,100
State Fire Academy Certification Program - certified at firefighter or higher.	4,315	4,300	4,300	4,300	4,300	4,300	4,300
Incidents reported through the PA Fire Information Reporting System	171,120	210,000	230,000	250,000	250,000	250,000	250,000
Volunteer company loans granted (in thousands).....	\$15,321	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,000
Volunteer company grants awarded.....	2,642	2,700	2,700	2,700	2,700	2,700	2,700

State Fire Academy entry level training - graduates increase in 2006-07 due to the development of new curricula offered for the entry level firefighter.

Incidents reported through the PA Fire Information Reporting System increase beginning in 2006-07 due to voluntary reporting which qualifies fire companies to receive federal grants.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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<p>State Fire Commissioner</p> <p>\$ 155 —to continue current program.</p>	<p>Red Cross Extended Care Program</p> <p>\$ -500 —nonrecurring program costs.</p>
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All other appropriations are recommended at the current year funding level.

Appropriations within this Program:	(Dollar Amounts in Thousands)
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	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
State Fire Commissioner	\$ 2,026	\$ 2,026	\$ 2,181	\$ 2,181	\$ 2,181	\$ 2,181	\$ 2,181
Firefighters' Memorial Flag	10	10	10	10	10	10	10
Volunteer Company Grants	25,000	0	0	0	0	0	0
Red Cross Extended Care Program.....	500	1,000	500	500	500	500	500
TOTAL GENERAL FUND	\$ 27,536	\$ 3,036	\$ 2,691	\$ 2,691	\$ 2,691	\$ 2,691	\$ 2,691



DEPARTMENT OF ENVIRONMENTAL PROTECTION

The mission of the Department of Environmental Protection is to protect Pennsylvania's air, land and water from pollution and to provide for the health and safety of its citizens through a cleaner environment. The department will work as partners with individuals, organizations, governments and businesses to prevent pollution and restore our natural resources.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 18,262	\$ 18,329	\$ 18,915
(F)Surface Mine Conservation.....	413	413	413
(A)Reimbursement - EDP Services.....	8,638	8,507	8,507
(A)Department Services.....	40	75	75
(A)Purchasing Card Rebate.....	10	15	15
(A)Vehicle Sales.....	0	10	10
Subtotal.....	\$ 27,363	\$ 27,349	\$ 27,935
Environmental Hearing Board.....	1,771	1,810	1,976
(A)Reimbursement for Services.....	10	10	10
Subtotal.....	\$ 1,781	\$ 1,820	\$ 1,986
Cleanup of Scrap Tires.....	2,750	800	0
Environmental Program Management.....	37,049	36,868	41,213
(F)Coastal Zone Management.....	4,700	4,700	4,700
(F)Construction Management Assistance Grants - Administration.....	1,400	1,400	1,400
(F)Storm Water Permitting Initiative.....	2,300	2,300	2,300
(F)Safe Drinking Water Act - Management.....	5,500	5,500	5,500
(F)Water Pollution Control Grants - Management.....	3,500	3,500	3,500
(F)Air Pollution Control Grants - Management.....	2,400	2,400	2,400
(F)Surface Mine Conservation.....	6,500	6,500	6,500
(F)Wetland Protection Fund.....	840	840	840
(F)Diagnostic X-Ray Equipment Testing.....	340	340	340
(F)Water Quality Outreach Operator Training.....	200	200	200
(F)Water Quality Management Planning Grants.....	1,150	1,150	1,150
(F)Small Operators Assistance.....	2,000	2,000	2,000
(F)Wellhead Protection Fund.....	250	250	250
(F)Indoor Radon Abatement.....	500	500	500
(F)Non-Point Source Implementation.....	12,800	12,800	12,800
(F)Hydroelectric Power Conservation Fund.....	51	51	51
(F)Survey Studies.....	3,000	3,000	3,000
(F)National Dam Safety.....	150	150	150
(F)Great Lakes Restoration.....	0	1,700	0
(F)Training Reimbursement for Small Systems.....	3,500	3,500	3,500
(F)Abandoned Mine Reclamation (EA).....	40,000	55,000	55,000
(F)Nuclear and Chemical Security (EA).....	3,225	3,225	3,225
(F)Homeland Security Initiative (EA).....	500	1,000	1,000
(F)State Energy Program.....	4,951	4,951	4,951
(F)Pollution Prevention.....	600	600	600
(F)National Industrial Competitiveness.....	2	933	0
(F)Energy & Environmental Opportunities.....	1,200	1,200	1,200
(A)Payments - Department Services.....	33	100	100
(A)Vehicle Sales.....	23	20	20
(A)Reimbursement from Water Pollution Control Revolving Fund.....	70	185	185
(A)Reimbursement - PENNVEST.....	41	75	75
(A)Safe Drinking Water Revolving Fund Administration.....	62	127	127
(A)Municipalities Sewage Facilities Compliance.....	0	50	0
(R)Sewage Facilities Program Administration (EA).....	1,379	1,500	1,500
(R)Used Tire Pile Remediation (EA).....	0	15	253
Subtotal.....	\$ 140,216	\$ 158,630	\$ 160,530
Chesapeake Bay Agricultural Source Abatement.....	3,271	3,271	3,410
(F)Chesapeake Bay Pollution Abatement.....	6,200	6,200	6,200
Subtotal.....	\$ 9,471	\$ 9,471	\$ 9,610
Environmental Protection Operations.....	87,897	89,847	102,326
(F)EPA Planning Grant - Administration.....	7,800	7,800	7,800
(F)Water Pollution Control Grants.....	4,800	4,800	4,800

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F) Air Pollution Control Grants.....	2,900	3,370	3,370
(F) Surface Mine Control and Reclamation.....	9,444	9,444	9,444
(F) Training & Education of Underground Coal Miners.....	1,700	1,700	1,700
(F) Construction Management Assistance Grants.....	350	350	350
(F) Safe Drinking Water.....	2,700	2,985	2,985
(F) Oil Pollution Spills Removal.....	1,000	1,000	1,000
(F) Emergency Disaster Relief (EA).....	120	800	800
(F) Technical Assistance to Small Systems (EA).....	1,000	1,000	1,000
(F) Assistance to State Programs (EA).....	3,000	3,000	3,000
(F) Local Assistance and Source Water Protection (EA).....	5,500	5,500	5,500
(A) Clean Air Fund.....	1,955	1,700	1,000
(A) Clean Water Fund.....	2,005	1,305	0
(A) Vehicle Sale.....	80	50	80
(A) Reimbursement from Water Pollution Control Revolving Fund.....	697	222	199
(A) Safe Drinking Water Account.....	200	200	200
(A) Solid Waste Abatement.....	549	549	300
(A) Reimbursement - PENNVEST.....	128	100	128
(A) Reimbursement - Department Services.....	58	55	55
(A) PADOT ISTEPA Program.....	237	438	440
(A) Safe Drinking Water Revolving Fund.....	199	510	696
(A) Reimbursement - Laboratory Services.....	8,884	9,744	10,196
(A) Lab Accreditation.....	424	1,237	1,237
Subtotal.....	\$ 143,627	\$ 147,706	\$ 158,606
Black Fly Control and Research.....	4,415	7,333^a	7,750
(A) County Contributions.....	939	820	820
Subtotal.....	\$ 5,354	\$ 8,153	\$ 8,570
West Nile Virus Control.....	7,473	7,473	7,617
Subtotal.....	\$ 7,473	\$ 7,473	\$ 7,617
Subtotal - State Funds.....	\$ 162,888	\$ 165,731	\$ 183,207
Subtotal - Federal Funds.....	148,486	168,052	165,419
Subtotal - Augmentations.....	25,282	26,104	24,475
Subtotal - Restricted Revenues.....	1,379	1,515	1,753
Total - General Government.....	\$ 338,035	\$ 361,402	\$ 374,854
Grants and Subsidies:			
Safe Water.....	\$ 8,500	\$ 10,475	\$ 0
Storm Water Management Demo Project.....	2,000	2,000	0
Flood Control Projects.....	2,778	2,793	2,793
Storm Water Management.....	1,146	1,200	2,200
Sewage Facilities Planning Grants.....	1,950	1,950	1,950
Sewage Facilities Enforcement Grants.....	5,000	5,000	5,000
Water Contamination Remediation Grants.....	550	300	0
Alternative Energy Initiatives.....	0	3,000	0
Delaware River Master.....	94	94	94
Ohio River Basin Commission.....	14	14	14
Susquehanna River Basin Commission.....	1,232	1,232	1,232
Ag Consumptive Water Use Project.....	0	6,100	0
Interstate Commission on the Potomac River.....	48	48	52
Delaware River Basin Commission.....	1,382	1,532	1,532
Ohio River Valley Water Sanitation Commission.....	164	164	170
Chesapeake Bay Commission.....	265	285	285
Chesapeake Bay Education Program.....	300	300	0
Local Soil and Water District Assistance.....	3,550	3,600	3,100
(A) Soil and Water Assistance Augmentations.....	192	125	192
Interstate Mining Commission.....	38	38	38
Sea Grant Program.....	200	200	200

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 29,211	\$ 40,325	\$ 18,660
Subtotal - Augmentations.....	192	125	192
Total - Grants and Subsidies.....	<u>\$ 29,403</u>	<u>\$ 40,450</u>	<u>\$ 18,852</u>
STATE FUNDS.....	\$ 192,099	\$ 206,056	\$ 201,867
FEDERAL FUNDS.....	148,486	168,052	165,419
AUGMENTATIONS.....	25,474	26,229	24,667
RESTRICTED REVENUES.....	1,379	1,515	1,753
GENERAL FUND TOTAL.....	<u>\$ 367,438</u>	<u>\$ 401,852</u>	<u>\$ 393,706</u>
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>General Government:</i>			
Abandoned Mine Reclamation and Remediation (EA).....	\$ 1,300	\$ 1,500	\$ 1,500
<i>Grants and Subsidies:</i>			
Watershed Protection and Restoration (EA).....	\$ 23,148	\$ 17,987	\$ 22,183
Sewage and Drinking Water Grants (EA).....	2,713	2,165	2,165
Transfer to Hazardous Sites Cleanup Fund (EA).....	20,000	30,000	0
Total - Grants and Subsidies.....	<u>\$ 45,861</u>	<u>\$ 50,152</u>	<u>\$ 24,348</u>
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	<u>\$ 47,161</u>	<u>\$ 51,652</u>	<u>\$ 25,848</u>
<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.....	\$ 360	\$ 778	\$ 300
Radiation Protection Fund.....	6,159	6,707	7,799
Clean Water Fund.....	4,435	5,079	3,000
Solid Waste Abatement Fund.....	2,579	11,550	3,846
Well Plugging Account.....	539	721	881
Abandoned Well Plugging.....	79	165	165
Orphan Well Plugging.....	506	1,000	1,000
Alternative Energy Initiatives.....	1,985	6,000	9,188
Industrial Land Recycling.....	64	65	320
GENERAL FUND TOTAL.....	<u>\$ 16,706</u>	<u>\$ 32,065</u>	<u>\$ 26,499</u>
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F) (EA).....	\$ 6,218	\$ 8,812	\$ 8,833
CLEAN AIR FUND:			
Major Emission Facilities (EA).....	\$ 24,290	\$ 26,461	\$ 27,009
Mobile and Area Facilities (EA).....	8,231	13,061	11,609
CLEAN AIR FUND TOTAL.....	<u>\$ 32,521</u>	<u>\$ 39,522</u>	<u>\$ 38,618</u>
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA).....	\$ 2,930	\$ 3,369	\$ 3,494
Payment of Claims (EA).....	636	2,000	2,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL.....	<u>\$ 3,566</u>	<u>\$ 5,369</u>	<u>\$ 5,494</u>
COAL LANDS IMPROVEMENT FUND:			
Coal Lands Restoration.....	\$ 200	\$ 200	\$ 250
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA).....	\$ 0	\$ 0	\$ 3,100
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Energy Conservation.....	\$ 0	\$ 235	\$ 163
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA).....	\$ 75	\$ 75	\$ 75
Energy Development Loans/Grants (EA).....	8,250	940	0
ENERGY DEVELOPMENT FUND TOTAL.....	<u>\$ 8,325</u>	<u>\$ 1,015</u>	<u>\$ 75</u>
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 607	\$ 1,120	\$ 879
GROWING GREENER BOND FUND:			
Environmental Improvement Projects (EA).....	\$ 51 ^b	\$ 10,000 ^b	\$ 10,000 ^b
Acid Mine Drainage Abatement and Mine Cleanup (EA).....	0 ^b	6,000 ^b	18,000 ^b
County Environmental Initiative Program Grants (EA).....	0 ^b	6,000 ^b	18,000 ^b
GROWING GREENER BOND FUND TOTAL.....	<u>\$ 51</u>	<u>\$ 22,000</u>	<u>\$ 46,000</u>
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA).....	\$ 14,501	\$ 15,700	\$ 20,000
Hazardous Sites Cleanup (EA).....	12,983	19,202	25,000
Host Municipality Grants (EA).....	84	55	300
Small Business Pollution Prevention (EA).....	0	500	2,000
HAZARDOUS SITES CLEANUP FUND TOTAL.....	<u>\$ 27,568</u>	<u>\$ 35,457</u>	<u>\$ 47,300</u>
LOW LEVEL WASTE FUND:			
General Operations (EA).....	\$ 272	\$ 332	\$ 447
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 775	\$ 2,200	\$ 2,200
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA).....	\$ 2,231	\$ 2,087	\$ 2,087
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA).....	\$ 1,300	\$ 1,300	\$ 1,300
Reimbursement for Municipal Inspection (EA).....	375	821	821
Reimburse-Host Municipality Permit Applications Review (EA).....	0	10	10
Administration of Recycling Program (EA).....	395	901	901
County Planning Grants (EA).....	925	1,000	1,000
Municipal Recycling Grants (EA).....	32,935	27,500	27,500
Municipal Recycling Performance Program (EA).....	21,000	22,500	22,500
Public Education/Technical Assistance (EA).....	5,359	6,578	6,578
Small Business Pollution Prevention (EA).....	1,035	1,003	1,003
RECYCLING FUND TOTAL.....	<u>\$ 63,324</u>	<u>\$ 61,613</u>	<u>\$ 61,613</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
REMINING ENVIRONMENTAL ENHANCEMENT FUND:			
Remining and Reclamation Incentives (EA).....	\$ 1,000	\$ 1,000	\$ 0
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA).....	\$ 125	\$ 125	\$ 125
STORAGE TANK FUND:			
General Operations (EA).....	\$ 7,932	\$ 7,473	\$ 8,454
Underground Storage Tanks (F) (EA).....	250	315	315
Leaking Underground Storage Tanks (F) (EA).....	2,700	2,700	2,990
STORAGE TANK FUND TOTAL.....	\$ 10,882	\$ 10,488	\$ 11,759
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 2,656	\$ 2,777	\$ 2,793
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA).....	\$ 5,500	\$ 5,500	\$ 5,500
Pollution Prevention Program (EA).....	373	1,000	1,000
Catastrophic Release Program.....	5,500	5,500	5,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 11,373	\$ 12,000	\$ 12,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 192,099	\$ 206,056	\$ 201,867
SPECIAL FUNDS.....	51,161	55,652	29,848
FEDERAL FUNDS.....	148,486	168,052	165,419
AUGMENTATIONS.....	25,474	26,229	24,667
RESTRICTED.....	1,379	1,515	1,753
OTHER FUNDS.....	188,400	238,417	270,235
TOTAL ALL FUNDS.....	\$ 606,999	\$ 695,921	\$ 693,789

^a Includes recommended supplemental appropriation of \$2,918,000.

^b Actually appropriated as a \$213,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND.....	\$ 20,033	\$ 20,139	\$ 20,891	\$ 20,891	\$ 20,891	\$ 20,891	\$ 20,891
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	413	413	413	413	413	413	413
OTHER FUNDS.....	8,698	8,617	8,617	8,617	8,617	8,617	8,617
SUBCATEGORY TOTAL.....	\$ 29,144	\$ 29,169	\$ 29,921	\$ 29,921	\$ 29,921	\$ 29,921	\$ 29,921
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND.....	\$ 172,066	\$ 185,917	\$ 180,976	\$ 180,976	\$ 180,976	\$ 180,976	\$ 180,976
SPECIAL FUNDS.....	51,161	55,652	29,848	31,382	28,266	25,115	22,570
FEDERAL FUNDS.....	148,073	167,639	165,006	165,006	165,006	165,006	165,006
OTHER FUNDS.....	206,555	257,544	288,038	288,738	289,238	289,738	290,238
SUBCATEGORY TOTAL.....	\$ 577,855	\$ 666,752	\$ 663,868	\$ 666,102	\$ 663,486	\$ 660,835	\$ 658,790
ALL PROGRAMS:							
GENERAL FUND.....	\$ 192,099	\$ 206,056	\$ 201,867	\$ 201,867	\$ 201,867	\$ 201,867	\$ 201,867
SPECIAL FUNDS.....	51,161	55,652	29,848	31,382	28,266	25,115	22,570
FEDERAL FUNDS.....	148,486	168,052	165,419	165,419	165,419	165,419	165,419
OTHER FUNDS.....	215,253	266,161	296,655	297,355	297,855	298,355	298,855
DEPARTMENT TOTAL.....	\$ 606,999	\$ 695,921	\$ 693,789	\$ 696,023	\$ 693,407	\$ 690,756	\$ 688,711

Environmental Protection

PROGRAM OBJECTIVE: To provide administrative and technical support for the Commonwealth's environmental protection programs.

Program: Environmental Support Services

This program provides the administrative and technical systems that direct and support the department's programs. It includes the executive and administrative offices, the Office of Chief Counsel, information and data processing systems, the Citizens Advisory Council and the Environmental Quality Board.

The Environmental Hearing Board's purpose is to safeguard the environmental rights of Pennsylvania's citizens through appeals of actions taken or instituted by the Department of Environmental Protection and/or the private sector. It is included here for presentation purposes.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 586 **General Government Operations**
—to continue current program.

\$ 166 **Environmental Hearing Board**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,262	\$ 18,329	\$ 18,915	\$ 18,915	\$ 18,915	\$ 18,915	\$ 18,915
Environmental Hearing Board	1,771	1,810	1,976	1,976	1,976	1,976	1,976
TOTAL GENERAL FUND	\$ 20,033	\$ 20,139	\$ 20,891	\$ 20,891	\$ 20,891	\$ 20,891	\$ 20,891

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 help to protect the health and safety of the citizens of the Commonwealth as well as the quality of their environment and economic health. These activities are all associated with the department's goals for Clean Air, Clean Water, Land Protection, Community Health and Safety and Sustainable Energy.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" Program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. In the Department of Environmental Protection, a number of program elements are affected: Water Quality Protection, Water Supply Management, Regulation of Mining and Watershed Conservation. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds, and improvements to drinking water and sewer systems. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a \$4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first \$50 million of revenue from the fee was deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee in 2003-04 and thereafter. The act provides a specific, dedicated source of funding for the Growing Greener Program and extends the \$4 tipping fee until 2012. The budget includes funds from the Growing Greener II bond initiative, approved by the voters May 17, 2005. Growing Greener II will provide the department with \$230 million over six years to clean up rivers and streams, take on serious environmental problems at abandoned mines and contaminated industrial sites, and finance the deployment of advanced energy projects.

The Bureau of Laboratories provides analytical data for the department that determines and identifies pollution levels in samples from any part of the environment. Samples from streams and lakes, solid wastes, drinking water, industrial wastes and fish are analyzed for toxic chemicals. Milk, food, water and air are examined for radiation. Water from supply systems, beaches and sewage treatment plants is examined for bacteria; and homeowners' water is examined for potability. With the

passage of the Environmental Laboratory Accreditation Act (Act 90 of 2002), an accreditation program for environmental laboratories within the department was established to assure the quality of compliance data in all program areas.

CLEAN AIR

Program Element: Protection of Air Quality

Emissions of air contaminants are closely monitored and controlled by the department to protect public health as required by the Federal Clean Air Act, the Pennsylvania Air Pollution Control Act of 1960 and regulations adopted under the acts. Pollutants of primary concern include ground-level ozone, suspended particulates, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. Despite progress, significant challenges remain. Only 62 percent of the population of Pennsylvania lives in counties attaining the 8-hour National Ambient Air Quality Standard for ground-level ozone. Ozone, a bluish gas, irritates the eyes and upper respiratory system. Forty-four percent of the population lives in counties attaining the federal ambient standard for fine particulate pollution. Small particles and toxic air pollutants they carry with them can aggravate or cause respiratory ailments.

Many of the volatile organic compounds and heavy metals resulting from industrial processes and combustion sources are toxic air pollutants. Emissions of these pollutants must be controlled under Federal Maximum Achievable Control Technology requirements. In 2006, an estimated 36,000 tons of toxic air pollutants were emitted Statewide.

The department's 60 ambient (outside) monitors measure overall air quality. Sites are chosen primarily for their proximity to populated areas. Source monitoring, by both operators and mobile teams from the department, is used to check individual sources of emissions. Certain large facilities are required to install instruments that continuously monitor emissions.

Permits and inspections ensure that sources of emissions are designed, constructed and operated in accordance with air quality regulations. The department regulates more than 3,000 sources of air emissions. The department approves plans for new construction or modification of existing facilities, and issues operating permits for major sources. The department is implementing an initiative to streamline the permit process. Inspections

Program: Environmental Protection and Management (continued)

and stack tests are conducted to assure that facilities conform to approved operating standards. The department uses compliance agreements and abatement orders to correct violations.

The department assists businesses with compliance with State rules for "area" sources such as auto body refinishing, and works with other State and Federal agencies and regional entities to obtain reductions from mobile sources of pollution.

The department reviews plans for the management and removal of asbestos in schools, regulates companies doing removal work and oversees the safe disposal of the asbestos.

The department provides multimedia assistance to businesses to promote pollution prevention and environmental management systems. These activities protect the environment and promote economic activity. In addition, the department provides small businesses with grants to hire consultants to assess pollution prevention opportunities, and a loan program that small businesses can use for equipment that prevents pollution.

CLEAN WATER

Program Element: Protection of Water Quality

The department protects public health and safety and preserves natural aquatic systems for public use in Pennsylvania's watersheds by: monitoring and assessing surface water quality, developing water quality standards, managing non-point sources of pollution, protecting coastal zone resources, and regulating mining and oil and gas development.

Water quality assessments have been conducted for 82,386 miles of streams and 360 lakes in the Commonwealth. A total of 65,917 assessed stream miles and 234 assessed lakes support the Federal "fishable/swimmable" goal and the fish and aquatic life use designated in Pennsylvania's water quality standards. Each year, approximately 50 new stream miles and 10 lakes attain assessed water quality standards.

Water pollution sources are classified into two general categories: point and non-point sources. Point sources are those in which the polluting substances are conveyed into a body of water by a pipe or channel, such as sewage discharges, industrial waste discharges and storm or combined sewage drainage. Non-point sources are generally diffused discharges. Of the 10,762 miles identified as impaired by either point sources or non-point sources in the department's 2006 Water Quality Assessment, the broadest impacts were caused by non-point sources: abandoned mine drainage (4,645 miles) and agricultural runoff (4,161 miles).

Over four years, funding from the Growing Greener II bond will help to restore or improve approximately 1,000 acres of wetlands, install or improve 1,100 miles of riparian

buffers and improve 246 miles of streams affected by abandoned mine drainage. In addition, the Agriculture, Communities and Rural Environment (ACRE) initiative is expected to install roughly 160 miles of riparian buffers on farms in 2005-06, and increase that amount in future years.

Through its planning, permitting, surveillance, monitoring, enforcement and grant administration activities, the department carries out its duties and responsibilities for regulating water pollution control facilities and maintaining a Statewide surface and groundwater quality monitoring program. The National Pollutant Discharge Elimination System (NPDES), a delegated program under the Federal Clean Water Act, requires the Commonwealth to permit and monitor point source discharges.

Under the Storm Water Management Act (Act 167 of 1978), the department ensures that municipalities develop management plans to address the quantity of, and contaminants in, stormwater runoff from development activities. Inadequate management of accelerated runoff from development increases flood flows, contributes to erosion, and impairs stream water quality. Ninety-five percent of the Commonwealth's 2,568 municipalities are designated as flood prone by the National Flood Insurance Program. The department approves approximately 100 storm water management plans each year.

The department is implementing a significant effort to bring municipalities into compliance with Federal combined sewer overflow discharge requirements. Approximately 91 percent of the Commonwealth's municipalities are in compliance with the nine minimum controls specified by the department.

Under the Sewage Facilities Act (Act 537 of 1965), the department reviews plans from each municipality to meet current and future sewage treatment needs in coordination with their land use plans. These plans are the basis for permit decisions concerning local sewage systems. The department approves about 100 sewage facilities plans each year.

The department provides technical and financial support to Pennsylvania's 66 county conservation districts, which implement several of the water quality protection programs for the department, including erosion and sedimentation control, wetlands and stream encroachments, agricultural application of sewage sludge and dirt and gravel road maintenance.

The Clean Water State Revolving Fund (CWSRF) Program provides low-interest loans to communities for construction of wastewater facilities. The department assists the Pennsylvania Infrastructure Investment Authority (PENNVEST) in implementing this program by establishing priorities for funding and managing and inspecting projects during construction. To date, more than 1,100 wastewater projects have been funded through the CWSRF.

Program: Environmental Protection and Management (continued)

Mining activities can degrade water quality through erosion and sediment runoff. The department requires applicants for mining permits to provide detailed information about hydrology, geology and proposed operations, in order to demonstrate that the mining activity will not adversely impact water quality.

The department also regulates oil and gas development. Through a permitting system for drilling activity, inspection of drilling and storage sites, and monitoring and enforcement actions, the department works toward protecting the environment and balancing conflicting interests among the oil, gas and coal industries.

Program Element: Water Allocation

Under the Water Rights Act of 1939, the department protects aquatic life and downstream users by providing surface water allocation permits to water suppliers. The department has processed allocation permits for 700 water suppliers using this authority, while providing in-stream flow protection for 200 streams. Each year, the department issues about 15-25 Water Allocation Permits, including 5-10 new water sources and 10-15 renewals or increases from existing sources. These permits, which grant water rights to public water supply agencies, contain conditions designed to ensure adequate stream flows to protect other in-stream and downstream withdrawal uses and ensure implementation of effective water conservation practices. To date, nearly 200 streams have been protected.

The department coordinates interstate management of water resources with other states through agreements covered by the Delaware River Basin Commission, the Susquehanna River Basin Commission, the Interstate Commission on the Potomac River Basin, the Ohio River Valley Water Sanitation Commission, the Chesapeake Bay Commission, and the Great Lakes Commission.

The Water Resources Planning Act of 2002 requires the department to complete a State Water Plan. The plan will identify alternatives to assure adequate water supplies in watersheds where demands may exceed availability.

LAND PROTECTION

Program Element: Safe Waste Management

The department encourages waste reduction, promotes recycling and reuse of waste products, and protects the public by providing for safe transportation and disposal of the remainder of the waste stream. Its principal programs concern municipal waste, residual waste and hazardous waste.

Act 101 of 1988, the Municipal Waste Planning and Recycling Act, requires mandatory recycling in 408 communities. In 1998, Pennsylvania met the goal set by Act 101 of 1988 by recycling more than 25 percent of its municipal waste. The goal was raised to 35 percent by 2003. Pennsylvanians recycled 4.8 million tons in 2006. Act 175 of 2002 required the department to develop a plan

to assist municipalities in making recycling programs under this act financially self-sufficient. This plan was completed in 2004. Among the recommendations being implemented is creation of an independent Pennsylvania Recycling Markets Center to encourage the continued growth and economic health of Pennsylvania's recycling industries.

The department regulates new and existing landfills to ensure that they are designed, constructed and operated with minimal risk to nearby residents and to the environment. Communities in which landfills or waste-to-energy facilities are located have taken an active role in permitting and inspecting these facilities to assure that they are operated properly.

Residual waste is non-hazardous material from industrial, mining, commercial and other similar operations. The department regulates more than 3,000 residual waste generators and treatment, storage and disposal facilities, 750 municipal waste facilities and more than 7,500 transporters. Approximately 2.7 million tons of this material is disposed in Pennsylvania's municipal waste landfills annually. The department performs permitting, closure and ongoing monitoring of residual waste management facilities. Act 93 of 1988 established a manifest system to track infectious (hospital) wastes from generation until disposal.

The department licenses hazardous waste transporters and provides permits to waste management facilities under the Solid Waste Management Act of 1980. In addition, the department tracks the movement of hazardous waste from generation to ultimate treatment or disposal through a manifest program run by the Department of Revenue. The department uses this information to identify discrepancies and take enforcement actions against violators. Approximately 250,000 manifests are processed each year.

Program Element: Protection of Land

The department protects land by regulating storage tanks and requiring reclamation at active mining and oil and gas operations. The Storage Tank and Spill Prevention Act, Act 32 of 1989, protects health, safety and the environment by preventing releases of dangerous materials from Pennsylvania's 43,000 regulated above ground and underground storage tanks. This is accomplished through a program of registration, permitting, compliance assistance and inspections. In addition, the department certifies storage tank installers and inspectors.

The Federal Surface Mining Control and Reclamation Act established a comprehensive set of performance standards for mining and reclamation of surface and underground coal mines, coal refuse disposal and coal preparation facilities. Pennsylvania is required to follow a mandatory enforcement and civil penalty program under this law, and to inspect each mining operation violator monthly until reclamation is achieved. Industrial mineral

Program: Environmental Protection and Management (continued)

mines are regulated under the Noncoal Surface Mining Conservation and Reclamation Act of 1984 and related statutes. The department oversees more than 1,700 coal mines and 2,000 industrial mineral mines.

The department offers mine subsidence insurance to residential and small commercial property owners. This insurance program is financially self-supporting and directed by the Coal and Clay Mine Subsidence Insurance Board. The growth in the number and value of policies has steadily increased since the program's inception in 1961. Today, more than 58,000 policies are in effect. A cash flow statement for this fund is included in the Special Funds Appendix.

The department regulates more than 100,000 oil and gas wells and gas storage reservoirs under the Oil and Gas Act of 1984, protecting the environment through permits, inspections and enforcement. The department processes over 5,000 new drilling permits each year. In the last five years, there has been an average increase of over 20 percent each year in the number of new wells permitted.

Program Element: Restoration of Land

The department protects health and the environment and promotes community development by restoring sites contaminated by hazardous substances or affected by historic mining or oil and gas development. More than 12,000 sites in Pennsylvania are known to be contaminated by hazardous substances. Collectively, the department completed or certified cleanups at more than 282 contaminated sites in 2006.

The department's Land Recycling Program, which promotes voluntary cleanups, was established by three statutes passed in 1995: Act 2, the Land Recycling and Environmental Remediation Standards Act; Act 3, the Economic Development Agency, Fiduciary and Lender Environmental Liability Act; and Act 4, the Industrial Sites Environmental Assessment Act. The program identifies risk-based standards for cleanups, simplifying the approval process and limiting future liability. In 1999, the department created the Brownfields Inventory Grant Program to encourage cleanups through grants to local government and economic development agencies for brownfields inventories. In 2004, Pennsylvania became the first state in the nation to establish a "one-stop cleanup program" creating a one-stop shop for State and Federal brownfield cleanup standards. Since 1995, the department has approved more than 1,500 cleanups, creating or retaining more than 39,000 jobs.

The department's Hazardous Sites Cleanup Program, authorized by the Hazardous Sites Cleanup Act (HSCA), Act 108 of 1988, provides funding to conduct cleanups where there is no known responsible party. HSCA also provides the department with enforcement authorities to force the persons who are responsible for releases of hazardous substances to conduct cleanup actions or repay cleanup funds spent by the department. HSCA funds are

also used to pay Pennsylvania's share of cleanup costs for sites in the Federal Superfund program. The department is actively involved in 120 Superfund sites and 107 State Hazardous Sites Cleanup Program sites.

Chapter 9 of HSCA established the Hazardous Sites Cleanup Fund (HSCF), which has been utilized to finance thousands of contaminated site cleanups. A portion (one-half mill) of the Capital Stock and Franchise Tax (CSFT) was deposited annually into the HSCF as the primary funding source for the program. In 1999 this tax was reduced to one-quarter mill and in 2003 the tax was diverted from the HSCF to the General Fund.

The department's Storage Tank Cleanup Program, authorized by the Pennsylvania Storage Tank and Spill Prevention Act, Act 32 of 1989, oversees a corrective action program for regulated above and underground storage tanks. Approximately 5,000 reported storage tank releases remain to be cleaned up. More than 300 tank releases were remediated in 2006.

The department's multi-site remediation agreements ensure the investigation and cleanup of the remaining sites contaminated by hazardous materials.

The department resolves environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. The Remaining Operator Assistance Program (ROAP) provides assistance and funding to coal operators who mine and reclaim abandoned mine lands by paying for the cost of data collection and permit application. The department also provides direct funding from the Federal Office of Surface Mining for the reclamation of abandoned mines, abatement and treatment of acid mine drainage, control of underground mine fires and refuse bank fires, and control of surface subsidence from abandoned deep mines. More than 1,400 acres were reclaimed by the department and permitted operators in 2006. There are approximately 40,000 acres in the department's inventory of high-priority abandoned mine land, posing a threat to health, safety and general welfare.

The Oil and Gas Act of 1984 requires oil and gas well operators to plug non-producing wells and authorizes permit surcharges to support the department's orphaned and abandoned well plugging program. An unplugged abandoned well can be a hazard to the health and safety of people living near it, and the environment. There are approximately 8,600 oil and gas wells in the department's abandoned or orphaned well inventory. The department plugged 52 orphan and abandoned wells in 2006.

SAFE AND HEALTHY COMMUNITIES

Program Element: Safe Drinking Water

The department implements the Pennsylvania Safe Drinking Water Act of 1984 and protects public health by regulating more than 2,100 community water systems serving 10.5 million residents, and 7,400 non-community

Program: Environmental Protection and Management (continued)

public water systems generally serving restaurants, industries, schools and motels, which must comply with standards. In 2006, 98 percent of the population was served by water supply systems that met all health-based standards. The department also provides some consultative services and inspections for the 700,000 residential water supplies in Pennsylvania. There have been great strides in reducing waterborne diseases.

As a result of amendments to the Federal Safe Drinking Water Act in 1996, the department is giving increased emphasis to source water protection, operator training and certification and capability enhancements for public water systems to address technical, managerial and financial issues. Community water systems have adopted source water protection strategies covering approximately 15 percent of Pennsylvania's source water areas. The department has assessed nearly 14,000 drinking water sources for susceptibility to contamination. Source water assessments support the development of local, voluntary source water protection strategies.

The amendments also placed additional emphasis on water infrastructure financing programs like the Safe Drinking Water State Revolving Fund, which is jointly administered by the department and PENNVEST. To date, more than 181 drinking water projects have been funded through this program with another 700 projects funded through this program.

Program Element: Radiation Protection

The department protects citizens from exposure to dangerous levels of radiation through licensing and inspection of radiation source users. This includes registering radiation-producing equipment, licensing users of radioactive materials, and inspecting facilities to assure compliance. The department inspects more than 10,000 users possessing approximately 30,000 x-ray units and 460 facilities utilizing accelerators, and naturally occurring radioactive material. The department inspects almost 390 mammography x-ray facilities under a contract with the Federal Food and Drug Administration. This activity enhances the quality of mammograms and increases the likelihood of early detection of breast cancer.

The department also monitors the environment for radiation, primarily in the vicinity of nuclear power plants. Samples from ambient air, milk produced on local farms, surface waters, vegetation, fish, and silt are collected and tested at regular intervals.

The department works with the Federal Nuclear Regulatory Commission (NRC) to provide routine inspection and oversight for all nuclear power generating facilities in the Commonwealth. The department also inspects decommissioning and decontamination activities as well as active sites regulated by the NRC for occupational, public, and environmental radiation

exposures. Surveys and samples are taken to ensure the cleanup levels established for the site have been met.

The department conducts a program of public education and outreach to encourage voluntary measurement and remediation of naturally occurring radon gas in private dwellings, and helps to identify effective solutions. The department certifies radon testing and mitigation firms and testing laboratories to ensure accurate test results and effective construction or remedial techniques. Approximately 23,000 buildings are discovered each year in Pennsylvania with unsafe levels of radon, with department-certified firms installing more than 8,000 mitigation systems, preventing 130 potential lung cancer deaths. Up to 40 percent of the buildings in Pennsylvania may have unsafe radon levels.

The department ensures safe disposal of low-level radioactive waste (LLRW), including contaminated soils, filters, gloves and clothing from industries, hospitals and university research centers. The Appalachian Low-Level Radioactive Waste Compact Act of 1985 and the Low-Level Radioactive Waste Disposal Act of 1988 committed Pennsylvania to establish a LLRW disposal facility. The department suspended the siting process in 1998 because of the dramatic reduction in the volume of LLRW being generated in the Appalachian Compact. The department has prepared a siting re-start plan and will monitor national LLRW disposal developments to ensure adequate disposal capacity. The department will also continue to promote LLRW volume reduction during the suspension period.

Program Element: Nuisance and Vector Control

The department provides surveillance and control to reduce the threat of West Nile Virus, in cooperation with the Departments of Health and Agriculture. The department monitors mosquito populations, takes steps to control mosquitoes that may carry the virus, and examines unknown vectors and reservoirs involved in the transmission of the virus. The department also provides information, outreach and funding to build a long-term infrastructure for county government. In 2006, 106,000 mosquito-breeding areas were sprayed to control the threat of West Nile Virus.

The department reduces the black fly population and gives relief to citizens and visitors of the Commonwealth by treating 1,700 stream miles of the Susquehanna, Delaware and Allegheny rivers and their tributaries.

Program Element: Emergency Preparedness and Response

The department's emergency response personnel are available whenever there is an immediate threat to public health, safety, or the environment. Each year, the department responds to more than 3,500 environmental releases. While the department's major focus is response to

Program: Environmental Protection and Management (continued)

spills to land and water, the department also has significant involvement with air pollution incidents (fires or industrial-transportation-related releases) and leaking underground storage tanks. In addition, the department responds to a smaller number of incidents involving public water supply shortages or contamination, mining-related discharges, oil and gas production-related discharges and waterborne illness outbreaks. The department is developing plans to address any contingencies associated with fuel supply disruptions. In addition, the department is prepared to protect the citizens of Pennsylvania in the event of an accident involving radioactive materials at a power plant or other facility utilizing radioactive materials.

Program Element: Flood Protection and Dam Safety

The department's flood protection and stream improvement programs, in existence for over 50 years, protect lives and property through the construction of physical structures such as dams, levees, flood walls, channels, culverts and bank stabilization works. Major flood protection projects are generally designed to protect communities from damages during the 100-year flood event.

The department regulates dams and reservoirs under the Dam Safety and Encroachments Act of 1978. The department reviews plans and specifications dam permit applications and conducts inspections of new dams under construction as well as existing dams to determine their general condition. There are approximately 3,000 dams under active regulation in the Commonwealth. Of this total, there are 780 high-hazard dams and 2,370 other dams that require inspection and monitoring. High-hazard dams are inspected annually to assure proper operation and maintenance because of the significant threat posed by their possible failure. Each year, more than 30 high-hazard dams are upgraded or repaired. In addition, the department regulates construction and maintenance of any obstructions, encroachments and changes to the course and current of streams, as well as the related flood plains.

Program Element: Mine Safety

The department protects the health and safety of miners through safety programs that reduce the possibility of accidents. Mine safety inspections include technical evaluations for explosive use, subsidence, map composition, electrical installations, cleaning plant safety, active refuse banks and safety zones. The department provides safety oversight for more than 3,800 mining operations, in addition to safety and emergency medical training and certifications for underground mine workers.

In the event of an emergency, the department responds in order to rescue the affected mine workers. Additionally, the department investigates all fatal and serious accidents that occur at Pennsylvania mines. A report is made

outlining the cause of the accident and possible means of preventing a similar accident. Nearly 50,000 people were reached by the department's educational information on public mine safety and awareness.

Program Element: Explosives Safety

The department regulates the use, handling and storage of explosives in mining and non-mining situations alike. The department worked with the Pennsylvania State Police and the Pennsylvania Office of Homeland Security on regulations that will greatly enhance the security of explosives storage sites from terrorism and other threats.

The department reviews and issues approximately 1,800 licenses and permit applications for blasting activities annually. The department also conducts inspections at the sites where these activities occur. Additional training and public outreach on explosives is frequently provided. In addition, the department responds to approximately 50 incidents each year involving "orphaned" explosives that are found unsecured or improperly stored. Although blasting seldom results in damage to nearby structures, its effects, such as vibrations, often concern neighbors. The department investigates approximately 400 complaints from blasting activities annually.

SUSTAINABLE ENERGY

Program Element: Advanced Energy Development

The department promotes renewable and advanced energy development through grants, financing and technical support for projects that simultaneously protect the environment and support Pennsylvania's economy. Program goals include greater energy security through a distributed power infrastructure as well as the retention of energy dollars in the Commonwealth.

The department's Energy Harvest grant program has provided \$21 million for more than 90 advanced energy projects. In 2004, Governor Rendell reestablished the Pennsylvania Energy Development Authority, which has provided \$21 million in grants, loans and loan guarantees for advanced energy projects.

Funding from the Growing Greener II bond is expected to leverage an additional ten trillion BTUs of electricity generation per year from renewable sources by 2009-10, and additional capacity from non-renewable advanced energy sources.

The department is also playing a lead role in initiatives to support Statewide net metering and interconnection, the acquisition of credit for energy efficiency and renewable energy in the State Implementation Plan and other outreach efforts to promote advanced energy development. The department is collaborating with the Public Utility Commission to implement the Alternative Energy Portfolio Standard Act of 2004 and has promoted

Program: Environmental Protection and Management (continued)

and helped to implement the Commonwealth's 20% green electricity purchase.

In 2005, the department intervened in the Exelon-PSEG merger and negotiated a settlement to provide \$27 million in funding over four years to PEDA and over \$200 million in benefits to Pennsylvania's electricity consumers.

The department promotes the use of coal bed and mine methane and coal refuse, which are advanced energy resources. Coal bed methane has long been considered a mining and safety problem but until recently it was overlooked as a resource by the oil and gas industry. The department has issued approximately 63 coal bed and mine permits related to coal bed methane exploration, extraction, or production. Coal refuse is generally reclaimed for power generation in cogeneration plants. In 2006, the department issued 308 permits for coal refuse management, reclaiming land while making use of this energy resource.

Program Element: Energy Conservation and Efficiency

The department provides technical support to more than 40,000 companies and other entities each year for the design and installation of technologies to promote energy conservation and efficiency. Many of these technologies

originate as Federal Department of Energy Best Practices for the industrial sector. The State Energy Program (SEP) is a Federal program that provides funding to promote energy efficiency and pollution prevention. SEP activities range from a Pollution Prevention/Energy Efficiency Conference that promotes technology transfer to the Governor's Green Government Council, which commits the Commonwealth to set an example by taking the lead in reducing operating costs through energy efficiency, cleaner fleet vehicles and recycling.

Act 166 of 1992 provided for an Alternative Fuels Incentive Grant Program, funded by a portion of the Utilities Gross Receipts Tax. The department awards grants to school districts, municipal authorities and other nonprofit entities to fund a portion of the expenses to purchase or retrofit vehicles to use fuels other than gasoline as well as the equipment needed to refuel these vehicles.

During 2004, the department became a partner in the Federal Energy Star program. This program provides technical assistance to the Commonwealth on energy efficient buildings and appliances. The Department of General Services launched a Statewide initiative to benchmark the energy performance of State-owned buildings across the Commonwealth.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Protection of Air Quality							
Percent of population in counties attaining the ambient ozone standard	62%	69%	69%	69%	69%	69%	100%
Percent of population in counties attaining the ambient PM-2.5 (fine particulate) standard	44%	44%	44%	45%	45%	90%	90%
Tons of hazardous air pollutants emitted....	35,320	35,300	35,200	35,100	35,000	34,900	34,800
Tons of emissions avoided by pollution prevention activities encouraged by the department.....	10,936	14,700	14,700	12,700	12,700	12,700	12,700
Protection of Water Quality							
Cumulative miles of assessed streams attaining assessed water uses	65,917	71,100	71,200	71,300	71,400	71,500	71,400
Percentage of assessed stream miles that are impaired *.....	18%	20%	20%	19%	19%	18%	18%
Annual miles of assessed (and reassessed) streams.....	3,164	4,000	4,000	4,000	4,000	4,000	4,000
Acres of stream buffers installed	7,571	2,500	2,500	2,500	2,000	1,500	1,000
Acres of wetlands restored or enhanced ...	1,119	1,100	1,100	1,100	990	600	300
Percentage of erosion and sedimentation control permit applications processed within regulatory timeframes	52%	52%	55%	60%	80%	85%	85%
Water Allocation							
Percentage of direct water withdrawal sources protected by in-stream flow protection requirements *	49%	50%	52%	53%	55%	56%	57%

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Safe Waste Management							
Tons of municipal solid waste disposed per capita	1.19	1.18	1.18	1.17	1.17	1.16	1.16
Tons of municipal solid waste imported into Pennsylvania (millions)	9.75	9.75	9.75	9.75	9.75	9.75	9.75
Tons of municipal solid waste recycled (millions)	4.80	5.15	5.70	6.25	6.80	7.35	7.90
Tons of non-wastewater residual waste generated per million dollars of Gross State Product	41	40	37	37	34	33	32
Tons of hazardous waste generated per million dollars of Gross State Product.....	0.64	0.62	0.59	0.59	0.55	0.53	0.49
Protection of Land							
Percent of storage tanks with new releases	2.40%	2.15%	2.13%	2.11%	2.09%	2.08%	2.07%
Mine subsidence insurance policies in effect	56,570	58,500	60,500	62,500	64,500	66,500	68,500
Restoration of Land							
Cleanups completed at sites contaminated with hazardous substances	342	340	340	340	340	340	340
Cleanups completed at land recycling sites *	282	280	280	280	280	280	280
Sites contaminated by hazardous substances known by the department ..	11,975	12,000	12,000	12,000	12,000	12,000	12,000
Leaking storage tank cleanups completed	2,133	400	400	400	400	400	400
Leaking storage tank sites known by the department.....	3,270	3,100	3,000	2,900	2,800	2,700	2,600
Fatalities related to abandoned mine lands*	0	0	0	0	0	0	0
Acres of abandoned mine land reclaimed .	1,358	1,400	1,430	1,430	1,430	1,430	1,430
Acres of high-priority abandoned mine land known by the department.....	52,609	52,800	52,800	52,800	52,800	52,800	52,800
Abandoned or orphaned oil and gas wells plugged	52	315	315	315	315	315	315
Abandoned or orphaned oil and gas wells known by the department	8,670	8,500	8,300	8,100	7,900	7,700	7,500
Safe Drinking Water							
People affected by documented waterborne disease outbreaks at public water systems *	0	0	0	0	0	0	0
Percent of population served by water supply systems that meet health-based standards	98%	98%	98%	98%	98%	98%	98%
Percent of community water system source water areas with source water protection strategies in place	17%	20%	24%	35%	47%	60%	73%
Radiation Protection							
Potential lung cancer deaths prevented by mitigation of radon by certified installers*	138	134	134	134	134	134	134
Buildings with radon mitigated by certified installers (both residential and commercial).....	8,608	8,400	8,400	8,400	8,400	8,400	8,400
Nuisance and Vector Control							
New human infections with West Nile Virus.....	24	50	50	50	50	50	50
Breeding areas treated to control West Nile Virus.....	106,149	110,800	110,800	110,800	110,800	110,800	110,800
Black fly complaints received	177	100	100	100	100	100	100
Stream miles treated to control black flies..	1,500	1,500	1,500	1,500	1,500	1,500	1,500

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Emergency Preparedness and Response							
Gallons of liquid known to be contained or recovered in emergency responses.....	1,295,000	1,166,500	1,166,500	1,166,500	1,166,500	1,165,500	1,165,500
Emergency responses to environmental releases	3,721	3,861	3,861	3,861	3,861	3,861	3,861
Flood Protection and Dam Safety							
Lives lost due to dam failure*	0	0	0	0	0	0	0
High-hazard dams upgraded or repaired....	32	15	15	15	15	15	15
Mine Safety							
Lost time accidents per 200,000 employee-hours of exposure	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Persons reached for public mine safety education through the "Stay Out - Stay Alive" program.....	143,431	145,000	145,000	145,000	145,000	145,000	145,000
Advanced Energy Development							
Megawatt-hours generated from renewable energy resources and coal mine methane *	1,360	1,360	3,027	3,837	4,689	5,523	6,400
Megawatt-hours generated from advanced non-renewable energy resources including waste coal *	27,395	28,000	28,000	28,000	28,000	28,000	28,000
Value of advanced energy development resulting from the department's activities (in thousands)	\$29,962	\$62,700	\$62,700	\$62,700	\$62,700	\$30,000	\$30,000
Energy Conservation and Efficiency							
Megawatt-hours of electricity consumed per million dollars of gross state product *	291	292	293	292	292	291	290
Entities provided assistance for energy efficiency by direct contact from department staff	6,340	6,700	10,000	10,000	10,000	10,000	10,000
Department-wide Totals							
Percent of facilities with no health, safety or environmental violations	85%	85%	85%	85%	85%	85%	85%
Complaints received.....	6,140	6,100	6,100	6,100	6,100	6,100	6,100
Permit applications or requests for authorizations processed	39,087	44,100	44,700	45,300	46,000	46,400	46,900
Inspections completed	82,392	81,000	80,000	81,000	82,700	82,700	82,800
Enforcement matters executed	12,004	12,500	12,300	12,100	11,900	11,900	12,000
Permits or authorizations required by regulated entities.....	234,179	239,400	244,100	249,000	253,200	257,500	261,900

*New program measures.

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
\$ -800	Cleanup of Scrap Tires —nonrecurring cleanup projects.	\$ 1,000		Storm Water Management —Initiative — Flood, Stormwater Planning and Prevention. To provide additional resources for local stormwater planning and prevention.	
\$ 2,845	Environmental Program Management —to continue current program.				
1,500	—Initiative — Flood, Stormwater Planning and Prevention. To provide local match funding in response to the June 2006 flood events and additional administrative support and outreach.	\$ -300		Water Contamination Remediation Grants —nonrecurring projects.	
		\$ -3,000		Alternative Energy Initiatives —nonrecurring projects.	
\$ 4,345	<i>Appropriation increase</i>	\$ -6,100		Ag Consumptive Water Use Project —nonrecurring project.	
	Chesapeake Bay Agricultural Source Abatement —to continue current program.			Interstate Commission on the Potomac River —to continue current level of participation.	
\$ 11,801	Environmental Protection Operations —to continue current program.	\$ 4		Ohio River Valley Water sanitation Commission —to continue current level of participation.	
678	—Initiative - Mine Safety/Mine Rescue Station. To provide administrative and operational resources for additional mine rescue station.	\$ 6		Chesapeake Bay Education Program —nonrecurring projects.	
		\$ -300		Local Soil and Water District Assistance —nonrecurring projects.	
\$ 12,479	<i>Appropriation increase</i>	\$ -500		ENVIRONMENTAL STEWARDSHIP FUND: Watershed Protection and Restoration (EA) —to continue current program.	
\$ 417	Black Fly Control and Research —to continue current program.			Transfer to Hazardous Site Cleanup Fund (EA) —nonrecurring transfer.	
\$ 144	West Nile Virus Control —to continue current program.	\$ 4,196			
\$ -10,475	Safe Water —nonrecurring projects.	\$ -30,000			
\$ -2,000	Storm Water Management Demo Project —nonrecurring project.				

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)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Cleanup of Scrap Tires	\$ 2,750	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Environmental Program Management	37,049	36,868	41,213	41,213	41,213	41,213	41,213
Chesapeake Bay Agricultural Source Abatement	3,271	3,271	3,410	3,410	3,410	3,410	3,410
Environmental Protection Operations	87,897	89,847	102,326	102,326	102,326	102,326	102,326
Black Fly Control and Research	4,415	7,333	7,750	7,750	7,750	7,750	7,750
West Nile Virus Control	7,473	7,473	7,617	7,617	7,617	7,617	7,617
Safe Water	8,500	10,475	0	0	0	0	0
Storm Water Management Demo Project ..	2,000	2,000	0	0	0	0	0
Flood Control Projects	2,778	2,793	2,793	2,793	2,793	2,793	2,793
Storm Water Management	1,146	1,200	2,200	2,200	2,200	2,200	2,200
Sewage Facilities Planning Grants	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Sewage Facilities Enforcement Grants	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Water Contamination Remediation Grants	550	300	0	0	0	0	0
Alternative Energy Initiatives	0	3,000	0	0	0	0	0
Delaware River Master	94	94	94	94	94	94	94
Ohio River Basin Commission	14	14	14	14	14	14	14
Susquehanna River Basin Commission	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Ag Consumptive Water Use Project	0	6,100	0	0	0	0	0
Interstate Commission on the Potomac River	48	48	52	52	52	52	52
Delaware River Basin Commission	1,382	1,532	1,532	1,532	1,532	1,532	1,532
Ohio River Valley Water Sanitation Commission	164	164	170	170	170	170	170
Chesapeake Bay Commission	265	285	285	285	285	285	285
Chesapeake Bay Education Program	300	300	0	0	0	0	0
Local Soil and Water District Assistance ...	3,550	3,600	3,100	3,100	3,100	3,100	3,100
Interstate Mining Commission	38	38	38	38	38	38	38
Sea Grant Program	200	200	200	200	200	200	200
TOTAL GENERAL FUND	\$ 172,066	\$ 185,917	\$ 180,976	\$ 180,976	\$ 180,976	\$ 180,976	\$ 180,976
ENVIRONMENTAL STEWARDSHIP FUND:							
Abandoned Mine Reclamation and Remediation (EA)	\$ 1,300	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Watershed Protection and Restoration (EA)	23,148	17,987	22,183	23,717	20,601	17,450	14,905
Sewage and Drinking Water Grants (EA) ..	2,713	2,165	2,165	2,165	2,165	2,165	2,165
Transfer to Hazardous Sites Cleanup Fund (EA)	20,000	30,000	0	0	0	0	0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	\$ 47,161	\$ 51,652	\$ 25,848	\$ 27,382	\$ 24,266	\$ 21,115	\$ 18,570
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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Atlantic States Marine Fisheries Commission.....	\$ 14	\$ 16	\$ 16
BOAT FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 10,510	\$ 13,425	\$ 13,729
(F)US Coast Guard Grant - Boating Safety.....	1,264	2,000	2,100
(F)Sport Fish Restoration.....	1,337	1,100	1,310
(F)Boating Infrastructure Grant (BIG) Program.....	200	200	100
(F)Clean Vessels.....	0	50	25
(F)Homeland Security Grant.....	0	100	0
(A)Sale of Vehicles.....	5	25	25
Subtotal - State Funds.....	\$ 10,510	\$ 13,425	\$ 13,729
Subtotal - Federal Funds.....	2,801	3,450	3,535
Subtotal - Augmentations.....	5	25	25
Total - General Government.....	\$ 13,316	\$ 16,900	\$ 17,289
STATE FUNDS.....	\$ 10,510	\$ 13,425	\$ 13,729
FEDERAL FUNDS.....	2,801	3,450	3,535
AUGMENTATIONS.....	5	25	25
BOAT FUND TOTAL.....	\$ 13,316	\$ 16,900	\$ 17,289
FISH FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 24,738	\$ 27,514	\$ 29,748
(F)Sport Fish Restoration.....	5,748	5,740	5,943
(F)Surface Mine Regulation.....	48	50	50
(F)NOAA.....	531	124	120
(F)State Wildlife Grant.....	935	1,975	1,389
(F)Homeland Security Grant.....	0	150	0
(F)Chesapeake Bay Program.....	0	337	65
(F)Landowner Incentive Program.....	0	40	90
(F)Federal Reimbursement For Services.....	0	330	0
(A)Sale of Vehicles.....	23	55	55
(A)Reimbursement - DEP/EPA Projects.....	137	253	190
(A)Reimbursement for Services - PennDOT.....	117	165	175
(A)Transportation - Endangered/Threatened Species.....	1	73	79
(A)Purchasing Card Rebate.....	19	20	0
(A)Three River Ecological Center.....	0	40	40
(A)DCNR - Habitat Assessment.....	0	130	45
Subtotal - State Funds.....	\$ 24,738	\$ 27,514	\$ 29,748
Subtotal - Federal Funds.....	7,262	8,746	7,657
Subtotal - Augmentations.....	297	736	584
Total - General Government.....	\$ 32,297	\$ 36,996	\$ 37,989
STATE FUNDS.....	\$ 24,738	\$ 27,514	\$ 29,748
FEDERAL FUNDS.....	7,262	8,746	7,657
AUGMENTATIONS.....	297	736	584
FISH FUND TOTAL.....	\$ 32,297	\$ 36,996	\$ 37,989

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>OTHER FUNDS:</u>			
GROWING GREENER BOND FUND:			
Capital Improvement Projects.....	\$ 2,625 ^a	\$ 2,000 ^a	\$ 3,000 ^a
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 0	\$ 40	\$ 40
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 14	\$ 16	\$ 16
SPECIAL FUNDS.....	35,248	40,939	43,477
FEDERAL FUNDS.....	10,063	12,196	11,192
AUGMENTATIONS.....	302	761	609
OTHER FUNDS.....	2,625	2,040	3,040
TOTAL ALL FUNDS.....	\$ 48,252	\$ 55,952	\$ 58,334

^a Actually appropriated as a \$27,500,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND.....	\$ 14	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
SPECIAL FUNDS.....	35,248	40,939	43,477	43,477	43,477	43,477	43,477
FEDERAL FUNDS.....	10,063	12,196	11,192	10,651	10,651	10,651	10,651
OTHER FUNDS.....	2,927	2,801	3,649	3,649	3,649	3,649	3,649
SUBCATEGORY TOTAL.....	\$ 48,252	\$ 55,952	\$ 58,334	\$ 57,793	\$ 57,793	\$ 57,793	\$ 57,793
ALL PROGRAMS:							
GENERAL FUND.....	\$ 14	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
SPECIAL FUNDS.....	35,248	40,939	43,477	43,477	43,477	43,477	43,477
FEDERAL FUNDS.....	10,063	12,196	11,192	10,651	10,651	10,651	10,651
OTHER FUNDS.....	2,927	2,801	3,649	3,649	3,649	3,649	3,649
DEPARTMENT TOTAL.....	\$ 48,252	\$ 55,952	\$ 58,334	\$ 57,793	\$ 57,793	\$ 57,793	\$ 57,793

Fish and Boat Commission

PROGRAM OBJECTIVE: To conserve aquatic resources including fish and wildlife populations, to provide recreational opportunities for fishing and boating on Commonwealth waters, and to promote safe recreational use of these aquatic resources.

Program: Recreational Fishing and Boating

The Fish and Boat Commission is responsible for the enforcement of the fishing and boating laws and regulations, registration of boats, the State boating and water safety education programs, and the management and promotion of recreational boating. The Boating Advisory Board, a group of knowledgeable boaters appointed by the Governor, advises the commission on boating matters.

In addition to recreational boating, the commission is responsible for recreational fishing in the Commonwealth. This includes fish propagation, stocking, fisheries, environmental services, the cooperative nurseries program, research and fish management. The commission also provides for the development, improvement and

maintenance of facilities for lake and access areas. As water quality is a major factor in aquatic recreation, the commission's goals are to protect, conserve and enhance aquatic resources by monitoring the water quality of many streams, lakes and rivers in the Commonwealth.

The Fish and Boat Commission is currently implementing an electronic licensing(point of sale) statewide system. The cost to implement the electronic point of sale system may increase the cost to issue a fishing license. However, while the cost per transaction to sell a license may increase, the agency expects that there will be savings derived from operational efficiencies. Also, critical customer information will be made more readily available to the Commission.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Fishing licenses sold	843,302	850,000	850,000	850,000	850,000	850,000	850,000
Cost per fishing license sold.....	\$0.76	\$0.82	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85
Pounds of fish stocked in Commonwealth streams and lakes	2,502,330	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Cost per pound of fish stocked in streams and lakes	\$4.03	\$4.40	\$4.50	\$4.60	\$4.70	\$4.80	\$4.90
Actively registered boats	349,644	350,000	355,000	360,000	365,000	370,000	375,000
Warnings issued for violations of fishing and boating laws.....	37,513	37,000	37,000	37,000	37,000	37,000	37,000
Convictions for violations of fishing and boating laws.....	8,220	8,500	8,500	8,500	8,500	8,500	8,500

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

BOAT FUND
General Operations (EA)
 \$ 304 —to continue current program.

FISH FUND
General Operations (EA)
 \$ 2,234 —to continue current program.

Fish and Boat Commission

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries							
Commission	\$ 14	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
BOAT FUND:							
General Operations (EA)							
	\$ 10,510	\$ 13,425	\$ 13,729	\$ 13,729	\$ 13,729	\$ 13,729	\$ 13,729
FISH FUND:							
General Operations (EA)							
	\$ 24,738	\$ 27,514	\$ 29,748	\$ 29,748	\$ 29,748	\$ 29,748	\$ 29,748



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GAME FUND:			
General Government:			
General Operations(EA)	\$ 49,216	\$ 53,232	\$ 53,925
(F)Pittman-Robinson Act Reimbursements.....	7,406	8,000	7,500
(F)Endangered Species.....	3	35	30
(F)Surface Mine Regulatory Program.....	70	65	90
(F)USFWS - State Wildlife Grants.....	1,863	1,557	1,332
(F)NRCS Farm Bill.....	464	486	420
(F)Chronic Wasting Disease.....	83	40	75
(F)Federal Reimbursement - other Wildlife Grants.....	971	2,624	1,169
(A)Sale of Vehicles.....	120	100	100
(A)Pennsylvania Conservation Corps.....	73	112	100
(A)Donations.....	96	28	35
(A)Reimbursements.....	0	203	68
(A)Becoming an Outdoors Woman.....	0	7	0
(A)Wildlife Management Institute.....	59	59	0
(A)Transportation Reimbursement - Animal Removal.....	124	130	115
(A)Purchasing Card Rebate.....	27	20	20
(A)Penndot Reimbursement - Environmental Assessment.....	79	70	70
(A)Reimbursement from PFBC.....	190	311	125
Subtotal.....	<u>\$ 60,844</u>	<u>\$ 67,079</u>	<u>\$ 65,174</u>
Land Acquisition and Development(EA)	123	200	200
(F)Pittman-Robinson Act Reimbursements.....	0	96	0
Subtotal.....	<u>\$ 123</u>	<u>\$ 296</u>	<u>\$ 200</u>
Subtotal - State Funds.....	\$ 49,339	\$ 53,432	\$ 54,125
Subtotal - Federal Funds.....	10,860	12,903	10,616
Subtotal - Augmentations.....	768	1,040	633
Total - General Government.....	<u>\$ 60,967</u>	<u>\$ 67,375</u>	<u>\$ 65,374</u>
STATE FUNDS.....	\$ 49,339	\$ 53,432	\$ 54,125
FEDERAL FUNDS.....	10,860	12,903	10,616
AUGMENTATIONS.....	768	1,040	633
GAME FUND TOTAL	<u>\$ 60,967</u>	<u>\$ 67,375</u>	<u>\$ 65,374</u>
OTHER FUNDS:			
GAME FUND:			
Resident License Fee-Natural Propagation of Wildlife.....	\$ 7,318	\$ 7,500	\$ 7,500
GROWING GREENER BOND FUND:			
Capital Improvement Projects (EA).....	\$ 0 ^a	\$ 3,000 ^a	\$ 7,000 ^a
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 0	\$ 3,450	\$ 3,450
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	49,339	53,432	54,125
FEDERAL FUNDS.....	10,860	12,903	10,616
AUGMENTATIONS.....	768	1,040	633
OTHER FUNDS.....	7,318	13,950	17,950
TOTAL ALL FUNDS	<u>\$ 68,285</u>	<u>\$ 81,325</u>	<u>\$ 83,324</u>

^a Actually appropriated as a \$20,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	49,339	53,432	54,125	54,125	54,125	54,125	54,125
FEDERAL FUNDS.....	10,860	12,903	10,616	11,753	11,753	11,753	11,753
OTHER FUNDS.....	8,086	14,990	18,583	18,583	18,583	18,583	18,583
SUBCATEGORY TOTAL.....	\$ 68,285	\$ 81,325	\$ 83,324	\$ 84,461	\$ 84,461	\$ 84,461	\$ 84,461
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	49,339	53,432	54,125	54,125	54,125	54,125	54,125
FEDERAL FUNDS.....	10,860	12,903	10,616	11,753	11,753	11,753	11,753
OTHER FUNDS.....	8,086	14,990	18,583	18,583	18,583	18,583	18,583
DEPARTMENT TOTAL.....	\$ 68,285	\$ 81,325	\$ 83,324	\$ 84,461	\$ 84,461	\$ 84,461	\$ 84,461

PROGRAM OBJECTIVE: To establish habitats and environments which will sustain wildlife populations for recreational uses and for the perpetuation of species.

Program: Wildlife Management

The main responsibility of the Game Commission is the perpetuation of the species of wildlife found in Pennsylvania. The commission achieves its mission through wildlife research, management of game habitat, operation of programs for endangered and threatened species, and enforcement of the Game and Wildlife Code. Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the Commonwealth's wildlife population.

The primary means of ensuring the propagation and preservation of wildlife is properly managing land and game habitats. The commission currently administers over 1.4 million acres of State Game Lands and is judiciously acquiring additional lands, including critically important wetlands. The commission also administers cooperative programs to encourage good land use management and habitat improvement by private landowners. Wildlife habitat

assessment techniques are used to develop management plans. These assessments apply to all Pennsylvania State Game Lands, Farm Game Projects and other areas actively managed by the Game Commission.

All species receive mandated protection. However, those species considered game animals, such as deer, turkey and bear, receive the most attention. The number of antlerless deer licenses available for sale is based on the deer population projections. The optimal number of deer is based on acres of forested land in the Commonwealth. Hunting, while recreational in nature, is a management tool as well. Future year projection numbers indicate the number of deer that need to be harvested to sustain the population. Also protected by the commission are endangered and threatened species such as river otters, osprey, peregrine falcons, and bald and golden eagles.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Hunting licenses sold.....	964,158	964,000	964,000	964,000	964,000	964,000	964,000
Arrests for violation of game laws.....	7,381	7,000	7,000	7,000	7,000	7,000	7,000
Development of wildlife management plans	3	7	3	2	2	2	2

Wildlife management plans are developed jointly by the commission and interest groups to assess specific game or endangered animal species in the Commonwealth. Only a few plans are completed annually due to the amount of time required to study a specific animal population.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

GAME FUND:
General Operations (EA)
 \$ 693 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GAME FUND:							
General Operations(EA).....	\$ 49,216	\$ 53,232	\$ 53,925	\$ 53,925	\$ 53,925	\$ 53,925	\$ 53,925
Land Acquisition and Development(EA)....	123	200	200	200	200	200	200
TOTAL GAME FUND.....	\$ 49,339	\$ 53,432	\$ 54,125	\$ 54,125	\$ 54,125	\$ 54,125	\$ 54,125



GAMING CONTROL BOARD

The Gaming Control Board regulates the implementation and operation of limited slot machine gaming intended to create new revenues to provide assistance to the Commonwealth's horse racing industry, provide tax relief and economic development opportunities.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
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OTHER FUNDS:

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
STATE GAMING FUND:			
(R)General Operations.....	\$ 0	\$ 0	\$ 31,266
(A)General Operations.....	12,412 ^a	25,836 ^a	0
Local Law Enforcement Grants (EA).....	0	5,000	5,000
STATE GAMING FUND TOTAL.....	\$ 12,412	\$ 30,836	\$ 36,266

^a Includes funding from the 2004-05 General Fund start-up appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GAMING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	12,412	30,836	36,266	38,039	38,039	38,039	38,039
SUBCATEGORY TOTAL.....	\$ 12,412	\$ 30,836	\$ 36,266	\$ 38,039	\$ 38,039	\$ 38,039	\$ 38,039
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	12,412	30,836	36,266	38,039	38,039	38,039	38,039
DEPARTMENT TOTAL.....	\$ 12,412	\$ 30,836	\$ 36,266	\$ 38,039	\$ 38,039	\$ 38,039	\$ 38,039

PROGRAM OBJECTIVE: To provide tax relief, increase economic opportunity, and assist the Commonwealth's horse racing industry by overseeing the implementation and operation of limited slot machine gaming.

Program: Gaming Regulation

Act 71 of 2004, the Pennsylvania Race Horse Development Act, established the Gaming Control Board to regulate and oversee the implementation and operation of limited slot machine gaming intended to create new revenue to support property tax relief, wage tax reduction in Philadelphia, economic development and the Commonwealth's horse racing industry.

The Gaming Control Board consists of seven members, three gubernatorial appointees, including the chairman of the board, and four legislative appointees. The Secretary of Revenue, the Secretary of Agriculture, and the State Treasurer serve as ex officio members.

The board is charged with overseeing the operation of up to fourteen gaming facilities and up to 61,000 slot machines.

The State Gaming Fund is established in the act to receive all license fees provided in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. These proceeds are disbursed on an annual basis as follows: (1) \$1,500,000 or .001 percent of the GTR, whichever is greater, is allotted to the Compulsive and Problem Gambling Treatment Fund in the Department of Health and, (2) Payments in Lieu of Taxes by the Department of Conservation and Natural Resources, the Fish and Boat Commission, and the Game Commission, (3) \$25 million to the Pennsylvania Emergency Management Agency for Volunteer Company Grants (4) \$5,000,000 for Local Law Enforcement Grants, and (5) four percent of the GTR for Local share Distribution

where gaming facilities are located. The remaining balance is used to fund property tax relief as provided in Act 1 of Special Session 1 of 2006.

The act specifies two other uses of gaming revenues. The Economic Development and Tourism Fund established in the act receives five percent of the GTR for specific development projects contained in a subsequently enacted Economic Development Capital Budget. The fund is administered by the Department of Community and Economic Development. Second, the Race Horse Development Fund established by the act receives a maximum of twelve percent of the GTR generated at each licensed facility.

Several state agencies provide support to the Gaming Control Board. The Department of Revenue has procured and is managing a centralized computer system, which calculates the State's share of GTR on a daily basis and monitors the operation of all licensed gaming machines. The Pennsylvania State Police and the Attorney General also have responsibilities under the act. All operations of the board and these agencies are funded through assessments on licensed facilities. Prior to the opening of the gaming facilities, start-up funding was provided for gaming activities through a 2004-05 General Fund continuing appropriation, which the State Gaming Fund is scheduled to repay to the General Fund in 2006-07. The State Gaming Fund is shown in the Special Fund Appendix section of this budget.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE GAMING FUND General Operations

This appropriation is recommended at \$31.266 million for the 2007-08 fiscal year.



DEPARTMENT OF GENERAL SERVICES

The mission of the Department of General Services is to provide the highest quality services, support, commodities, and facilities based on customer needs to get the best value for the taxpayers' money. The department strives to improve operational efficiency, reduce costs and burdens of doing business, and expand government contracting opportunities, while ensuring integrity and accountability in operations and activities.

The Department of General Services administers the leasing, purchasing, transportation, construction, repair and maintenance services for all agencies of the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 70,948	\$ 71,577	\$ 70,040
(A) Federal Surplus Property.....	1,283	1,421	1,220
(A) State Buildings Use.....	8	536	536
(A) Sound Equipment.....	39	38	40
(A) Employee Liability Self Insurance Program.....	254	259	251
(A) Newsroom Services.....	8	15	15
(A) Computer Services.....	134	110	122
(A) Plans Forefeiture.....	18	57	40
(A) Media Center Reimbursements.....	1,221	2,021	2,021
(A) Recycling Program.....	575	575	575
(A) Services Provided Other Agencies.....	101	0	0
(A) PA Drug Reduction Property Program.....	68	0	0
(A) Metrology Services.....	23	105	48
(A) CoStar Program.....	0	0	330
(A) Capitol Police Services.....	96	59	60
(A) Centralized Procurement.....	14,105	13,621	13,620
(A) Real Estate Services.....	0	0	380
Facilities Maintenance.....	0	5,000	8,024
(A) DGS Annex Complex.....	0	3,800	1,074
Harristown Rental Charges.....	6,674	6,693	6,837
Utility Costs.....	16,984	18,136	18,136
Harristown Utility and Municipal Charges.....	11,351	11,805	12,388
Printing the Pennsylvania Manual.....	0	159	0
Asbestos Response.....	150	150	150
Excess Insurance Coverage.....	1,296	1,541	2,470
	<hr/>	<hr/>	<hr/>
Subtotal - State Funds.....	\$ 107,403	\$ 115,061	\$ 118,045
Subtotal - Augmentations.....	17,933	22,617	20,332
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 125,336	\$ 137,678	\$ 138,377
	<hr/>	<hr/>	<hr/>
<i>Grants and Subsidies:</i>			
Capitol Fire Protection.....	\$ 1,020	\$ 1,020	\$ 1,270
STATE FUNDS.....	\$ 108,423	\$ 116,081	\$ 119,315
AUGMENTATIONS.....	17,933	22,617	20,332
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 126,356	\$ 138,698	\$ 139,647
	<hr/>	<hr/>	<hr/>
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Harristown Rental Charges.....	\$ 141	\$ 0	\$ 0
Harristown Utility and Municipal Charges.....	213	0	0
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 354	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>
BANKING DEPARTMENT FUND TOTAL.....	\$ 354	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Harristown Rental Charges (EA).....	\$ 83	\$ 77	\$ 82
Harristown Utility and Municipal Charges (EA).....	152	150	164
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 235	\$ 227	\$ 246
	<hr/>	<hr/>	<hr/>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<i>Grants and Subsidies:</i>			
Tort Claims Payments.....	\$ 20,000	\$ 20,000	\$ 20,000
MOTOR LICENSE FUND TOTAL.....	<u>\$ 20,235</u>	<u>\$ 20,227</u>	<u>\$ 20,246</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 108,423	\$ 116,081	\$ 119,315
SPECIAL FUNDS.....	20,589	20,227	20,246
AUGMENTATIONS.....	17,933	22,617	20,332
TOTAL ALL FUNDS.....	<u>\$ 146,945</u>	<u>\$ 158,925</u>	<u>\$ 159,893</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND.....	\$ 108,423	\$ 116,081	\$ 119,315	\$ 119,474	\$ 119,315	\$ 119,474	\$ 119,315
SPECIAL FUNDS.....	20,589	20,227	20,246	20,246	20,246	20,246	20,246
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,933	22,617	20,332	20,332	20,332	20,332	20,332
SUBCATEGORY TOTAL.....	\$ 146,945	\$ 158,925	\$ 159,893	\$ 160,052	\$ 159,893	\$ 160,052	\$ 159,893
ALL PROGRAMS:							
GENERAL FUND.....	\$ 108,423	\$ 116,081	\$ 119,315	\$ 119,474	\$ 119,315	\$ 119,474	\$ 119,315
SPECIAL FUNDS.....	20,589	20,227	20,246	20,246	20,246	20,246	20,246
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,933	22,617	20,332	20,332	20,332	20,332	20,332
DEPARTMENT TOTAL.....	\$ 146,945	\$ 158,925	\$ 159,893	\$ 160,052	\$ 159,893	\$ 160,052	\$ 159,893

PROGRAM OBJECTIVE: To maintain the Commonwealth's real property and facilities; to provide Commonwealth agencies with quality commodities in a timely manner; and to settle tort claims in an equitable manner while reducing risks.

Program: Facility, Property and Commodity Management

The Department of General Services (DGS) oversees the procurement of goods and services, manages non-highway capital projects, oversees the Commonwealth's minority and women owned business program, and is responsible for numerous core operations of State government, including management of the vehicle fleet, Capitol Police force, State buildings and facilities. DGS also serves as the State's real estate agent and insurance broker and oversees the Commonwealth Media Services.

Public Works

DGS's Public Works coordinates and oversees the design and construction of all non-highway capital construction projects for the Commonwealth. Projects and related services include new construction, alteration, and repair of Commonwealth properties and capital improvement projects for all State agencies. Projects range from dams and sewage treatment plants to buildings such as prisons, offices, and laboratories. General Services also administers the selection of architects and engineers, advertises projects for bid, obtains construction bids, executes construction contracts, and manages budgets for construction projects.

Public Works maximizes performance through a series of measures designed to reduce change order rates, increase the number of construction projects completed on time and on budget, and reduce the number of claims filed against the Commonwealth.

Project priorities include the expanded use of competitive Request for Proposals or Best Value contracting to improve the timely delivery of quality multiple prime construction projects by qualified vendors and the development and update each year of the Commonwealth's Five Year Capital Plan. The goal of the Capital Plan and annual fall planning process is to better manage limited dollars by developing a comprehensive and strategic approach to capital needs, and to focus Commonwealth resources to deliver projects quicker, on time and on budget.

Procurement

The Bureau of Procurement with General Services is responsible for purchasing or contracting for equipment and supplies for the Commonwealth. In total, the Bureau purchases more than \$4.5 billion in goods and services for the Commonwealth each year, ranging from office supplies to computers to vehicles. For the past four years, the department has adopted a private sector procurement methodology based on strategic sourcing. Purchasing is now negotiated on the collective volume of all agencies

within the Commonwealth, rather than as individual agencies.

Real Estate

The Bureau of Real Estate is responsible for the purchase, sale and lease of property to the Commonwealth, and the management of property and space owned by the Commonwealth. Serving as the Commonwealth's real estate agency, the department's portfolio includes 1.5 billion square feet of owned space and 7.7 million square feet of leased space. The Leasing Division reviews, investigates, negotiates and leases office space for lease by the Commonwealth, the Space Management Division analyzes space requests, prepares space allocations for departments, boards, and commissions in State owned and leased facilities. The Land Management Division reviews, investigates and recommends approval/disapproval of proposals for real property considered for purchase by the Commonwealth.

A program priority for the Bureau of Real Estate includes the Downtown Location Initiative to help revitalize Pennsylvania's downtown communities. DGS has enacted an original set of guidelines pursuant to the Downtown Location Law and later modified and strengthened those guidelines based upon the authority granted in the Governor's Executive Order 2004-2, which authorizes DGS to take all steps necessary to ensure that the objectives of the Downtown Location Law are met.

Torts

The department handles approximately 8,000 tort claims each year, in conjunction with the Attorney General's Office, brought against the Commonwealth, its officials and employees. Act 151 of 1986 reaffirmed the Commonwealth's use of sovereign immunity as a defense against tort claims, but established criteria for limited amounts of liability in nine specific areas: vehicle liability, medical professional liability, personal property, Commonwealth real estate, potholes, and other dangerous conditions. These include care, custody and control of domestic animals, liquor store sales, National Guard activities, and toxoids and vaccines. The department investigates claims in the pre-litigation stage, while the Office of Attorney General defends against those claims in litigation.

Facilities and Energy Management

The department is responsible for the management and maintenance of twenty-three State-owned buildings of the Capitol complex and Harristown, five regional State office buildings in Pittsburgh, Philadelphia, Scranton and

Program: Facility, Property and Commodity Management (continued)

Reading, as well as two executive residences. These facilities contain nearly 8.1 million square feet of office space, with 117 acres of grounds, parking area and roadways. Additionally, in July of 2006, The Department of Public Welfare transferred jurisdiction and responsibility for the Harrisburg State Hospital complex over to General Services. This property consists of 53 buildings on 135 acres of land.

A comprehensive energy management program for the Commonwealth to conserve and reduce energy usage in Commonwealth facilities has been implemented. Energy usage is measured and monitored in these buildings and is compared to usage in the previous year. The department also works with counties, schools and municipalities to give them advice and expertise on the Guaranteed Energy Savings Act (GESA) programs.

Vehicles

The Bureau of Vehicle Management maintains and oversees the Commonwealth Automotive Fleet. Among its responsibilities is the maintenance of title and registration files on all Commonwealth-owned vehicles for compliance with specifications and maintenance and repair on Commonwealth owned, leased and temporary vehicles.

The bureau has been spearheading the Commonwealth's Alternative Fuel Pilot Program, which is designed to increase the number of hybrid electric vehicles in the fleet. The Commonwealth fleet includes thirty hybrid electric vehicles and each year that number will increase.

Minority & Women Business Opportunities

The Bureau of Minority and Women Business Opportunities (BMWBO) is focused on significantly increasing the opportunities for minority and women owned business owners in Commonwealth contracts. Duties of the bureau include the administration of the Commonwealth's certification program, training and outreach for women and minority businesses, and enforcement. In addition, General Services administers the statewide contract compliance program that ensures that suppliers and contractors are not discriminatory.

Commonwealth Media Services

Commonwealth Media Services provides audio, video, photographic multi-media and broadcast services required by State agencies. Services are available on a continuous

basis in the event of emergencies. News conferencing facilities are maintained at the Capitol Media Center. In addition, a full range of creative audio-video services are incorporated into the production of 200 documentaries, educational, promotional, training and public service programs annually.

Federal and State Surplus

The Bureau of Supplies and Surplus Operations administers both Federal and State surplus property programs. Federal surplus property is donated to State agencies, local municipalities, nonprofit organizations, and law enforcement entities for a nominal service charge. During 2005-06, Federal property originally valued at \$33 million was distributed to eligible organizations. The main mission of the State Surplus Division is reutilization within Commonwealth and local agencies. Thereafter, goods are sold to the public through on-site auctions and Internet based sales. This division also conducts private sales of PennDOT heavy equipment to municipalities in compliance with Title 4 of the PA Code. Revenue generated from State Surplus Property was just under \$10 million for 2005-06.

Capitol Police

Capitol Police are responsible for protecting and serving State employees, public officials, and visitors to the Capitol Complex and outlying areas, including Harrisburg, Pittsburgh, Philadelphia and Scranton State Office buildings. This mission is accomplished with security guards and sworn police officers. The Capitol Police force is an accredited law enforcement agency through the Pennsylvania Law Enforcement Accreditation Commission.

Publications

The Bureau of Publications provides web graphics, graphic design, desktop publishing and printing services to all State agencies and commissions. Projects include annual reports, brochures, newsletters, logos, stationery and book covers. The printing operation provides lithographic offset and digital printing services as well as booklet making, binding, cutting, folding, drilling, padding and mailing. The State Sign Shop delivers signage, engraving, and banner services. The bureau also produces the Pennsylvania Manual and the Commonwealth Telephone Directory.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Public Works							
Capital and Agency projects completed - annually	109	206	100	100	100	100	100
Capital and Agency projects in design and/or construction	409	590	450	425	400	400	400
Capital and Agency projects value (in thousands).....	\$1,148,000	\$1,534,000	\$1,260,000	\$1,190,000	\$1,120,000	\$1,120,000	\$1,120,000

Program: Facility, Property and Commodity Management (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Public Works (continued)							
Capital and Agency projects completed within 10% of schedule date.....	95%	90%	90%	90%	90%	90%	90%
Public Works construction awards less than 10% above allocation.....	94%	95%	95%	95%	95%	95%	95%
Percentage of change orders approved for payment.....	5.4%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Procurement							
Total dollar value of Commonwealth spending - commodities (in thousands)....	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Percentage contract spending processed by Bureau of Procurement.....	25%	26%	28%	29%	30%	32%	33%
Enterprise wide annual procurement related savings (in thousands).....	\$181,000	\$240,000	\$282,000	\$324,000	\$366,000	\$408,000	\$450,000
Percentage return on investment for procurement services.....	N/A	300%	305%	310%	315%	320%	325%
Real Estate							
Total square footage of state owned space (in thousands).....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Percentage of state owned space occupied.....	95%	95%	95%	95%	95%	95%	95%
Total Commonwealth spending for leases renewed or initiated (in thousands).....	\$106,000	\$102,485	\$101,973	\$101,463	\$100,955	\$100,451	\$99,951
Leases located in downtown areas as a percentage of new or renewed contracts..	93%	95%	90%	90%	90%	90%	90%
Torts							
Tort claims filed.....	6,596	7,611	7,839	7,917	8,075	8,156	8,236
Claims settled per year.....	2,891	2,447	2,447	2,447	2,447	2,447	2,447
Average cost per settlement.....	\$330	\$459	\$459	\$459	\$459	\$459	\$459
Tort claims pending.....	6,407	6,832	6,418	5,917	5,406	4,890	4,374
Tort claims closed (includes settlements, judgements and denials).....	7,201	8,052	8,253	8,418	8,586	8,672	8,586
Energy							
BTU's consumed in buildings maintained by General Services (in thousands).....	717,000,000	609,450,000	578,977,500	561,608,175	555,992,093	550,432,172	544,927,851
Average BTU's consumed per sq. ft. (in thousands).....	96.4	81.9	77.8	75.5	74.7	74.0	63.0
Vehicles							
Vehicles in fleet.....	16,337	16,307	16,307	16,307	16,307	16,307	16,307
Total cost per active vehicle.....	\$4,108	\$4,190	\$4,274	\$4,359	\$4,447	\$4,536	\$4,626
Minority and Women Owned Businesses							
Commonwealth spending awarded to minority/women business enterprises.....	8%	10%	10%	11%	14%	14%	14%
State Surplus Property							
Number of units sold/recycled (in thousands).....	11,681	11,653	11,886	12,122	12,363	12,610	12,857
State surplus property distributed (in thousands).....	\$5,705	\$5,557	\$5,607	\$5,658	\$5,712	\$5,770	\$5,828

Capital and Agency projects value increases in 2006-07 due to implementation of an improved review process and implementation of projects previously in suspended design mode.

Enterprise wide annual procurement related savings is a cumulative measure redefined to include actual cost savings, cost avoidance and strategic sourcing.

BTU's consumed in buildings maintained by General Service decreases beginning in 2006-07 due to implementation of the comprehensive energy management program.

General Services

Program: Facility, Property and Commodity Management (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
	General Government Operations	\$	-159
\$ -2,734	—reflects a transfer of Information Technology operations to Executive Offices to streamline work processes.		
<u>1,197</u>	—to continue current program.	\$	929
\$ -1,537	<i>Appropriation Decrease</i>		
	Facilities Maintenance	\$	250
\$ 3,024	—reflects annualization of maintenance costs for facilities transferred from the Department of Public Welfare in 2006-07.		
	Harristown Rental Charges	\$	5
\$ 144	—increase in debt service schedule.		
	Harristown Utility and Municipal Charges	\$	14
\$ 583	—to provide pro rata share of charges.		
			Printing the Pennsylvania Manual
			—biennial cost.
			Excess Insurance Coverage
			—to continue current program.
			Capitol Fire Protection
			—to continue current program.
			MOTOR LICENSE FUND:
			Harristown Rental Charges (EA)
			—increased pro rata share of charges.
			Harristown Utility and Municipal Charges (EA)
			—increased pro rata share of charges.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 70,948	\$ 71,577	\$ 70,040	\$ 70,040	\$ 70,040	\$ 70,040	\$ 70,040
Facilities Maintenance	0	5,000	8,024	8,024	8,024	8,024	8,024
Harristown Rental Charges	6,674	6,693	6,837	6,837	6,837	6,837	6,837
Utility Costs.....	16,984	18,136	18,136	18,136	18,136	18,136	18,136
Harristown Utility and Municipal Charges..	11,351	11,805	12,388	12,388	12,388	12,388	12,388
Printing the Pennsylvania Manual	0	159	0	159	0	159	0
Asbestos Response.....	150	150	150	150	150	150	150
Excess Insurance Coverage.....	1,296	1,541	2,470	2,470	2,470	2,470	2,470
Capitol Fire Protection	1,020	1,020	1,270	1,270	1,270	1,270	1,270
TOTAL GENERAL FUND	\$ 108,423	\$ 116,081	\$ 119,315	\$ 119,474	\$ 119,315	\$ 119,474	\$ 119,315
BANKING DEPARTMENT FUND:							
Harristown Rental Charges	\$ 141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Harristown Utility and Municipal Charges..	213	0	0	0	0	0	0
TOTAL BANKING DEPARTMENT FUND	\$ 354	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	\$ 83	\$ 77	\$ 82	\$ 82	\$ 82	\$ 82	\$ 82
Harristown Utility and Municipal Charges (EA)	152	150	164	164	164	164	164
Tort Claims Payments.....	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL MOTOR LICENSE FUND	\$ 20,235	\$ 20,227	\$ 20,246	\$ 20,246	\$ 20,246	\$ 20,246	\$ 20,246



DEPARTMENT OF HEALTH

The mission of the Department of Health is identified through its slogan, "...in pursuit of good health," and all of its activities are defined by its core functions: health needs assessment, resource development, assuring access to health care, promoting health and disease prevention, assuring quality, and providing leadership in the area of health planning and policy development.

The department works in active partnership with providers and consumers of health care services to assess, analyze, and report on health threats; promote healthy behavior; reduce illness, injury, disability, and premature death; support research; and assure the quality and availability of health care services.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 26,134	\$ 26,473	\$ 27,253
(F)WIC Administration and Operation.....	13,000	15,000	15,000
(F)Health Assessment.....	413	463	535
(F)PHHSBG - Administration and Operation.....	3,167	3,024	2,748
(F)SABG - Administration and Operation.....	6,712	7,126	7,051
(F)MCHSBG - Administration and Operation.....	18,371	17,346	16,462
(F)Adult Blood Lead Epidemiology.....	40	37	86
(F)EMS for Children.....	166	238	155
(F)TB - Administration and Operation.....	725	930	764
(F)Trauma Planning.....	60	64	60
(F)AIDS Health Education - Administration and Operation.....	3,830	3,883	4,040
(F)Lead - Administration and Operation.....	1,006	769	833
(F)Primary Care Cooperative Agreements.....	238	343	343
(F)HIV / AIDS Surveillance.....	1,154	1,373	1,383
(F)HIV Care - Administration and Operation.....	1,350	1,350	1,295
(F)Crash Outcomes Data Evaluation.....	54	54	54
(F)Substance Abuse Special Projects- Administration & Operation.....	1,340	983	562
(F)Rural Access to Emergency Devices.....	118	200	160
(F)Cancer Prevention and Control.....	4,243	4,867	4,724
(F)Environmental Public Health Tracking.....	631	933	1,050
(F)Health Equity.....	75	200	225
(F)Public Health Emergency Preparedness and Response (EA).....	65,963	80,750	70,637
(F)Learning Management System (EA).....	45	0	60
(A)Data Center Services.....	5	8	10
(A)Departmental Services.....	4	0	0
(A)Robert Wood Johnson Foundation.....	534	0	0
(A)HIPAA Compliance.....	5,400	0	0
(A)Reporting Pathology Protocols.....	102	62	18
(A)PEBTF - Reimbursement for Influenza Vaccine.....	0	600	600
Subtotal.....	<u>\$ 154,880</u>	<u>\$ 167,076</u>	<u>\$ 156,108</u>
Rx for PA - Health Literacy.....	0	0	719
Rx for PA - Health Services Planning.....	0	0	120
PA Injury Reporting and Intervention System.....	1,300	1,300	1,300
Organ Donation.....	109	109	109
Diabetes Programs.....	426	426	426
(F)Diabetes Control.....	624	638	674
Subtotal.....	<u>\$ 1,050</u>	<u>\$ 1,064</u>	<u>\$ 1,100</u>
Quality Assurance.....	16,057	16,057	18,308
(F)Medicare - Health Service Agency Certification.....	7,847	10,462	9,979
(F)Medicaid Certification.....	5,279	6,609	6,609
(A)Publication Fees.....	28	31	28
Subtotal.....	<u>\$ 29,211</u>	<u>\$ 33,159</u>	<u>\$ 34,924</u>
Rx for PA - Hospital Community Benefit Standards.....	0	0	810
Rx for PA - Hospital Admission Criteria.....	0	0	510
Vital Statistics.....	6,677	6,677	6,984
(F)Cooperative Health Statistics.....	1,229	1,264	1,550
(F)Health Statistics.....	52	52	50
(A)Reimbursement for Microfilming.....	88	92	90
(A)Vital-Chek Surcharge.....	350	350	355
(R)County Coroner/ Medical Examiner Distribution (EA).....	1,051	0	1,188
(R)Vital Statistics Improvement Administration (EA).....	575	618	758
Subtotal.....	<u>\$ 10,022</u>	<u>\$ 9,053</u>	<u>\$ 10,975</u>
State Laboratory.....	4,072	4,072	4,002
(F)Clinical Laboratory Improvement.....	524	611	665

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F)Epidemiology and Laboratory Surveillance and Response.....	1,084	1,385	1,432
(A)Blood Lead Testing.....	11	12	11
(A)Blood Lead Specimen Testing.....	25	29	25
(A)Erythrocyte Protoporphyrin Testing.....	7	6	7
(A)Alcohol Proficiency Testing.....	59	61	59
(A)Drug Abuse Proficiency.....	139	140	140
(A)Licensure for Clinical Laboratories.....	261	260	261
(A)Low Volume Proficiency Testing.....	133	131	133
(A)Training Course Fees.....	8	13	8
(A)Reimbursements for Food Safety Recommendations.....	23	0	0
Subtotal.....	\$ 6,346	\$ 6,720	\$ 6,743
State Health Care Centers.....	22,383	22,383	23,682
(F)Disease Control Immunization.....	9,162	11,477	11,477
(F)PHHSBG - Block Program Services.....	3,104	2,990	2,990
(F)Preventive Health Special Projects.....	3,690	3,755	3,951
(F)Lake Erie Beach Monitoring.....	139	180	0
(F)Steps to a Healthier US.....	2,000	2,092	2,118
(F)Sexual Violence Prevention and Education.....	0	2,400	2,400
(F)Governor's Fitness Challenge-Keystones To a Healthy PA (EA).....	0	15	0
Subtotal.....	\$ 40,478	\$ 45,292	\$ 46,618
Antiviral Stockpile.....	0	0	14,056
Sexually Transmitted Disease Screening and Treatment.....	2,195	2,195	2,460
(F)Survey and Follow-Up - Sexually Transmitted Diseases.....	2,877	2,741	2,656
Subtotal.....	\$ 5,072	\$ 4,936	\$ 5,116
Subtotal - State Funds.....	\$ 79,353	\$ 79,692	\$ 100,739
Subtotal - Federal Funds.....	160,312	186,604	174,778
Subtotal - Augmentations.....	7,177	1,795	1,745
Subtotal - Restricted Revenues.....	1,626	618	1,946
Total - General Government.....	\$ 248,468	\$ 268,709	\$ 279,208
Grants and Subsidies:			
Rx for PA - Health Equity Strategies.....	\$ 0	\$ 0	\$ 1,000
Newborn Screening.....	4,000	4,000	4,000
Primary Health Care Practitioner.....	4,630	4,630	4,630
(F)Loan Repayment Program.....	246	312	312
(F)Rural Hospital Flexibility Program.....	357	558	558
(F)Medical Assistance - Primary Health Care.....	800	800	800
Subtotal.....	\$ 6,033	\$ 6,300	\$ 6,300
Rx for PA - Primary Care Access.....	0	0	5,400
Cancer Programs.....	2,085	2,085	2,085
Breast and Cervical Cancer Screenings.....	0	1,700	1,700
AIDS Programs.....	7,801	9,500	9,500
(F)AIDS Health Education.....	1,793	1,740	1,740
(F)HIV Care.....	10,471	11,750	10,418
(F)Housing Opportunities for People with AIDS.....	1,621	1,677	1,725
Subtotal.....	\$ 21,686	\$ 24,667	\$ 23,383
Regional Cancer Institutes.....	2,400	2,400	2,000
Rural Cancer Outreach.....	200	200	0
School District Health Services.....	38,842	38,842	38,842
Local Health Departments.....	27,607	28,006	29,887
Local Health - Environmental.....	7,474	7,719	8,036
Maternal and Child Health.....	2,090	2,090	2,090
(F)MCH Lead Poisoning Prevention and Abatement.....	1,817	1,893	1,850
(F)MCHSBG - Program Services.....	19,109	21,668	17,942

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F)Women, Infants and Children (WIC).....	162,000	163,000	163,000
(F)Abstinence Education.....	0	50 ^a	3,464
(F)Traumatic Brain Injury.....	228	274	125
(F)Environmental Assessment - Child Lead Poisoning.....	234	234	234
(F)Family Health Special Projects.....	183	683	692
(F)Screening Newborns.....	219	219	219
(F)Newborn Hearing Screening & Intervention.....	422	379	274
Subtotal.....	<u>\$ 186,302</u>	<u>\$ 190,490</u>	<u>\$ 189,890</u>
Assistance to Drug and Alcohol Programs.....	38,646	41,623	42,602
(F)SABG - Drug and Alcohol Services.....	55,328	56,396	56,719
(F)Substance Abuse Special Project Grants.....	7,800	7,951	7,418
(F)DFSC - Special Programs for Student Assistance (EA).....	1,125	1,125	1,125
(F)DCSI - Adult Offender Treatment (EA).....	225	94	0
(A)State Stores Fund Transfer.....	1,972	2,040	2,040
(A)Community Restitution Payments.....	3	4	4
(A)Drug and Alcohol Programs.....	773	0	0
Subtotal.....	<u>\$ 105,872</u>	<u>\$ 109,233</u>	<u>\$ 109,908</u>
Tuberculosis Screening and Treatment.....	1,009	1,009	1,009
(F)Tuberculosis Control Program.....	165	215	199
Subtotal.....	<u>\$ 1,174</u>	<u>\$ 1,224</u>	<u>\$ 1,208</u>
Renal Dialysis.....	8,895	8,895	8,895
Services for Children with Special Needs.....	1,645	1,645	1,645
Adult Cystic Fibrosis.....	685	685	685
Cooley's Anemia.....	165	165	155
Arthritis Outreach and Education.....	412	425	325
Hemophilia.....	1,428	1,428	1,428
Lupus.....	275	350	238
Sickle Cell.....	2,003	2,203	1,808
Regional Poison Control Centers.....	1,250	1,250	1,066
Trauma Program Coordination.....	350	400	318
Trauma Center Certification.....	100	100	0
Rural Trauma Preparedness and Outreach.....	200	200	0
Epilepsy Support Services.....	600	600	500
Keystone State Games.....	220	220	150
Bio-Technology Research.....	5,000	5,700	0
Tourette Syndrome.....	100	100	58
Emergency Care Research.....	1,500	2,000	0
Newborn Hearing Screening.....	500	500	500
Osteoporosis Prevention and Education.....	95	95	95
Health Research and Services.....	14,131	28,221	0
Charcot-Marie-Tooth Syndrome Awareness Program.....	250	250	0
Fox Chase Institute for Cancer Research.....	776	776	776
The Wistar Institute - Research: Operation and Maintenance.....	214	214	214
The Wistar Institute - Research: AIDS Research.....	92	92	92
Central Penn Oncology Group.....	130	130	130
Lancaster - Cleft Palate Clinic.....	49	59	59
Tay Sachs Disease - Jefferson Medical College.....	49	59	0
Burn Foundation.....	418	418	418
The Children's Institute, Pittsburgh.....	970	970	970
Children's Hospital of Philadelphia.....	451	451	451
Phila. Health & Educ Corp-Pediatric Outpatient & Inpatient.....	712	712	712
Phila. Health & Educ Corp -Med-Handicapped Children's Clinic.....	149	149	149

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 180,598	\$ 203,266	\$ 174,618
Subtotal - Federal Funds.....	264,143	271,018	268,814
Subtotal - Augmentations.....	2,748	2,044	2,044
Total - Grants and Subsidies.....	<u>\$ 447,489</u>	<u>\$ 476,328</u>	<u>\$ 445,476</u>
STATE FUNDS.....	\$ 259,951	\$ 282,958	\$ 275,357
FEDERAL FUNDS.....	424,455	457,622	443,592
AUGMENTATIONS.....	9,925	3,839	3,789
RESTRICTED REVENUES.....	1,626	618	1,946
GENERAL FUND TOTAL.....	<u>\$ 695,957</u>	<u>\$ 745,037</u>	<u>\$ 724,684</u>
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Tobacco Use Prevention and Cessation (EA).....	\$ 32,963	\$ 30,260	\$ 30,139
Health Research - Health Priorities (EA).....	65,921	60,521	60,279
Health Research - National Cancer Institute (EA).....	3,662	3,362	3,349
Total - Grants and Subsidies.....	<u>\$ 102,546</u>	<u>\$ 94,143</u>	<u>\$ 93,767</u>
TOBACCO SETTLEMENT FUND TOTAL.....	<u>\$ 102,546</u>	<u>\$ 94,143</u>	<u>\$ 93,767</u>
<u>OTHER FUNDS:</u>			
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services.....	\$ 13,033	\$ 11,600	\$ 11,600
Catastrophic Medical and Rehabilitation.....	3,000	6,000	6,000
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL.....	<u>\$ 16,033</u>	<u>\$ 17,600</u>	<u>\$ 17,600</u>
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA).....	\$ 5	\$ 505	\$ 105
Hospital and Other Medical Costs (EA).....	60	60	60
Grants to Certified Procurement Organizations (EA).....	550	425	465
Project Make-A-Choice (EA).....	90	90	90
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL.....	<u>\$ 705</u>	<u>\$ 1,080</u>	<u>\$ 720</u>
COMPULSIVE GAMBLING TREATMENT FUND:			
Compulsive and Problem Gambling Treatment.....	\$ 0	\$ 1,500	\$ 1,500
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 259,951	\$ 282,958	\$ 275,357
SPECIAL FUNDS.....	102,546	94,143	93,767
FEDERAL FUNDS.....	424,455	457,622	443,592
AUGMENTATIONS.....	9,925	3,839	3,789
RESTRICTED.....	1,626	618	1,946
OTHER FUNDS.....	16,738	20,180	19,820
TOTAL ALL FUNDS.....	<u>\$ 815,241</u>	<u>\$ 859,360</u>	<u>\$ 838,271</u>

^a Includes recommended supplemental appropriation of \$50,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND.....	\$ 46,263	\$ 46,602	\$ 51,722	\$ 51,722	\$ 51,722	\$ 51,722	\$ 51,722
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	137,435	159,000	146,912	146,912	146,912	146,912	146,912
OTHER FUNDS.....	6,739	1,353	1,300	1,300	1,300	1,300	1,300
SUBCATEGORY TOTAL.....	\$ 190,437	\$ 206,955	\$ 199,934	\$ 199,934	\$ 199,934	\$ 199,934	\$ 199,934
HEALTH RESEARCH							
GENERAL FUND.....	\$ 31,596	\$ 46,886	\$ 10,622	\$ 10,622	\$ 10,622	\$ 10,622	\$ 10,622
SPECIAL FUNDS.....	69,583	63,883	63,628	67,493	67,567	67,644	67,722
FEDERAL FUNDS.....	1,905	1,954	2,274	2,274	2,274	2,274	2,274
OTHER FUNDS.....	2,064	1,060	2,391	2,391	2,391	2,391	2,391
SUBCATEGORY TOTAL.....	\$ 105,148	\$ 113,783	\$ 78,915	\$ 82,780	\$ 82,854	\$ 82,931	\$ 83,009
PREVENTIVE HEALTH							
GENERAL FUND.....	\$ 123,692	\$ 127,758	\$ 151,247	\$ 142,481	\$ 143,640	\$ 143,640	\$ 143,640
SPECIAL FUNDS.....	32,963	30,260	30,139	31,970	32,006	32,042	32,079
FEDERAL FUNDS.....	220,637	231,102	229,144	229,144	229,144	229,144	229,144
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 377,292	\$ 389,120	\$ 410,530	\$ 403,595	\$ 404,790	\$ 404,826	\$ 404,863
HEALTH TREATMENT SERVICES							
GENERAL FUND.....	\$ 19,754	\$ 20,089	\$ 19,164	\$ 19,164	\$ 19,164	\$ 19,164	\$ 19,164
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	16,738	20,180	19,820	19,820	19,820	19,820	19,820
SUBCATEGORY TOTAL.....	\$ 36,492	\$ 40,269	\$ 38,984	\$ 38,984	\$ 38,984	\$ 38,984	\$ 38,984
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND.....	\$ 38,646	\$ 41,623	\$ 42,602	\$ 42,602	\$ 42,602	\$ 42,602	\$ 42,602
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	64,478	65,566	65,262	65,262	65,262	65,262	65,262
OTHER FUNDS.....	2,748	2,044	2,044	2,044	2,044	2,044	2,044
SUBCATEGORY TOTAL.....	\$ 105,872	\$ 109,233	\$ 109,908	\$ 109,908	\$ 109,908	\$ 109,908	\$ 109,908
ALL PROGRAMS:							
GENERAL FUND.....	\$ 259,951	\$ 282,958	\$ 275,357	\$ 266,591	\$ 267,750	\$ 267,750	\$ 267,750
SPECIAL FUNDS.....	102,546	94,143	93,767	99,463	99,573	99,686	99,801
FEDERAL FUNDS.....	424,455	457,622	443,592	443,592	443,592	443,592	443,592
OTHER FUNDS.....	28,289	24,637	25,555	25,555	25,555	25,555	25,555
DEPARTMENT TOTAL.....	\$ 815,241	\$ 859,360	\$ 838,271	\$ 835,201	\$ 836,470	\$ 836,583	\$ 836,698

PROGRAM OBJECTIVE: To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.

Program: Health Support Services

Health Support Services provides administrative and technical systems which support disease prevention and treatment. Also included in this program are quality assurance activities and State Laboratory facilities.

The Bureau of Health Statistics and Research is the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. The bureau collects statistical information on the health status of the population such as leading causes of death, births to teens, and infant mortality. The bureau responds to requests for services each year and conducts an annual survey of all hospitals, nursing homes and ambulatory surgery centers in Pennsylvania to obtain information on health resources and health services availability, utilization, staffing and patient characteristics. The bureau operates several Statewide data collection systems/registries, such as the Behavioral Risk Factor Surveillance System, the Statewide Immunization Registry, and the Pennsylvania Cancer Registry. All of the bureau's publications and statistics are available on the department's website which includes an interactive health statistics web tool – EpiQMS (Epidemiologic Query and Mapping System).

The Bureau of Epidemiology administers studies related to the etiology, distribution and trends of major diseases. The department provides epidemiologic assessment of health problems that include environmental occupational hazards, health risk behaviors and life styles of the general public or selected populations. The department also provides professional consultation and technical support for other agencies, county health departments and local municipalities.

The Quality Assurance program conducts surveys and inspections of health care facilities, drug and alcohol programs, psychiatric residential treatment facilities and intermediate care facilities to determine compliance with State and Federal standards and regulations and as a condition of receiving Federal Medicare and Medicaid financial support. Act 69 of 2006 amended the Health Care Facility Act to include Home Care Agencies as a regulated provider type in Pennsylvania. Regulations and licensing procedures are to be in place by July 2007, after which home care agencies will need to be licensed to operate. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. If deficiencies are noted, a plan for correction is required and may be submitted via a web-based system. Facilities

unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties. The public web component displays completed surveys for public access.

The frequency of inspections varies by type of facility as required by either State or Federal law or regulations. Initial inspections are conducted prior to issuances of licenses. Acute care hospitals are surveyed and licensed on a two-year cycle. Nursing homes are subject to annual inspections. Home health agencies are inspected on a flexible 12 to 36 month schedule; the frequency of inspections is based on the facility's history of compliance. Hospice agencies are inspected on-site every other year. Thirty-three percent of End-Stage Renal Disease (ESRD) facilities are surveyed annually. Currently, ten percent of other outpatient facilities providing physical therapy, occupational therapy and speech therapy and rural health clinic services are inspected annually. Birth centers and pediatric extended care centers are also inspected annually. More frequent inspections are made in response to complaints or life-threatening situations. In addition to inspections of health care facilities for compliance with State licensure and Federal certification requirements, the Quality Assurance program also conducts formal plan reviews and approval for new construction and remodeling of health care facility projects, to assure that the projects will conform to State and Federal requirements. Final inspections of the completed construction projects are conducted prior to approval for use and occupancy.

The Bureau of Managed Care is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (PPOs) and point of service (POS) products. It licenses new plans, ensures availability and accessibility of health services in plan "service areas" and monitors quality of care through periodic inspections and external quality reviews. It reviews and approves provider contracts and reimbursement methods. It licenses and oversees capitated dental plans (dental HMOs), traditional PPOs, nonprofit medical-surgical, vision, and dental plans (including Pennsylvania Blue Shield). Under Act 68 of 1998, the bureau certifies managed care utilization review organizations and monitors compliance with utilization review standards. The bureau also reviews complaints under Act 68 and coordinates third level grievance reviews conducted by certified external review entities.

Program: Health Support Services (continued)

The department operates the State Laboratory, which maintains a state of readiness to support the investigation of disease outbreaks or threats to the public health. The Bureau of Laboratories performs approximately 180,000 tests each year for diseases including HIV, rabies, meningitis, influenza, tuberculosis and botulism. The laboratory supports disease prevention through the provision of investigatory, diagnostic and confirmatory testing for both infectious diseases and non-infectious conditions including lead poisoning and West Nile Virus (WNV) in humans, mosquitoes and birds. The State Laboratory is designated by the Federal Bureau of Investigation as the primary laboratory for the detection and identification of bioterrorism agents and is the State's reference laboratory in the National Laboratory Response Network. It establishes and monitors the performance standards for 8,615 clinical and physician office laboratories in the Commonwealth and recommends certification of clinical laboratories under the requirements of the Federal Clinical Laboratory Improvement Amendments.

The Federal Centers for Disease Control and Prevention (CDC) and the Health Resources and Services Administration (HRSA) provide funding to the Department of

Health to strengthen public health emergency preparedness and response capabilities through increased infrastructure and program capacity, improved scientific and technical capabilities, and enhanced professional training and public education. The department created the Office of Public Health Preparedness (OPHP) to coordinate public health preparedness activities across the Commonwealth, including hospital and workforce preparedness. The OPHP works closely with local and other State agencies, and serves as the liaison with Pennsylvania's Office of Homeland Security and the Pennsylvania Emergency Management Agency (PEMA). The OPHP supports the Pennsylvania Department of Health's efforts to prepare for, protect against, respond to, and recover from all acts of bioterrorism and other public health emergencies that affect the civilian population, and serves as the focal point within the department for these activities. Public health preparedness activities across the Commonwealth include upgrading infectious disease surveillance/investigation, expanding public health laboratory capacity, enhancing communications systems, and facilitating State and regional hospital preparedness planning and response efforts.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Surveys completed in a timely manner by facility type							
Hospitals within 24 months	127	115	115	115	115	115	115
Nursing homes within 15 months.....	763	740	735	735	735	735	735
Intermediate care facilities/MR within 12 months	215	214	214	214	214	214	214
Home health agencies within 12 months	400	364	375	375	375	375	375
Residential drug and alcohol programs licensed/approved.....	246	271	250	250	250	250	250
Nonresidential drug and alcohol programs licensed/approved.....	618	541	670	670	670	670	670
Laboratory services							
Clinical laboratories licensed	8,677	9,498	9,110	9,566	10,044	10,546	11,074
Specimens tested by the State							
Laboratory per year.....	69,684	69,660	73,000	74,000	75,000	76,000	77,000
Rabies tests by the State Laboratory per year.....	3,875	3,647	3,650	3,675	3,700	3,725	3,750
West Nile Virus tests by the State Laboratory per year.....	23,986	22,451	23,500	23,500	23,500	23,500	23,500
Activities related to bioterrorism							
Grants awarded for hospitals.....	171	173	167	167	167	167	167
Surge beds available	7,163	7,163	7,163	7,163	7,163	7,163	7,163
Percentage of eligible hospitals registered to use PA-NEDSS	100%	90%	90%	90%	90%	90%	90%
Percentage of eligible laboratories registered to use PA-NEDSS.....	86%	75%	75%	75%	75%	75%	75%

Program: Health Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				Rx for PA - Hospital Community Benefit Standards
	General Government Operations				
\$	780	—to continue current program.	\$	810	—Initiative — Strengthening Hospital Community Benefit Standards. To develop standardized policies and report and auditing procedures for non-profit hospitals required to meet community benefit obligations.
	Rx for PA - Health Literacy				
\$	719	—Initiative — Improving Health Literacy. To enhance the delivery of health promotion and risk reduction messages through an integrated and coordinated approach to health literacy.			
	Rx for PA - Health Services Planning				Rx for PA - Hospital Admission Criteria
\$	120	—Initiative — Coordinating Health Services Planning. To develop recommendations and criteria for the review and approval of health care services and facility planning.	\$	510	—Initiative — Developing Uniform Hospital Admission Criteria. To develop and enforce standardized hospital admission criteria and fair billing and collection procedures for uninsured and underinsured patients.
	Quality Assurance				State Laboratory
\$	2,251	—to continue current program and support home health care mandates.	\$	-70	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 26,134	\$ 26,473	\$ 27,253	\$ 27,253	\$ 27,253	\$ 27,253	\$ 27,253
Rx for PA - Health Literacy	0	0	719	719	719	719	719
Rx for PA - Health Services Planning	0	0	120	120	120	120	120
Quality Assurance.....	16,057	16,057	18,308	18,308	18,308	18,308	18,308
Rx for PA - Hospital Community Benefit Standards	0	0	810	810	810	810	810
Rx for PA - Hospital Admission Criteria	0	0	510	510	510	510	510
State Laboratory	4,072	4,072	4,002	4,002	4,002	4,002	4,002
TOTAL GENERAL FUND	\$ 46,263	\$ 46,602	\$ 51,722	\$ 51,722	\$ 51,722	\$ 51,722	\$ 51,722

PROGRAM OBJECTIVE: To develop better basic scientific knowledge of the nature of disease, illness and the environment which will improve the use of existing and new health resources.

Program: Health Research

The Division of Vital Records in the Bureau of Health Statistics and Research is the central repository for over 32 million records of births, deaths, and fetal deaths, which occur in the Commonwealth. Through automation of this operation, all Pennsylvania birth records from 1921 to the present are available through the department's computer system at the central office and all branch offices. The system processes more than 630,000 requests annually for certified copies of birth and death records for proof of age, citizenship, litigation and genealogy. This system assists in the detection of fraudulent record usage, child support and the report of missing children. Birth and death records are stored on microfilm for preservation and are available for retrieval if required.

The bureau also operates the Commonwealth Universal Research Enhancement (CURE) program which was

established under the Tobacco Settlement Act, Act 77 of 2001. The program provides health research grants to Pennsylvania-based research institutions for biomedical, clinical and health services research designed to improve the health of all Pennsylvania citizens. Health research grants address the research priorities established by the department in conjunction with the Health Research Advisory Committee. Performance reviews are conducted to evaluate the effectiveness of each research project funded by a grant. During 2005-06, the department completed interim performance reviews on the five nonformula (competitive) grants initiated in May 2004 and final performance reviews for 30 grants (102 research projects) that had been completed during the prior State fiscal year. All of the five competitive grants received "favorable" or "outstanding" ratings.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Health Disparities							
Diabetes prevalence rate per 1,000 population for white adults aged 18+	69	69	69	69	69	69	69
Diabetes prevalence rate per 1,000 population for black and non-hispanic adults aged 18+	123	123	123	123	123	123	123
Diabetes prevalence rate per 1,000 population for hispanic adults aged 18+ .	78	78	78	78	78	78	78
Vital events (births, deaths and fetal deaths)							
Registered and processed.....	274,105	273,800	274,000	274,000	274,000	274,000	274,000
Percentage registered and processed within 30 days	92%	92%	95%	95%	95%	95%	95%
Applications for certified copies of birth and death records filled.....	627,548	655,000	655,000	655,000	655,000	660,000	660,000
Percentage of applications for certified copies of birth and death records filled within five days.....	99%	99%	99%	99%	99%	99%	99%
Percentage of cancer abstracts processed within 24 months of diagnosis.....	99%	99%	99%	99%	99%	99%	99%
Tobacco-funded research:							
New formula and non-formula grants awarded	45	44	44	41	41	40	40
Percentage of completed State-funded research grants that have received a favorable or outstanding performance evaluation from expert peer reviewers ...	100%	95%	95%	95%	95%	95%	95%
Percentage of completed CURE grants exceeding \$100,000 that have leveraged additional outside funding	92%	65%	78%	75%	75%	75%	75%

Program: Health Research (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	Vital Statistics				Charcot-Marie-Tooth Syndrome Awareness Program
\$ 307	—to continue current program.		\$ -250		—nonrecurring project.
	Regional Cancer Institutes				
\$ -400	—nonrecurring project.				
	Bio-Technology Research				TOBACCO SETTLEMENT FUND
\$ -5,700	—nonrecurring project.		\$ -242		Health Research - Health Priorities
					—based on current estimates.
	Emergency Care Research				Health Research - National Cancer Institute
\$ -2,000	—nonrecurring project.		\$ -13		—based on current estimates.
	Health Research and Services				
\$ -28,221	—nonrecurring project.				

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Diabetes Programs.....	\$ 426	\$ 426	\$ 426	\$ 426	\$ 426	\$ 426	\$ 426
Vital Statistics	6,677	6,677	6,984	6,984	6,984	6,984	6,984
Regional Cancer Institutes	2,400	2,400	2,000	2,000	2,000	2,000	2,000
Bio-Technology Research.....	5,000	5,700	0	0	0	0	0
Emergency Care Research	1,500	2,000	0	0	0	0	0
Health Research and Services	14,131	28,221	0	0	0	0	0
Charcot-Marie-Tooth Syndrome Awareness Program	250	250	0	0	0	0	0
Fox Chase Institute for Cancer Research .	776	776	776	776	776	776	776
The Wistar Institute - Research: Operation and Maintenance	214	214	214	214	214	214	214
The Wistar Institute - Research: AIDS Research	92	92	92	92	92	92	92
Central Penn Oncology Group	130	130	130	130	130	130	130
TOTAL GENERAL FUND	\$ 31,596	\$ 46,886	\$ 10,622	\$ 10,622	\$ 10,622	\$ 10,622	\$ 10,622
TOBACCO SETTLEMENT FUND:							
Health Research - Health Priorities (EA)...	\$ 65,921	\$ 60,521	\$ 60,279	\$ 63,941	\$ 64,011	\$ 64,084	\$ 64,158
Health Research - National Cancer Institute (EA)	3,662	3,362	3,349	3,552	3,556	3,560	3,564
TOTAL TOBACCO SETTLEMENT FUND	\$ 69,583	\$ 63,883	\$ 63,628	\$ 67,493	\$ 67,567	\$ 67,644	\$ 67,722

PROGRAM OBJECTIVE: To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.

Program: Preventive Health

A key to the promotion of sound health practices is insuring that all Pennsylvanians are able to access a range of preventive health and early disease detection services. Outreach and education services facilitated by the Department of Health make people aware of the importance of sound health practices and the availability of services to meet their needs.

The department, through its network of six district offices, 60 State health centers, other public health clinical providers and 10 county and municipal health departments, provides a limited range of public health services. These programs include communicable disease tracking, investigation, intervention and control services, family health and chronic disease prevention, assessment and intervention services, and special environmental health services. The six county and four city health departments also provide a range of individual and environmental public health services within their jurisdictions and are funded through grants and contracts awarded by the department.

To improve the availability of health care in underserved rural and urban areas, the department has established grant programs which enhance the recruitment and retention of primary health care physicians, dentists, and other health professionals. Programs include grant awards to establish medical and dental clinics (which require matching funds), awards to increase the supply of dentists' student intern programs to provide clinic services, educational loan repayment and visa waivers for healthcare professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Woman and Infant Programs

The department, through a maternal and child health outreach program called "Love 'em with a Checkup", addresses the problems of infant mortality and low birth weight. This outreach campaign alerts women to the importance of early prenatal care and primary care for children. It also provides information on access and appropriate use of health services including the Children's Health Insurance Program (CHIP) and Adult Basic Health Insurance.

The Genetics Program ensures access to genetic screening, education and counseling services for families. It encourages the assessment of patient genetic risks

through primary health care providers and pays directly for testing and counseling services for eligible low-income patients. The program targets education and services to underserved populations and areas of the State. The program, in conjunction with the Women, Infants, and Children (WIC) Program, supports outreach activities to promote the intake of folic acid by women of child bearing years.

The Women, Infants, and Children (WIC) Program is a Federally-funded program administered by the department. It serves pregnant, breast-feeding, and postpartum women, infants, and children up to five years of age who are at risk due to medical conditions and/or inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of the target population. The program ensures that WIC participants receive routine health care, and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health and social services. Program benefits promote optimal pregnancy outcome, improve participant use of pediatric and obstetrical services and enhance early interventions into potential health problems.

In order to minimize severe health risks to infants, the department conducts a Newborn Screening Program that includes testing for Phenylketonuria (PKU), Hypothyroidism, Sickle Cell Disease, Maple Syrup Urine Disease (MSUD), Congenital Adrenal Hyperplasia (CAH), and Galactosemia. The department assures appropriate follow-up services for all newborns with abnormal or inconclusive test results. In addition, these newborns and their families are linked with treatment specialists who conduct diagnostic testing and coordinate the required care. The department also distributes specialized metabolic products Statewide for children and pregnant women with PKU or MSUD to lessen the adverse effects of those conditions.

The Newborn Hearing Screening and Intervention Program seeks to ensure that all newborns are screened for hearing loss within the first 30 days, diagnosed within three months, and receive prescribed treatment or intervention services within six months of birth. The department performs follow-up and tracking of infants not passing their follow-up re-screening to assure that appropriate assessment and evaluation are completed.

The Sudden Infant Death Syndrome (SIDS) Program provides supportive services to families following a sudden infant death. Education regarding SIDS is provided to health professionals and others who normally interact with families following such a death.

Program: Preventive Health: (continued)

The department facilitates a number of programs designed to help improve the health status of women. These programs include an HIV and pregnancy initiative, and a sexually transmitted disease program targeted to chlamydia and gonorrhea. Additionally, breast and cervical cancer screening services are available for low-income underinsured and uninsured women between the ages of 40 and 49 who are at high risk for breast and cervical cancer; and to all women, aged 50 to 64, who meet certain eligibility criteria through the department's Healthy Women Project.

The department supports a special smoking cessation program for pregnant women. This includes a promotional campaign advising health care and child care providers of the availability of self-help materials and training opportunities to help women quit smoking.

Program Element: Children's Programs

The department's Immunization Program provides immunizations to infants, children and adolescents to reduce the incidence of vaccine preventable diseases in the Commonwealth. While vaccinations are encouraged for all ages, special emphasis is placed on reaching children less than two years old. The program also coordinates the surveillance of vaccine preventable diseases, provides consultation during disease outbreaks, assesses immunization levels, conducts professional and public education programs, and initiates, processes, and evaluates the child care and school immunization reporting system. In addition, the program provides vaccine and guidance to school districts for the provision of hepatitis B, measles/mumps/rubella and varicella immunizations for school students. The department also promotes appropriate adult immunization services. These services range from assuring that older citizens and others with chronic illnesses are given priority in accessing annual influenza and pneumococcal immunizations to providing information to fire companies, school districts, ambulance corps, correction officials, State Police and other public organizations with regard to the purchase of hepatitis B vaccine at reduced rates.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention Program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation and reduction of lead hazards in order to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational, medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health Program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 501 school districts and ten vocational technical schools

for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease and Injury Prevention Programs

The department ensures that all residents of the Commonwealth are served through an infectious disease epidemiological surveillance, investigation and control system. Reported cases of infectious diseases are investigated by the department to determine the infection source, transmission mode and control measures to prevent additional cases. The agency also provides a secure, confidential Statewide disease surveillance system. This computerized system compares incidence and prevalence rates and identifies risk factors. Disease trends are determined and corrective action recommended to abate or ameliorate public health risks. Diseases investigated range from giardiasis, hepatitis, salmonellosis, shigellosis, rabies and Lyme disease, to tuberculosis, AIDS, and the other prevalent sexually transmitted diseases.

Chronic disease control and injury prevention programs are increasing in light of the fact that chronic diseases and injuries and their associated risk factors are the leading causes of preventable morbidity and premature mortality within the Commonwealth.

The Cardiovascular Health Program, including the Nutrition and Physical Activity (Obesity Prevention) Programs, promotes healthy active lifestyles through systems, policies and environmental changes in four target environments: communities, healthcare systems, schools, and worksites. These changes support the development of positive individual behaviors to reduce and control diabetes, hypertension, and prevent heart disease, overweight/obesity, stroke, and related chronic diseases.

The Cancer Prevention and Control Program focuses on encouraging lifestyle changes to prevent the development of cancer and to support research, routine testing, screening, and early interventions to improve the chance of survival for those who have cancer.

The Injury Prevention Program is designed to reduce the incidence of unintentional injuries, violence, and injury-related fatalities through the development of surveillance systems, education programs for at-risk populations and training of health professionals. The department provides funding to ten county and municipal health departments and other providers to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children, and provide prevention programs on fire safety, poisoning, bicycle safety, falls, firearms storage, drowning, and violence prevention.

The Asthma Program provides education and information to persons with asthma, caregivers and health professionals that support the identification of triggers and self-management of asthma.

Program: Preventive Health: (continued)

The Arthritis Program provides outreach and education as identified in the Pennsylvania Arthritis Action Plan (PAAP) by monitoring access to arthritis care and evidence-based education programs; supporting the development of regional partnerships to implement PAAP strategies; expanding and enhancing the Children's Arthritis Network (CAN) to improve access to arthritis care and services; and coordinating the implementation of the Arthritis Foundation's evidence-based arthritis self-management programs.

The mission of the Diabetes Prevention and Control Program is to prevent diabetes, improve the lives of Pennsylvanians with diabetes, and reduce disparities related to diabetes among minorities and the underserved. The program's objectives are to increase awareness of diabetes, prevent the onset of Type 2 diabetes through the reduction of risk factors, reduce diabetes complications, increase early diagnosis of persons with diabetes, increase the availability of programs and maintain a data and surveillance system to better understand the impact of diabetes in Pennsylvania.

The department's Acquired Immune Deficiency Syndrome (AIDS) programs are a coordinated strategy to prevent and change high-risk behaviors and provide resources and direction for sustaining preventive behavior and avoiding infection with the Human Immunodeficiency Virus (HIV). Emphasis is placed on enhancing local decision-making processes and targeting activities to local needs through 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 500 sites Statewide.

The goal of the Sexually Transmitted Disease (STD) Program is to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD Program supports a Statewide network of clinical service sites that offer testing, treatment and risk-reduction information, and conduct contact elicitation interviews and related investigative services. Special attention and follow-up is accorded to those age 15 and under who have an STD or who are sexual partners of persons who have an STD, and, in order to prevent medical complications among newborns, to pregnant women who have an STD or who are a sexual partner of persons who have an STD.

The Tuberculosis Control Program provides outpatient examination, diagnosis and appropriate treatment for persons with tuberculosis disease and infection. Key to preventing the spread of the disease is contact examination and treatment of latent tuberculosis infection in close contacts of infectious cases or other high-risk people.

The Oral Health Program assesses the status of the oral health of Pennsylvanians, and plans and implements strategies and programs to improve oral health. The program provides oral and dental health educational material primarily in schools and county health offices that are designed to encourage the prevention of tooth decay, periodontal (gum) disease and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The focus of the Pennsylvania Osteoporosis and Prevention Program is to raise public awareness and educate consumers, health care professionals, teachers, and human service providers on the causes and effects of osteoporosis, risk factors, early detection, and options for diagnosis and treatment. The program supports community-based educational outreach programs Statewide and provides information to the public on the osteoporosis link of the department's website.

The department maintains a Statewide cancer registry to provide important information to better understand and address the cancer burden within the Commonwealth. Data describing the occurrence of cancer, types of cancer, extent of disease at the time of diagnosis, treatment and demographics are included in the registry database. Information derived through the cancer registry is used for planning and evaluating cancer control programs including cancer prevention and early detection, cancer research, surveillance, and special studies.

The department seeks to control the epidemic of disease, disability, and death related to the use of tobacco products by Pennsylvania residents. The goals of the agency are to change community norms through State-advised, community-driven systems that create environments where it is uncommon to see, use, and be negatively impacted by tobacco products and tobacco smoke pollution; and to reduce the consumption of tobacco to less than 12% by the year 2010.

Act 77 of 2001 established the Tobacco Settlement Fund and programs to improve the health of Pennsylvanians through research, and tobacco prevention and cessation programs. Grants are used to establish a Statewide comprehensive tobacco use prevention and cessation program consistent with best practices as defined by the Federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. These include community programs to reduce tobacco use, chronic disease programs to reduce the burden of tobacco related diseases, school programs, enforcement, Statewide programs, counter marketing, cessation programs, surveillance and evaluation, and administration and management. Those contractors also survey establishments to determine compliance with the Clean Indoor Air Law and encourage them to become smoke free. Seventy percent of the funds go to "primary contractors" (lead agencies) at the local level to develop, implement and monitor programs in all 67 counties.

Program: Preventive Health: (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Health Care Centers							
Total number of encounters by State Health Care Centers	375,240	422,220	439,109	452,282	465,850	479,826	484,768
Family health encounters including immunizations, injury prevention and special health care needs	115,884	125,046	128,797	132,661	136,641	140,740	142,190
Communicable disease encounters including adult immunizations, HIV/AIDS, STD, Tuberculosis, and epidemiology	197,232	214,386	222,961	229,650	236,539	243,436	245,943
Chronic disease encounters including cancer, diabetes, and tobacco	67,584	69,624	72,409	74,581	76,819	79,123	79,938
Primary care physicians receiving loan repayment forgiveness	97	100	100	100	100	100	100
Percentage of primary care practitioners receiving loan repayment forgiveness remaining in practice in Pennsylvania	80%	80%	80%	80%	80%	80%	80%
Women and Children's Programs							
Average number of persons participating in women, infants and children (WIC) programs each month.....	240,920	243,500	243,500	243,500	243,500	243,500	243,500
Average actual food cost per WIC participant, per month	\$33.71	\$34.72	\$35.76	\$36.83	\$37.93	\$39.07	\$40.24
Average Nutrition Services and Administration (NSA) operational costs per WIC participant, per month	\$14.44	\$14.18	\$14.87	\$15.32	\$15.78	\$16.25	\$16.74
Percentage of WIC-enrolled breastfeeding mothers who breastfed their infants for the first six months	13.0%	13.4%	13.8%	14.2%	14.6%	15.0%	15.4%
Newborns receiving hearing screening	140,000	138,636	140,000	140,000	140,000	140,000	140,000
Newborns receiving State-mandated screening for genetic conditions	145,000	145,000	145,000	145,000	145,000	145,000	145,000
High risk uninsured women aged 40 to 49 who receive breast and cervical cancer screening as determined by state funding	N/A	4,200	4,200	4,200	4,200	4,200	4,200
Privately owned housing units in targeted geographical areas that are remediated for the presence of lead hazards	131	61	94	96	96	96	96
School Health							
Percentage of school districts, charter schools, and comprehensive vocational technical schools in compliance with certified school nurse coverage requirements	94.5%	92.5%	95.5%	96.0%	96.5%	97.0%	97.0%
Health Disparities							
By race, the percent of obese adults in PA							
Percentage obesity among whites.....	24.0%	22.7%	22.4%	22.1%	21.8%	21.5%	21.3%
Percentage obesity among blacks.....	34.0%	37.0%	36.7%	36.4%	36.1%	35.4%	34.7%
Percentage obesity among hispanics.....	29.0%	27.0%	26.0%	25.5%	25.0%	25.0%	25.0%
Other communicable disease programs and incidences reported							
HIV tests at publicly-funded sites	60,804	62,000	62,000	64,000	65,000	65,000	65,000
Percentage of clients testing positive for HIV at department-supported HIV counseling and testing sites returning for results	93.0%	89.0%	90.0%	91.0%	92.0%	92.0%	92.0%
Incidences of Gonorrhea	6,089	6,095	6,080	6,075	6,070	6,065	6,060
Incidences of Infectious Syphilis	126	110	100	90	85	80	80
Tuberculosis (per 100,000 in population) ...	2.6	2.0	2.4	2.3	2.1	1.8	1.8

Program: Preventive Health: (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Injury Prevention							
Children and adults receiving injury prevention education and awareness	28,353	27,000	27,000	27,000	27,000	27,000	27,000
Tobacco Program							
Tobacco Prevention and Cessation Calls to PA Free Quitline.....	9,168	17,500	19,500	20,500	22,000	22,000	22,000
Percentage of adults who smoke	23.0%	22.0%	22.0%	21.0%	20.5%	20.5%	20.5%
Percentage of high school students who smoke	23.1%	20.0%	19.0%	18.0%	18.0%	18.0%	18.0%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>State Health Care Centers —to continue current program.</p> <p>\$ 1,299</p> <p>Antiviral Stockpile —Initiative—Antiviral Stockpile. To purchase and stockpile antiviral medications as part of the Commonwealth's influenza pandemic preparedness planning efforts.</p> <p>\$ 14,056</p> <p>Sexually Transmitted Disease Screening and Treatment —to continue current program.</p> <p>\$ 265</p> <p>Rx for PA - Health Equity Strategies —Initiative—Implementing Health Equity Strategies. To reduce health disparities by increasing the number of health professionals equipped to address the needs of racial, ethnic and linguistic minorities.</p> <p>\$ 1,000</p> <p>Rx for PA - Primary Care Access —Initiative—Improving Access to Primary Care. To increase access to primary health care in underserved rural areas through community health centers, advance practice nurses, mobile wellness clinics and a physician loan forgiveness program.</p> <p>\$ 5,400</p> <p>Rural Cancer Outreach —nonrecurring project.</p> <p>\$ -200</p>	<p>\$ 1,881</p> <p>\$ 317</p> <p>\$ -100</p> <p>\$ -200</p> <p>\$ -100</p> <p>\$ -70</p> <p>\$ -59</p> <p>\$ -121</p>	<p>Local Health Departments —increased costs based on current population and local budget projections.</p> <p>Local Health - Environmental —increased costs based on current population and local budget projections.</p> <p>Arthritis Outreach and Education —nonrecurring project.</p> <p>Rural Trauma Preparedness and Outreach —nonrecurring project.</p> <p>Epilepsy Support Services —nonrecurring project.</p> <p>Keystone State Games —program reduction.</p> <p>Tay Sachs Disease - Jefferson Medical College —nonrecurring program cost.</p> <p>TOBACCO SETTLEMENT FUND Tobacco Use Prevention and Cessation —funding proposed for re-distribution as outlined in the Tobacco Settlement Fund presentation in Section C.</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)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
PA Injury Reporting and Intervention System.....	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300
State Health Care Centers	22,383	22,383	23,682	23,682	23,682	23,682	23,682
Antiviral Stockpile	0	0	14,056	5,290	6,449	6,449	6,449
Sexually Transmitted Disease Screening and Treatment.....	2,195	2,195	2,460	2,460	2,460	2,460	2,460
Rx for PA - Health Equity Strategies.....	0	0	1,000	1,000	1,000	1,000	1,000
Newborn Screening	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Primary Health Care Practitioner.....	4,630	4,630	4,630	4,630	4,630	4,630	4,630
Rx for PA - Primary Care Access.....	0	0	5,400	5,400	5,400	5,400	5,400
Cancer Programs	2,085	2,085	2,085	2,085	2,085	2,085	2,085
Breast and Cervical Cancer Screenings....	0	1,700	1,700	1,700	1,700	1,700	1,700
AIDS Programs.....	7,801	9,500	9,500	9,500	9,500	9,500	9,500
Rural Cancer Outreach.....	200	200	0	0	0	0	0
School District Health Services	38,842	38,842	38,842	38,842	38,842	38,842	38,842
Local Health Departments.....	27,607	28,006	29,887	29,887	29,887	29,887	29,887
Local Health - Environmental	7,474	7,719	8,036	8,036	8,036	8,036	8,036
Maternal and Child Health	2,090	2,090	2,090	2,090	2,090	2,090	2,090
Tuberculosis Screening and Treatment....	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Arthritis Outreach and Education.....	412	425	325	325	325	325	325
Rural Trauma Preparedness and Outreach.....	200	200	0	0	0	0	0
Epilepsy Support Services.....	600	600	500	500	500	500	500
Keystone State Games.....	220	220	150	150	150	150	150
Newborn Hearing Screening	500	500	500	500	500	500	500
Osteoporosis Prevention and Education ...	95	95	95	95	95	95	95
Tay Sachs Disease - Jefferson Medical College.....	49	59	0	0	0	0	0
TOTAL GENERAL FUND	\$ 123,692	\$ 127,758	\$ 151,247	\$ 142,481	\$ 143,640	\$ 143,640	\$ 143,640
TOBACCO SETTLEMENT FUND:							
Tobacco Use Prevention and Cessation (EA)	\$ 32,963	\$ 30,260	\$ 30,139	\$ 31,970	\$ 32,006	\$ 32,042	\$ 32,079

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Health Treatment Services

The department has the responsibility of coordinating a variety of specialized medical services for Commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance and the Children's Health Insurance Program (CHIP), have been utilized.

Program Element: Inpatient Services

One of the principal concerns of patient management is to provide treatment services at the least expensive level of care while remaining consistent with standards of good medical practice. Inpatient hospital and nursing care is provided for only the most acute medical conditions that require the facilities and services available in an inpatient setting. Because inpatient care is very expensive, programs providing this type of care have imposed strict controls on admissions and, where possible, are using outpatient services in lieu of hospital admissions. Inpatient care is provided for the treatment of tuberculosis, cleft palate, cystic fibrosis, spina bifida, children's cardiac conditions, speech and hearing problems, and orthopedic conditions.

Program Element: Outpatient Services

Outpatient treatment services are more economical and cost-effective than inpatient care and are utilized whenever possible to provide needed treatment services for chronic diseases (including respiratory), physical rehabilitation and reconstruction, catastrophic blood disorders and acute conditions.

Clinical services are offered in a variety of settings, including State and community health centers, family planning clinics and participating physicians' offices. Minors may seek and receive care under the treatment of minors provisions of the Disease Prevention and Control Law.

The Bureau of Family Health facilitates connections to services for children with special needs through its Special Kids Network (SKN) and supporting Children with Special Health Care Needs Consultant (SNC) staff in each of the department's six district offices. SKN provides families and health care providers with information and referral services and system of care activities, as well as an on-line searchable database of resources. SKN is one of the information and referral helplines which constitute the Commonwealth's Health and Human Services Call Center. The information and referral specialists who respond to calls to the SKN helpline are able to provide callers with access to more than 10,000 local, regional, and Statewide resources that serve children with special healthcare needs. System of care services provide community/population based and family focused

services for individuals with special needs and their families by participating in and facilitating activities such as community systems development, service coordination, outreach, resource mapping, coalition building, and project development and evaluation. System of care activities reside within local communities and are coordinated through one centrally managed contract. The SNCs in the department's district offices provide individual and family support services.

The Comprehensive Specialty Care programs provide children and adults with a variety of services including diagnosis, direct medical care, case management, comprehensive evaluations, rehabilitative services including pharmaceuticals, and blood products for certain health conditions. In a joint effort to improve utilization of State funds, individuals who appear to be eligible for Medical Assistance and CHIP are referred to those programs.

Medical payment services are available for the following conditions: cardiac, child rehabilitation, cleft palate, hearing and speech impairment, orthopedic, ventilator dependency, cystic fibrosis, spina bifida and hemophilia.

The Home Ventilator Program provides Statewide case management and support services to children with chronic respiratory failure who are ventilator dependent, allowing them to receive life-support equipment and nursing care in their homes.

The Hemophilia Program utilizes nine specialized centers to provide comprehensive evaluation, rehabilitation services and blood products for outpatient or home use. Patients must be registered with a center to receive these benefits and must ensure that third party resources are used before State program funds are expended.

Sickle Cell Disease (SCD) is a genetically determined red blood cell disorder which occurs most frequently in the African-American population. Comprehensive medical and psychosocial services are available to patients at different service sites.

The Adult Cystic Fibrosis Program provides comprehensive treatment and care coordination to an increasing number of adults who survive this chronic childhood condition.

The Chronic Renal Disease Program provides dialysis, kidney transplant, drugs, certain physician fees, medical supplies and transportation services to persons with chronic renal failure. The department's Health Promotion Program conducts a public information and education program to encourage organ and tissue donation as one means of managing this disease and increasing the quality of life.

Program: Health Treatment Services (continued)

The department is the lead agency for the Commonwealth emergency medical services system as defined in Act 45 of 1985 known as the Emergency Medical Services Act. This includes planning, developing, implementing and evaluating the system (including emergency preparedness and response) through sixteen regional councils and a Statewide advisory council. This program is responsible for licensure of ambulances, medical command facility accreditation, medical command physician recognition, training institute accreditation, certification of prehospital practitioners and distribution of funding. With the passage of prehospital "Do Not Resuscitate" (DNR) legislation, regulations and implementation of the DNR program are managed through this program as well.

The Head Injury Program provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injury. Services are provided through contractual agreements with head injury rehabilitation providers in the Commonwealth. Funding is made available through the Emergency Medical Services Operating Fund included in the Special Funds Appendix.

The department has the responsibility of coordinating a variety of specialized medical services for Commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance and the Children's Health Insurance Program (CHIP), have been utilized.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Minimum Number of Children and Adults Receiving Outpatient Treatment through Department Supported Programs:							
Hemophilia	1,223	1,055	1,223	1,223	1,223	1,223	1,223
Phenylketonuria, Maple Syrup Urine Disease, Galactosemia	1,250	1,296	1,296	1,300	1,300	1,300	1,300
Renal disease	4,441	4,541	4,641	4,841	5,041	5,241	5,241
Cooley's Anemia	36	36	36	36	36	36	36
Sickle Cell Disease	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Spina Bifida	994	1,312	1,312	1,312	1,312	1,312	1,312
Home Ventilators	225	225	225	225	225	225	225
Children's rehabilitative services	2,225	2,225	2,225	2,225	2,225	2,225	2,225
Help Line Activities							
Total number of calls to the help lines	93,022	95,000	100,000	105,000	110,000	115,000	120,000
Calls to Healthy Kids help line	74,990	80,000	85,000	90,000	95,000	100,000	105,000
Calls to Special Kids Network help line ..	7,847	8,000	8,200	8,400	8,600	8,600	8,600
Percentage of callers who express satisfaction with the services provided by the Special Kids Network	92%	92%	93%	94%	95%	95%	95%
EMS Services							
Ambulances licensed annually	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Quick response services recognized annually	390	390	390	390	390	390	390
Hospitals recognized to provide medical command annually	150	150	150	150	150	150	150

Spina Bifida decreased from last year's budget estimate due to a clinic closure. Amounts increase beyond that period due obtaining replacement services.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Cooley's Anemia \$ -10 —reduced program need.</p> <p>Lupus \$ -112 —nonrecurring project.</p> <p>Sickle Cell \$ -395 —nonrecurring project.</p>	<p>Regional Poison Control Centers \$ -184 —nonrecurring project.</p> <p>Trauma Programs Coordination \$ -82 —nonrecurring project.</p> <p>Trauma Center Certification \$ -100 —nonrecurring project.</p> <p>Tourette Syndrome \$ -42 —nonrecurring project.</p>
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All other appropriations are recommended at the current year funding level.

Program: Health Treatment Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Organ Donation	\$ 109	\$ 109	\$ 109	\$ 109	\$ 109	\$ 109	\$ 109
Renal Dialysis.....	8,895	8,895	8,895	8,895	8,895	8,895	8,895
Services for Children with Special Needs..	1,645	1,645	1,645	1,645	1,645	1,645	1,645
Adult Cystic Fibrosis.....	685	685	685	685	685	685	685
Cooley's Anemia.....	165	165	155	155	155	155	155
Hemophilia.....	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Lupus.....	275	350	238	238	238	238	238
Sickle Cell.....	2,003	2,203	1,808	1,808	1,808	1,808	1,808
Regional Poison Control Centers	1,250	1,250	1,066	1,066	1,066	1,066	1,066
Trauma Program Coordination	350	400	318	318	318	318	318
Trauma Center Certification	100	100	0	0	0	0	0
Tourette Syndrome	100	100	58	58	58	58	58
Lancaster - Cleft Palate Clinic	49	59	59	59	59	59	59
Burn Foundation	418	418	418	418	418	418	418
The Children's Institute, Pittsburgh.....	970	970	970	970	970	970	970
Children's Hospital of Philadelphia	451	451	451	451	451	451	451
Phila. Health & Educ Corp-Pediatric Outpatient & Inpatient.....	712	712	712	712	712	712	712
Phila. Health & Educ Corp - Med- Handicapped Children's Clinic.....	149	149	149	149	149	149	149
TOTAL GENERAL FUND	\$ 19,754	\$ 20,089	\$ 19,164	\$ 19,164	\$ 19,164	\$ 19,164	\$ 19,164

PROGRAM OBJECTIVE: To provide education, intervention and treatment programs to reduce drug and alcohol abuse and dependency.

Program: Drug and Alcohol Abuse Prevention and Treatment

This program provides counties with funding to provide drug and alcohol services for Pennsylvanians who do not have insurance or resources to pay for treatment. Single County Authorities (SCA) prepare prevention, intervention and treatment plans tailored to the needs of their respective geographic areas. The department approves these plans and formulates a Statewide plan based on those findings.

Statewide prevention programs provide current information on the effects of drugs and alcohol and assist individuals in developing or improving skills that will enable them to choose a lifestyle free of substance abuse. This is done through educational sessions, workshops, media presentations and an information clearinghouse operated by the department. Primary emphasis has been given to youth, and a special curriculum is now used in all school districts to address drug and alcohol problems.

Intervention services provide support to those individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and employe assistance programs. The Student Assistance Program (SAP), which encompasses all 501 Commonwealth school districts, provides school personnel with the knowledge and skills needed to identify

students using alcohol or drugs. Students are referred to professional evaluators and, if needed, receive treatment services. Special services are designed to divert certain criminal offenders into rehabilitation programs.

Treatment services are funded in hospitals, prisons, shelters, residential units and outpatient programs. Treatment often consists of short-term detoxification followed by a longer term rehabilitation. Most inpatient services are rendered in a non-hospital setting. Outpatient services may follow discharge from a residential program; however, many persons receive their initial treatment in an outpatient setting. Typically, admissions to treatment are approximately 62 percent drug related and 38 percent alcohol related. Males represent 68 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 \$64 million.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Admissions to treatment	90,985	91,895	92,814	93,742	94,679	95,626	96,582
Outpatient days	74	75	76	77	78	79	80
Inpatient days	27	28	29	30	31	32	33

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Assistance to Drug and Alcohol Programs
\$	-250	—nonrecurring project.
	1,229	—to provide a three percent cost-of-living adjustment.
<u>\$</u>	<u>979</u>	Appropriation Increase

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
Assistance to Drug and Alcohol Programs	<u>\$ 38,646</u>	<u>\$ 41,623</u>	<u>\$ 42,602</u>	<u>\$ 42,602</u>	<u>\$ 42,602</u>	<u>\$ 42,602</u>	<u>\$ 42,602</u>



HIGHER EDUCATION ASSISTANCE AGENCY

The mission of the Higher Education Assistance Agency is to provide financial aid to higher education students in the form of grants, loans and employment opportunities through the coordination of State and Federal aid programs. In addition, the agency provides Institutional Assistance Grants to private institutions enrolling students who participate in the State Grant Program.

Higher Education Assistance Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>Grants and Subsidies:</i>			
Grants to Students-transfer to Higher Ed. Assist. Fund.....	\$ 368,198	\$ 386,198	\$ 386,198
(A) Grants to Students Supplement.....	25,000	72,500	88,554
(F) Byrd Scholarships (EA).....	1,668	1,589	1,586
Pennsylvania Internship Program Grants.....	300	300	0
Matching Payments-transfer to Higher Ed. Assist. Fund.....	14,122	14,122	14,122
Institutional Assistance-transfer to Higher Ed. Assist. Fund.....	40,186	41,392	41,392
Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund.....	750	750	750
Agricultural Loan Forgiveness-transfer to Higher Ed. Fund.....	85	85	85
SciTech Scholarships-transfer to Higher Ed. Assist. Fund.....	3,100	6,800	6,800
Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund.....	2,000	2,000	2,000
Subtotal - State Funds.....	\$ 428,741	\$ 451,647	\$ 451,347
Subtotal - Federal Funds.....	1,668	1,589	1,586
Subtotal - Augmentations.....	25,000	72,500	88,554
Total - Grants and Subsidies.....	\$ 455,409	\$ 525,736	\$ 541,487
STATE FUNDS.....	\$ 428,741	\$ 451,647	\$ 451,347
FEDERAL FUNDS.....	1,668	1,589	1,586
AUGMENTATIONS.....	25,000	72,500	88,554
GENERAL FUND TOTAL.....	\$ 455,409	\$ 525,736	\$ 541,487
<u>OTHER FUNDS:</u>			
HIGHER EDUCATION ASSISTANCE FUND:			
Educational Training Vouchers Program.....	\$ 1,349	\$ 1,913	\$ 1,913
Leveraging Educational Assistance Partnership.....	3,553	3,547	3,514
Transfers Augmenting Appropriations.....	4,368	3,207	3,945
Primary Health Care.....	899	1,108	1,108
Tobacco Settlement Funds.....	389	271	325
Gear Up.....	1,388	1,512	300
HIGHER EDUCATION ASSISTANCE FUND TOTAL.....	\$ 11,946	\$ 11,558	\$ 11,105
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 428,741	\$ 451,647	\$ 451,347
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	1,668	1,589	1,586
AUGMENTATIONS.....	25,000	72,500	88,554
OTHER FUNDS.....	11,946	11,558	11,105
TOTAL ALL FUNDS.....	\$ 467,355	\$ 537,294	\$ 552,592

Higher Education Assistance Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND.....	\$ 388,555	\$ 410,255	\$ 409,955	\$ 409,955	\$ 409,955	\$ 409,955	\$ 409,955
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,668	1,589	1,586	1,586	1,586	1,586	1,586
OTHER FUNDS.....	36,946	84,058	99,659	99,659	99,659	99,659	99,659
SUBCATEGORY TOTAL.....	\$ 427,169	\$ 495,902	\$ 511,200	\$ 511,200	\$ 511,200	\$ 511,200	\$ 511,200
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND.....	\$ 40,186	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 40,186	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392
ALL PROGRAMS:							
GENERAL FUND.....	\$ 428,741	\$ 451,647	\$ 451,347	\$ 451,347	\$ 451,347	\$ 451,347	\$ 451,347
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,668	1,589	1,586	1,586	1,586	1,586	1,586
OTHER FUNDS.....	36,946	84,058	99,659	99,659	99,659	99,659	99,659
DEPARTMENT TOTAL.....	\$ 467,355	\$ 537,294	\$ 552,592	\$ 552,592	\$ 552,592	\$ 552,592	\$ 552,592

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To provide financial assistance to Commonwealth residents in order to promote access to institutions of higher education.

Program: Financial Assistance to Students

The Pennsylvania Higher Education Assistance Agency (PHEAA) offers financial assistance programs to students in the form of grants and work-study awards. Disbursements for the various financial assistance programs are made by PHEAA from its Higher Education Assistance Fund. All General Fund appropriations are transferred to PHEAA's Higher Education Assistance Fund prior to distribution to students and institutions. The Higher Education Assistance Fund is shown in the Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund, interest earnings from the deposit of that appropriation in the Higher Education Assistance Fund 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 Matching Funds Program provides funds to match Federal funds and Work-Study awards which students earn through several on-campus and off-campus job opportunities 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.

The Agricultural Education Loan Forgiveness Program provides loan forgiveness for graduates with agriculture degrees who work on family-owned farms and for veterinarians whose practices include the treatment of farm animals.

The SciTech and Technology Scholarships Program, also known as the New Economy Technology Scholarship program, provides scholarships to eligible Pennsylvania students who are enrolled in an approved postsecondary science or technology curriculum. Students participating in this program must maintain the grade point average required and must also meet the post-graduation work requirement.

The Cheyney University Keystone Academy has as its purpose the recruitment of gifted students for enrollment at Cheyney University.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Grants to Students:							
Applications for grants	495,236	505,490	522,170	539,400	557,200	575,590	594,580
Applications complete and needs tested for eligibility	281,849	290,510	300,100	310,000	320,230	330,800	341,720
Eligible applicants—meeting qualifications	178,544	187,810	198,030	204,570	211,320	218,290	225,490
Eligible applicants enrolled and accepting grants	159,168	166,210	173,250	178,970	184,880	190,980	197,280
Eligible applicants not enrolled at a college/university	19,376	21,600	24,780	25,600	26,440	27,310	28,210
Grant amount as a percentage of applicants' total educational cost	12.5%	13.3%	13.5%	13.5%	13.5%	13.5%	13.5%
Students receiving SciTech Scholarships...	3,171	3,019	4,500	4,950	5,445	6,590	7,249
Work Study:							
Students assisted by Federal, State and private funds	45,830	49,680	50,180	50,680	51,190	51,700	52,220
Student work study earnings (in millions) ...	\$72.7	\$74.9	\$75.7	\$76.4	\$77.2	\$77.9	\$78.7

Higher Education Assistance Agency

Program: Financial Assistance to Students (continued)

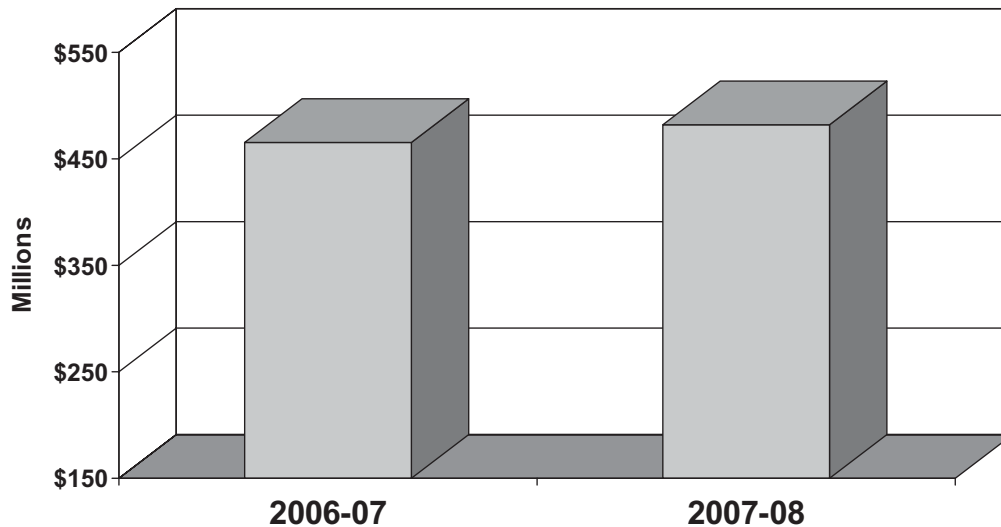
Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Pennsylvania Internship Program Grants
 \$ -300 —nonrecurring program.

All other appropriations are recommended at the current year funding level. An additional \$88.6 million will be provided by PHEAA to supplement the grants to students program.

Grants to Students



This budget recommends increasing State and supplemental funding for grants to students by \$16.1 million, or 3.5%, to \$481.6 million.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Grants to Students-transfer to Higher Ed. Assist. Fund.....	\$ 368,198	\$ 386,198	\$ 386,198	\$ 386,198	\$ 386,198	\$ 386,198	\$ 386,198
Pennsylvania Internship Program Grants..	300	300	0	0	0	0	0
Matching Payments-transfer to Higher Ed. Assist. Fund.....	14,122	14,122	14,122	14,122	14,122	14,122	14,122
Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund.....	750	750	750	750	750	750	750
Agricultural Loan Forgiveness-transfer to Higher Ed. Fund.....	85	85	85	85	85	85	85
SciTech Scholarships-transfer to Higher Ed. Assist. Fund.....	3,100	6,800	6,800	6,800	6,800	6,800	6,800
Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL GENERAL FUND.....	\$ 388,555	\$ 410,255	\$ 409,955	\$ 409,955	\$ 409,955	\$ 409,955	\$ 409,955

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To assist independent post-secondary institutions to maintain enrollments and stabilize their educational costs thereby promoting access to institutions in all sectors for Pennsylvania students.

Program: Financial Aid to Institutions

The Institutional Assistance Grants Program, which began in 1974, provides grants to assist independent post-secondary institutions that are nonprofit, nondenominational and non-recipients of direct State appropriations.

The appropriated funds provide equal per capita grants to the schools based on the number of student grant recipients enrolled during the academic year. Eighty-four institutions are expected to participate in the 2007-08 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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Eligible grant recipients enrolled at eligible independent institutions.....	40,180	40,324	41,332	41,332	41,332	41,332	41,332
Per capita grant	\$1,010	\$1,026	\$1,005	\$1,005	\$1,005	\$1,005	\$1,005

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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Institutional Assistance Grants is recommended at the current year funding level.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Institutional Assistance-transfer to Higher Education Assistance Fund.....	\$ 40,186	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392	\$ 41,392



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 21,948	\$ 22,065	\$ 23,260
(F)Historic Preservation.....	1,000	1,000	1,000
(F)Delaware & Lehigh Canal Partnership Program (EA).....	258	0	0
(F)Surface Mining Review.....	200	200	150
(F)Environmental Review.....	150	500	350
(F)National Historic Publications and Records (EA).....	71	0	0
(F)National Historic Publications and Records.....	0	200	120
(F)Save Our Treasures.....	350	500	200
(F)Railroad Museum Improvement (EA).....	1,112	1,280	300
(F)Pennsylvania Archaeology (EA).....	16	160	150
(F)Historical Records and Advisory Board Admin. (EA).....	0	14	0
(F)Historical Records and Advisory Board Admin.....	20	0	0
(F)Institute of Museum Library Services.....	0	45	60
(F)Storm Damages - April 2005 (EA).....	90	0	0
(F)21st Century Museum Professional.....	0	500	200
(F)American Battlefield Protection.....	0	32	0
(F)Preserve America.....	0	150	0
(F)Coastal Zone Management.....	0	0	50
(A)Historic Preservation Fund.....	400	140	140
(A)Architectural Services.....	2	5	5
(A)Keystone Recreation, Park & Conservation Fund.....	550	650	650
Subtotal.....	\$ 26,167	\$ 27,441	\$ 26,635
Maintenance Program.....	1,000	2,000	2,000
Subtotal - State Funds.....	\$ 22,948	\$ 24,065	\$ 25,260
Subtotal - Federal Funds.....	3,267	4,581	2,580
Subtotal - Augmentations.....	952	795	795
Total - General Government.....	\$ 27,167	\$ 29,441	\$ 28,635
<i>Grants and Subsidies:</i>			
Museum Assistance Grants.....	\$ 5,135	\$ 6,135	\$ 4,135
Historical Education & Museum Assistance.....	2,225	3,385	0
Regional History Centers.....	550	600	0
University of Pennsylvania Museum.....	231	254	231
Carnegie Museum of Natural History.....	231	254	231
Carnegie Science Center.....	231	254	231
Franklin Institute Science Museum.....	699	769	699
Academy of Natural Sciences.....	428	471	428
African American Museum in Philadelphia.....	326	359	326
Everhart Museum.....	42	46	42
Mercer Museum.....	178	196	178
Whitaker Center for Science and the Arts.....	128	141	128
Total - Grants and Subsidies.....	\$ 10,404	\$ 12,864	\$ 6,629
STATE FUNDS.....	\$ 33,352	\$ 36,929	\$ 31,889
FEDERAL FUNDS.....	3,267	4,581	2,580
AUGMENTATIONS.....	952	795	795
GENERAL FUND TOTAL.....	\$ 37,571	\$ 42,305	\$ 35,264
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Historic Site Development - Realty Transfer Tax (94-04) (EA).....	\$ 10,967	\$ 0	\$ 0
Historic Site Development - RTT (Current Year) (EA).....	11,041	13,533	11,230

Historical and Museum Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Total - Grants and Subsidies.....	\$ 22,008	\$ 13,533	\$ 11,230
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 22,008	\$ 13,533	\$ 11,230
 OTHER FUNDS:			
GENERAL FUND:			
Historical Preservation Act of 1966 (F).....	\$ 84	\$ 80	\$ 80
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund.....	\$ 3,271 ^a	\$ 3,355 ^a	\$ 3,355 ^a
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 33,352	\$ 36,929	\$ 31,889
SPECIAL FUNDS.....	22,008	13,533	11,230
FEDERAL FUNDS.....	3,267	4,581	2,580
AUGMENTATIONS.....	952	795	795
OTHER FUNDS.....	3,355	3,435	3,435
TOTAL ALL FUNDS.....	\$ 62,934	\$ 59,273	\$ 49,929

^a Not added to the total to avoid double counting: 2005-06 Actual is \$400,000, 2006-07 Available is \$140,000, and 2007-08 Budget is \$140,000.

Historical and Museum Commission

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND.....	\$ 22,948	\$ 24,065	\$ 25,260	\$ 25,260	\$ 25,260	\$ 25,260	\$ 25,260
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,267	4,581	2,580	2,580	2,580	2,580	2,580
OTHER FUNDS.....	4,307	4,230	4,230	4,230	4,230	4,230	4,230
SUBCATEGORY TOTAL.....	\$ 30,522	\$ 32,876	\$ 32,070	\$ 32,070	\$ 32,070	\$ 32,070	\$ 32,070
MUSEUM ASSISTANCE							
GENERAL FUND.....	\$ 10,404	\$ 12,864	\$ 6,629	\$ 6,629	\$ 6,629	\$ 6,629	\$ 6,629
SPECIAL FUNDS.....	22,008	13,533	11,230	11,920	12,908	13,909	14,611
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 32,412	\$ 26,397	\$ 17,859	\$ 18,549	\$ 19,537	\$ 20,538	\$ 21,240
ALL PROGRAMS:							
GENERAL FUND.....	\$ 33,352	\$ 36,929	\$ 31,889	\$ 31,889	\$ 31,889	\$ 31,889	\$ 31,889
SPECIAL FUNDS.....	22,008	13,533	11,230	11,920	12,908	13,909	14,611
FEDERAL FUNDS.....	3,267	4,581	2,580	2,580	2,580	2,580	2,580
OTHER FUNDS.....	4,307	4,230	4,230	4,230	4,230	4,230	4,230
DEPARTMENT TOTAL.....	\$ 62,934	\$ 59,273	\$ 49,929	\$ 50,619	\$ 51,607	\$ 52,608	\$ 53,310

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate, interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative, marketing and press relations, human resources management, procurement, information technology and management of the Commission's website, financial grant administration, fiscal and revenue management, and other support services.

Program Element: State and Local Records

This element supports the operation of the State Archives, the State Records Center and the Document Image Services Center. The State Archives is responsible for identifying, acquiring, preserving and providing continuing public access to the permanently valuable and historical records created by government. This mandate extends to electronic records and to the use of electronic and web technology to facilitate public access. The archives maintains and preserves program files, maps, correspondence, reports, photographs, minutes, case files and various records that document the significant activities of Pennsylvania's proprietary, revolutionary and State governments including the records of the land office and hundreds of existing and defunct governmental agencies. The Document Image Service Center provides reformatting services on electronic media and microfiche to governmental agencies. The center's activities are funded through revenues received for provision of these services. The State Records Center is the official repository for inactive records that must be maintained by State agencies for administrative, fiscal or legal purposes. There are several electronic document records retention and management systems currently under development.

This element also administers State executive branch and local government records management programs and provides other services to State and local government offices. These services include preparation of records

retention schedules; processing of records disposal requests; promulgation of standards for retention of records in different storage media; and training and technical assistance to records custodians.

Program Element: Historic Site and Museum Operations

This element supports the operation of 25 historic sites and museums throughout the Commonwealth that are open to the public on a regular schedule, including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs; provides living history and other types of tours to interpret Pennsylvania history; and utilizes cooperative initiatives with associate organizations to further provide for educational and public programs. This program element includes facility development and architectural and design activities as part of a preservation maintenance program funded through the Keystone Recreation, Park and Conservation Fund Grant Program; collections management; and conservation of historical artifacts, papers, and paintings.

In addition, this element supports a Property Management and Lease Program through cooperative agreements with management groups, for profit and nonprofit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Element: Historic Preservation

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

Historical and Museum Commission

Program: State Historic Preservation (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	207,879	210,550	216,500	219,500	222,500	222,500	222,500
Records maintained by the State Records Center (in thousands)	753,354	768,747	789,747	810,747	810,747	810,747	810,747
Savings realized by storing records at the State Records Center (in thousands)	\$4,007	\$4,089	\$4,202	\$4,313	\$4,313	\$4,313	\$4,313
Expired/inactive records destroyed by the State Records Center	80,886	81,000	84,000	87,000	90,000	93,000	93,000
Savings realized through proper disposal of expired records (in thousands)	\$4,429	\$4,436	\$4,600	\$4,764	\$4,929	\$5,093	\$5,093
Historic Site and Museum Operations							
Annual visits to commission historical sites and museums (in thousands)	1,516	1,563	1,555	1,560	1,565	1,570	1,575
Visitors per salaried staff member (in thousands)	12	12	12	12	12	12	12
Historic markers	2,255	2,284	2,304	2,314	2,324	2,334	2,334
Historic Preservation							
Buildings maintained and conserved	522	522	522	522	522	522	522
Evaluations for the National Register of Historic Properties	848	1,000	1,360	1,380	1,400	1,420	1,420
Professional History and Museum Support Services							
Historic artifacts maintained and conserved (in thousands)	3,914	3,939	4,200	4,300	4,400	4,400	4,400

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
General Government Operations
 \$ 1,195 —to continue current programs.

The Maintenance Program appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 21,948	\$ 22,065	\$ 23,260	\$ 23,260	\$ 23,260	\$ 23,260	\$ 23,260
Maintenance Program	1,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL GENERAL FUND	\$ 22,948	\$ 24,065	\$ 25,260	\$ 25,260	\$ 25,260	\$ 25,260	\$ 25,260

Historical and Museum Commission

PROGRAM OBJECTIVE: To assure provision of representative artifacts, specimens of history, art and science for all citizens through the support of museums within the Commonwealth.

Program: Museum Assistance

This program is comprised of three major components: the Museum Assistance and Local History Grant Program, Museum Assistance General Operating Support Program and the Keystone Recreation, Park and Conservation Fund Grant Program. The three programs provide financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Museum Assistance and Local History Grant Program, established in 1985, is a competitive financial assistance process available to all qualified history related institutions within Pennsylvania. Organizations may apply to the Historical and Museum Commission for projects in various grant categories ranging from the research of an historic event to a comprehensive exhibit plan and program having significant Statewide impact. Special Project Support Grants and Local History General Operating Grants, the largest of the financial award categories, require the successful grantee to provide dollar-for-dollar matching funds. All other categories are non-matching,

but grantees are encouraged to provide in-kind support where possible.

The Museum Assistance General Operating Support Program provides support to qualified history and cultural related institutions in the Commonwealth. Financial assistance to these institutions supports a portion of their general operating budgets.

The Keystone Recreation, Park and Conservation Fund Grant Program is a competitive grants process created by Act 50 of 1993. Funding is available to Pennsylvania non-profit organizations and public agencies that operate a publicly accessible historic property listed in, or eligible for, the National Register of Historic Places, or organizations that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in the areas of redevelopment, preservation, rehabilitation, restoration and other related projects.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Museum Assistance and Keystone project grants awarded.....	170	170	200	200	200	213	213
Museum Assistance general operating support grants awarded.....	125	155	155	155	155	155	155
Non-State dollars generated through matching grants (in thousands)	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450

Museum Assistance and Keystone project grants awarded and Museum Assistance general operating support grants can vary from year to year based on the average award amount.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Museum Assistance Grants \$ -2,000 —nonrecurring projects.</p> <p>Historical Education and Museum Assistance \$ -3,385 —nonrecurring project.</p> <p>Regional History Centers \$ -600 —nonrecurring project.</p>	<p>State-Aided Museums \$ -250 —nonrecurring projects.</p> <p>KEYSTONE RECREATION, PARK AND CONSERVATION FUND Historic Site Development-Realty Transfer Tax (EA) \$ -2,303 —nonrecurring projects.</p>
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Historical and Museum Commission

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Museum Assistance Grants.....	\$ 5,135	\$ 6,135	\$ 4,135	\$ 4,135	\$ 4,135	\$ 4,135	\$ 4,135
Historical Education & Museum							
Assistance.....	2,225	3,385	0	0	0	0	0
Regional History Centers.....	550	600	0	0	0	0	0
University of Pennsylvania Museum.....	231	254	231	231	231	231	231
Carnegie Museum of Natural History	231	254	231	231	231	231	231
Carnegie Science Center	231	254	231	231	231	231	231
Franklin Institute Science Museum.....	699	769	699	699	699	699	699
Academy of Natural Sciences	428	471	428	428	428	428	428
African American Museum in Philadelphia	326	359	326	326	326	326	326
Everhart Museum	42	46	42	42	42	42	42
Mercer Museum.....	178	196	178	178	178	178	178
Whitaker Center for Science and the Arts .	128	141	128	128	128	128	128
TOTAL GENERAL FUND	<u>\$ 10,404</u>	<u>\$ 12,864</u>	<u>\$ 6,629</u>	<u>\$ 6,629</u>	<u>\$ 6,629</u>	<u>\$ 6,629</u>	<u>\$ 6,629</u>
 KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development - Realty							
Transfer Tax (94-04) (EA)	\$ 10,967	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Historic Site Development - RTT							
(Current Year) (EA)	<u>11,041</u>	<u>13,533</u>	<u>11,230</u>	<u>11,920</u>	<u>12,908</u>	<u>13,909</u>	<u>14,611</u>
TOTAL GENERAL FUND	<u>\$ 22,008</u>	<u>\$ 13,533</u>	<u>\$ 11,230</u>	<u>\$ 11,920</u>	<u>\$ 12,908</u>	<u>\$ 13,909</u>	<u>\$ 14,611</u>



INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority (PENNVEST) is to improve Pennsylvania's water and foster job creation opportunities through the provision of low interest loans and limited grants to municipalities, municipal authorities and private entities for the construction of drinking water, wastewater, and stormwater projects.

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized in Act 16 of 1988.

Infrastructure Investment Authority

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
(F)Sewage Projects Revolving Loan Fund.....	\$ 102,069	\$ 90,050	\$ 77,050
(F)Drinking Water Projects Revolving Loan Fund.....	40,976	40,490	38,635
Subtotal - Federal Funds.....	143,045	130,540	115,685
Total - Grants and Subsidies.....	<u>\$ 143,045</u>	<u>\$ 130,540</u>	<u>\$ 115,685</u>
GENERAL FUND TOTAL.....	<u>\$ 143,045</u>	<u>\$ 130,540</u>	<u>\$ 115,685</u>
ENVIRONMENTAL STEWARDSHIP FUND:			
<i>Grants and Subsidies:</i>			
Storm Water, Water and Sewer Grants (EA).....	<u>\$ 17,214</u>	<u>\$ 13,722^a</u>	<u>\$ 16,379^a</u>
OTHER FUNDS:			
PENNVEST FUND:			
PENNVEST Operations (EA).....	\$ 3,141	\$ 3,211	\$ 3,589
Grants - Other Revenue Sources (EA).....	5,000	4,000	3,500
Revenue Bond Loan Pool (EA).....	10	10	10
Public Revolving Loans and Administration.....	71,482	44,000	44,000
Private Revolving Loans.....	3,896	8,000	4,000
Growing Greener Grants.....	19,938	25,000	20,000
PENNVEST FUND TOTAL.....	<u>\$ 103,467</u>	<u>\$ 84,221</u>	<u>\$ 75,099</u>
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund.....	\$ 9,243	\$ 18,000	\$ 15,770
Additional Sewage Projects Revolving Loans (EA).....	71,074	65,000	110,000
Sewage Projects Revolving Loan Fund (F)(EA).....	0 ^b	0 ^b	0 ^b
On-lot Sewage Disposal Systems (F)(EA).....	0 ^c	0 ^c	0 ^c
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL.....	<u>\$ 80,317</u>	<u>\$ 83,000</u>	<u>\$ 125,770</u>
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund.....	\$ 5,003	\$ 4,500	\$ 8,694
Additional Drinking Water Projects Revolving Loans (EA).....	26,843	25,000	25,000
Drinking Water Projects Revolving Loan Fund (F)(EA).....	0 ^d	0 ^d	0 ^d
Loan Program Administration (F)(EA).....	0 ^e	0 ^e	0 ^e
Technical Assistance to Small Systems (F)(EA).....	1,000	1,000	650
Assistance to State Programs (F)(EA).....	3,000	3,000	3,500
Local Assistance and Source Water Pollution (F)(EA).....	5,000	5,000	3,000
PENNVEST DRINKING WATER REVOLVING FUND TOTAL.....	<u>\$ 40,846</u>	<u>\$ 38,500</u>	<u>\$ 40,844</u>
PENNVEST REVOLVING FUND:			
Drinking Water Supplies Revolving Fund.....	<u>\$ 3,390</u>	<u>\$ 0</u>	<u>\$ 0</u>
PENNVEST NON-REVOLVING FUND:			
Drinking Water Supplies Nonrevolving Fund.....	<u>\$ 40,083</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
WATER SUPPLY AND WASTE WATER TREATMENT FUND:			
Water Supply and Wastewater Projects (EA).....	<u>\$ 0</u>	<u>\$ 35,000^f</u>	<u>\$ 15,000^f</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	17,214	13,722	16,379
FEDERAL FUNDS.....	143,045	130,540	115,685
OTHER FUNDS.....	268,103	290,721	306,713
TOTAL ALL FUNDS.....	\$ 428,362	\$ 434,983	\$ 438,777

^a Represents maximum amount available under current law. Act 45 of 2005 authorizes the use of up to \$2.5 million of this allocation for a Green Sales Tax Holiday and up to \$10 million for Historic Preservation Grants or Tax Credits if enabling legislation is enacted for these purposes.

^b Not added to the total to avoid double counting Federal funds: 2005-06 Actual is \$102,019,000, 2006-07 Available is \$90,000,000 and 2007-08 Budget is \$77,000,000.

^c Not added to the total to avoid double counting Federal funds: 2005-06 Actual is \$50,000, 2006-07 Available is \$50,000 and 2007-08 Budget is \$50,000.

^d Not added to the total to avoid double counting Federal funds: 2005-06 Actual is \$29,599,000, 2006-07 Available is \$30,000,000 and 2007-08 Budget is \$30,000,000.

^e Not added to the total to avoid double counting Federal funds: 2005-06 Actual is \$1,478,000, 2006-07 Available is \$1,490,000 and 2007-08 Budget is \$1,485,000.

^f Actually appropriated as \$50,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PENNVEST							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	17,214	13,722	16,379	17,352	15,377	13,380	11,768
FEDERAL FUNDS.....	143,045	130,540	115,685	115,685	115,685	115,685	115,685
OTHER FUNDS.....	268,103	290,721	306,713	291,713	291,713	291,713	291,713
SUBCATEGORY TOTAL.....	\$ 428,362	\$ 434,983	\$ 438,777	\$ 424,750	\$ 422,775	\$ 420,778	\$ 419,166
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	17,214	13,722	16,379	17,352	15,377	13,380	11,768
FEDERAL FUNDS.....	143,045	130,540	115,685	115,685	115,685	115,685	115,685
OTHER FUNDS.....	268,103	290,721	306,713	291,713	291,713	291,713	291,713
DEPARTMENT TOTAL.....	\$ 428,362	\$ 434,983	\$ 438,777	\$ 424,750	\$ 422,775	\$ 420,778	\$ 419,166

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 provided additional grant funds for storm-water, water and sewer projects as part of the Growing Greener initiatives. Act 218 of 2004 established the Water Supply and Wastewater Treatment Fund and authorized an additional \$50 million in funding that the Authority will use as grants for combined sewer overflow, sanitary sewer overflow and nutrient reduction technology projects. Added to this are interest earnings on

the fund's cash flow, and interest and principal payments made on loans.

PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and stormwater systems they own. Loans are available to individual homeowners to upgrade their on-lot septic systems. The Pennsylvania Infrastructure Investment Authority, supported by the Department of Environmental Protection, helps system owners apply for funding, provides technical assistance in planning and designing projects and, if necessary, reviews the applicant operations to improve efficiency.

To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income, and loan repayments. Loans and grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving Fund combines the Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Revolving Fund combines Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund receives the proceeds from the sale of bonds mentioned above. The PENNVEST Revenue Bond Pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST Revenue Bonds.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
PENNVEST awards (in millions):							
Loans.....	\$278	\$280	\$280	\$280	\$280	\$280	\$280
Grants.....	68	15	15	15	15	15	15
Total.....	\$346	\$295	\$295	\$295	\$295	\$295	\$295
Projects as a percentage of total funding:							
Wastewater Projects.....	78%	86%	80%	80%	80%	80%	80%
Drinking Water Projects.....	21%	13%	19%	19%	19%	19%	19%
Stormwater Projects.....	1%	1%	1%	1%	1%	1%	1%
Combined Sewer Overflow (CSO) projects awarded (as a percentage of wastewater funding).....							
	21%	30%	25%	25%	25%	25%	25%
Sanitary Sewer Overflow (SSO) projects awarded (as a percentage of wastewater funding).....							
	29%	37%	30%	30%	30%	30%	30%

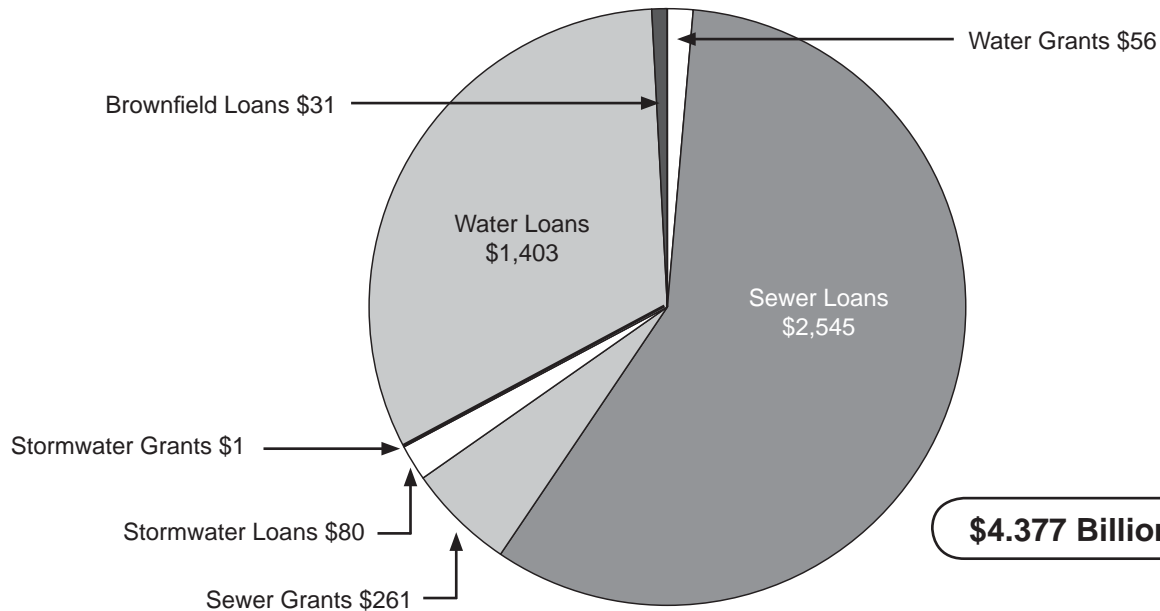
Infrastructure Investment Authority

Program: PENNVEST (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Nutrient Reduction Technology (NRT) projects awarded (as a percentage of wastewater funding).....	22%	8%	20%	20%	20%	20%	20%
Other projects awarded (as a percentage of wastewater funding)*	28%	25%	25%	25%	25%	25%	25%
PENNVEST projects implemented	91	126	91	91	91	91	91
Median time from application submittal to funding approval (in days)	43	56	45	45	45	45	45
Median time from funding approval to settlement (in days)	295	174	180	180	180	180	180

*New program measure.

Total Loans and Grants Approved 1988 Through December 2006 (millions of dollars)



Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

ENVIRONMENTAL STEWARDSHIP FUND PENNVEST

\$ 2,657 —to continue current program.

Grant disbursements totalling \$3.5 million and administrative costs are to be funded from existing non-General Fund sources.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
ENVIRONMENTAL STEWARDSHIP FUND:							
Storm Water, Water and Sewer Grants (EA).....	\$ 17,214	\$ 13,722	\$ 16,379	\$ 17,352	\$ 15,377	\$ 13,380	\$ 11,768



INSURANCE DEPARTMENT

The mission of the Insurance Department is to serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

The Insurance Department executes the insurance laws of the Commonwealth, monitors the financial solvency of insurance companies conducting business in Pennsylvania, regulates insurance rates and policy forms, licenses insurance companies and producers to conduct business in the State, and liquidates insolvent insurance companies. The department answers consumer inquiries, responds to consumer complaints, and produces and distributes educational information on insurance.

The Insurance Department manages the Children's Health Insurance Program (CHIP), Adult Health Insurance program, the Medical Care Availability and Reduction of Error (Mcare) program, the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund, and the Workers' Compensation Security Fund.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 23,042	\$ 23,066	\$ 23,520
(A)Companies in Liquidation.....	748	1,172	982
(A)Duplicating and Mailing Services.....	14	15	15
(A)Reimbursements - Examination Travel.....	680	800	800
(A)Reimbursement Examination Fees.....	0	1,812	1,812
(A)Reimbursements - Market Conduct Travel.....	564	475	475
Rx for PA- Small Business Regulation.....	0	0	268
Children's Health Insurance Administration.....	1,944	2,300	2,381
(F)Children's Health Insurance Administration.....	4,932	5,008	5,183
Adult Health Insurance Administration.....	2,677	2,707	3,458
(R)Cover All Pennsylvanians Initial Implementation (EA).....	0	0	5,500
(R)Cover All Pennsylvanians Administration (EA).....	0	0	5,525
Subtotal - State Funds.....	\$ 27,663	\$ 28,073	\$ 29,627
Subtotal - Federal Funds.....	4,932	5,008	5,183
Subtotal - Augmentations.....	2,006	4,274	4,084
Subtotal - Restricted Revenues.....	0	0	11,025
Total - General Government.....	\$ 34,601	\$ 37,355	\$ 49,919
<i>Grants and Subsidies:</i>			
(R)Cover All Pennsylvanians (EA).....	\$ 0	\$ 0	\$ 511
(R)Cover All Pennsylvanians-MA (F).....	0	0	98,550
Subtotal.....	\$ 0	\$ 0	\$ 99,061
Children's Health Insurance.....	45,423	45,423	57,259
(F)Children's Health Insurance Program.....	153,171	172,487 ^a	197,113
Enhanced Children's Health Insurance.....	0	2,134	6,272
(F)Enhanced Children's Health Insurance.....	0	7,117	13,327
USTIF Loan Repayment.....	7,500	6,000	6,000
Subtotal - State Funds.....	\$ 52,923	\$ 53,557	\$ 69,531
Subtotal - Federal Funds.....	153,171	179,604	210,440
Subtotal - Restricted Revenues.....	0	0	99,061
Total - Grants and Subsidies.....	\$ 206,094	\$ 233,161	\$ 379,032
STATE FUNDS.....	\$ 80,586	\$ 81,630	\$ 99,158
FEDERAL FUNDS.....	158,103	184,612	215,623
AUGMENTATIONS.....	2,006	4,274	4,084
RESTRICTED REVENUES.....	0	0	110,086
GENERAL FUND TOTAL.....	\$ 240,695	\$ 270,516	\$ 428,951
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Cover All Pennsylvanians (EA).....	\$ 0	\$ 0	\$ 31,331
Adult Health Insurance Program (EA).....	74,293	61,597	28,489
Total - Grants and Subsidies.....	\$ 74,293	\$ 61,597	\$ 59,820
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 74,293	\$ 61,597	\$ 59,820

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
OTHER FUNDS:			
TOBACCO SETTLEMENT FUND:			
Cover All Pennsylvanians-CHR (R).....	\$ 0	\$ 0	\$ 52,167
Community Health Reinvestment (R).....	59,159	90,000	47,433
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 59,159	\$ 90,000	\$ 99,600
GENERAL FUND:			
Children's Health Insurance Program (R).....	\$ 28,384	\$ 38,897	\$ 35,500
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
CAT Administration (EA).....	\$ 2,300	\$ 2,355	\$ 1,620
CAT Claims (EA).....	9,250	7,909	7,457
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL.....	\$ 11,550	\$ 10,264	\$ 9,077
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND:			
General Operations (EA).....	\$ 23,623	\$ 24,882	\$ 25,358
Payment of Claims (EA).....	232,589	320,000	275,000
Loan Repayment (EA).....	215,280	0	0
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL.....	\$ 471,492	\$ 344,882	\$ 300,358
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA).....	\$ 7,500	\$ 7,986	\$ 6,651
Claims (EA).....	65,000	76,954	72,732
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 72,500	\$ 84,940	\$ 79,383
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 80,586	\$ 81,630	\$ 99,158
SPECIAL FUNDS.....	74,293	61,597	59,820
FEDERAL FUNDS.....	158,103	184,612	215,623
AUGMENTATIONS.....	2,006	4,274	4,084
RESTRICTED.....	0	0	110,086
OTHER FUNDS.....	643,085	568,983	523,918
TOTAL ALL FUNDS.....	\$ 958,073	\$ 901,096	\$ 1,012,689

^a Includes recommended supplemental appropriation of \$5,804,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND.....	\$ 80,586	\$ 81,630	\$ 99,158	\$ 116,515	\$ 130,222	\$ 149,795	\$ 174,399
SPECIAL FUNDS.....	74,293	61,597	59,820	67,517	65,095	44,359	36,403
FEDERAL FUNDS.....	158,103	184,612	215,623	236,444	263,447	178,182	178,737
OTHER FUNDS.....	645,091	573,257	638,088	992,783	1,155,102	1,350,038	1,547,247
SUBCATEGORY TOTAL.....	\$ 958,073	\$ 901,096	\$ 1,012,689	\$ 1,413,259	\$ 1,613,866	\$ 1,722,374	\$ 1,936,786
ALL PROGRAMS:							
GENERAL FUND.....	\$ 80,586	\$ 81,630	\$ 99,158	\$ 116,515	\$ 130,222	\$ 149,795	\$ 174,399
SPECIAL FUNDS.....	74,293	61,597	59,820	67,517	65,095	44,359	36,403
FEDERAL FUNDS.....	158,103	184,612	215,623	236,444	263,447	178,182	178,737
OTHER FUNDS.....	645,091	573,257	638,088	992,783	1,155,102	1,350,038	1,547,247
DEPARTMENT TOTAL.....	\$ 958,073	\$ 901,096	\$ 1,012,689	\$ 1,413,259	\$ 1,613,866	\$ 1,722,374	\$ 1,936,786

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, to provide a fair regulatory climate that will encourage insurance companies to conduct business in the Commonwealth and administer the CHIP and Adult Health Insurance programs.

Program Element: Protection and Regulation

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; and reviews and approves about 15,000 rate and policy form filings each year. It analyzes annual and quarterly financial statements and other corporate transactions filed by insurance companies and other regulated entities; conducts an average of 90 on-site financial examinations of domestic insurance companies each year; conducts adjudicatory hearings; and handles over 735,000 consumer and producer interventions and inquiries annually.

The financial condition of insurers licensed to transact business in Pennsylvania is monitored and regulated through the department's examination and financial analysis functions. Because of the concern regarding the number of financially troubled insurers and national attention focused on the quality of state regulation and insurer solvency, the department continues to commit its resources to solvency regulation. The department has implemented risk-based capital requirements for all types of insurers and increased its use of targeted or limited scope financial examinations in response to market conditions or deteriorating insurer financial results. Resources continue to be focused on improving the effectiveness of regulatory actions taken to correct problems before they lead to insolvency.

The Federal Gramm-Leach-Bliley Financial Services Modernization Act of 1999 enables insurance companies, banks and securities firms to merge and sell one another's products. Pennsylvania is acting in concert with other states to develop a blueprint for state insurance regulation. The Insurance Department is working toward educating consumers with respect to the vast array of products available and providing a regulatory climate that will enable insurance companies to remain competitive in an increasingly global marketplace. Additional coordination with other states aims for more uniform and streamlined producer licensing.

The Consumer Liaison office established in 2004 enhances the department's role as an active advocate

for insurance consumers. The Insurance Department's three regional offices provide the public with insurance information, education and complaint resolution services. The department conducts field investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company records, files and operations.

The Insurance Commissioner by law serves as statutory liquidator/receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court and for unlicensed insurance entities.

Program Element: Consumer Insurance

The Children's Health Insurance Program (CHIP) was established by Act 113 of 1992 and significantly expanded with the passage of Act 68 of 1998. CHIP makes comprehensive free or low-cost health insurance available to the children of low-income working parents. CHIP offers a comprehensive package of benefits, including well child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services and hearing, vision and dental services. Act 136 of 2006 enhanced the program creating Cover All Kids which provides access to health insurance coverage for all uninsured children. There are increased income eligibility limits for subsidized coverage, with cost-sharing on a sliding scale, up to 300 percent of poverty with higher-income families able to purchase health care coverage at-cost. The coverage is funded from a portion of cigarette tax receipts, a State appropriation, the Federal State Children's Health Insurance Program under Title XXI of the Social Security Act, and payments by participating working families in accordance with a sliding fee scale. As of December 2006 enrollment was about 150,819 children.

Act 77 of 2001 established the Tobacco Settlement Fund and provided funding for programs that improve the health status of Pennsylvania citizens. A portion of fund revenues is provided for the Adult Health Insurance program which began coverage on July 1, 2002. The program provides health care insurance for adults between 19 and 65 years of age whose household income is less than 200 percent of poverty and who are ineligible for other insurance. The department's responsibility includes contracting with insurers for a benefit package and providing for outreach activities. Enrolled adults contribute monthly to the cost of the coverage. Additional funds for the adult health program have come from the health care industry in the form of Community Health Reinvestment funds. These funds are used to expand the provision of health

Program: Insurance Industry Regulation (continued)

insurance to qualified adults throughout the Commonwealth of Pennsylvania. Enrollment as of December 2006 was 53,535.

This budget recommends a new health insurance program, Cover All Pennsylvanians, which will provide access to basic and affordable health care coverage for all uninsured adults in Pennsylvania. Through extensive outreach efforts, increased income eligibility for subsidized care and new opportunities to purchase at-cost, Cover All Pennsylvanians will enroll approximately 148,000 adults in 2007-08 and additional adults thereafter. Please see the Making Pennsylvania more competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

The Catastrophic Loss Benefits Continuation Fund, funded through certain motor vehicle violation surcharge fees, provides benefits to Pennsylvanians who were catastrophically injured in motor vehicle accidents prior to January 1, 1990, and incurred medical expenses in excess of \$100,000. Effective January 1, 2004, the surcharge fees are deposited to the Medical Care Availability and Reduction of Error (Mcare) Fund for a ten-year period and then revert to the General Fund. Revenue from investment income will continue to accrue to this fund.

The Underground Storage Tank Indemnification Fund, established pursuant to Act 32 of 1989, the Storage Tank and Spill Prevention Act, provides claims payments to owners and operators of underground storage tanks. The program is funded through a fee schedule based on the type of product stored in the underground storage tank.

In addition to making claim payments to eligible tank owners or operators for damages caused by releases from their tanks, programs include the Tank Installation Indemnification Program in the Insurance Department, the Upgrade Loan Program in the Department of Community and Economic Development, and the Pollution Prevention and Environmental Clean-Up Program through the Department of Environmental Protection.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund; the act established requirements for basic insurance coverage for health care providers and for their purchase of excess insurance through this program. The program is responsible for payment of claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of basic insurance coverage. Revenue is derived by levying an annual surcharge on health care providers and from motor vehicle violation surcharges. Act 44 of 2003 provides for the Health Care Provider Retention Account, which will receive 18.52% of the cigarette tax for a program to subsidize Mcare premiums. This program has provided surcharge abatements to health care providers for calendar years 2003 and 2004. Act 154 of 2004 extended the abatement for one more year. Act 88 of 2005 added an additional year and included nursing homes as eligible. Act 128 of 2006 extended the abatement through 2007. Abatements are 100% of the Mcare billing for providers in high rate classes and 50% abatement for others.

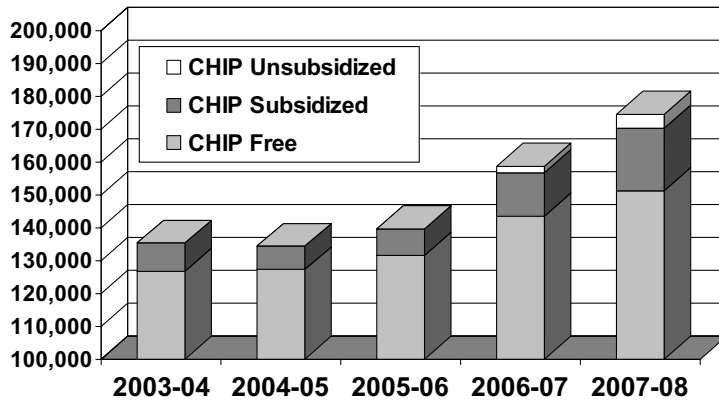
Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Companies in liquidation	16	10	8	6	4	0	0
Administrative hearings held	195	180	180	180	180	180	180
Rate filings reviewed	6,590	6,500	6,500	6,500	6,500	6,500	6,500
Form filings reviewed.....	8,711	7,900	7,900	7,900	7,900	7,900	7,900
Enforcement investigations completed.....	350	350	350	350	350	350	350
Insurer Market Conduct Examinations completed	35	35	35	35	35	35	35
Company financial and corporate filings reviewed	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Cost per Company licensing and financial analysis.....	\$463	\$463	\$463	\$463	\$463	\$463	\$463
Consumer interventions*	150,000	162,000	163,000	164,000	165,000	166,000	167,000
Children's Health Insurance Program enrollment.....	138,665	158,712	174,531	187,056	204,065	206,735	210,541
Percentage of CHIP applications filed electronically	9%	9%	9%	9%	10%	10%	10%
Adult Health Insurance enrollment**.....	40,810	52,406	0	0	0	0	0
Cover All Pennsylvanians enrollment* **	NA	NA	147,939	227,391	253,904	306,573	411,507

*New measures.

**In 2007-08 it is proposed that the Adult Health Insurance program be expanded to become Cover All Pennsylvanians. As of January 2008 those enrolled in the current program will be transferred into Cover All Pennsylvanians and are counted in this program from 2007-08 and thereafter.

Program: Insurance Industry Regulation (continued)

Children's Health Insurance Children Served



Pennsylvania's Children Health Insurance Program has been a national leader in ensuring that free or subsidized health care is available for children of low-income families. It is projected that with the Cover All Kids Program almost 175,000 uninsured children will be served in 2007-08.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	
	General Government Operations	
\$ 454	—to continue current program.	
	Rx for PA- Small Business Regulation	
\$ 268	—Initiative — Strengthening Small Business Insurance Regulation. To expand premium rate review authority to all insurers providing coverage in the small employer market.	
	Children's Health Insurance Administration	
\$ 81	—to continue current program.	
	Adult Health Insurance Administration	
\$ 751	—to continue current program.	
	Children's Health Insurance	
\$ 11,836	—to continue current program.	
	Enhanced Children's Health Insurance	
\$ 4,138	—to continue current program.	

In addition, this budget recommends \$11,536,000 in restricted funds and \$98,550,000 in federal funds for the implementation of Cover All Pennsylvanians, including the provision of health care coverage for approximately 148,000 uninsured adults. Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

USTIF Loan Repayment is funded at the current year appropriation level.

	TOBACCO SETTLEMENT FUND	
	Cover All Pennsylvanians	
\$ 31,331	—Initiative — Cover All Pennsylvania. To provide health insurance coverage for approximately 148,000 additional uninsured adults through Cover All Pennsylvanians.	
	Adult Health Insurance	
\$ -33,108	—reflects the conversion of the current program to the new Cover All Pennsylvanians program.	
	This budget recommends the following from a restricted account:	
	Cover All Pennsylvanians-CHR	
\$ 52,167	—Initiative — Cover All Pennsylvania. To provide health insurance coverage for approximately 148,000 additional uninsured adults through Cover All Pennsylvanians.	
	Community Health Reinvestment	
\$ -42,567	—reflects the conversion of the current program to the new Cover All Pennsylvanians program.	

Program: Insurance Industry Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 23,042	\$ 23,066	\$ 23,520	\$ 23,520	\$ 23,520	\$ 23,520	\$ 23,520
Rx for PA- Small Business Regulation	0	0	268	327	327	327	327
Children's Health Insurance Administration	1,944	2,300	2,381	2,381	2,381	2,381	2,381
Adult Health Insurance Administration	2,677	2,707	3,458	3,458	3,458	3,458	3,458
Children's Health Insurance	45,423	45,423	57,259	65,871	72,743	81,082	99,831
Enhanced Children's Health Insurance	0	2,134	6,272	10,958	17,793	29,027	34,882
USTIF Loan Repayment	7,500	6,000	6,000	10,000	10,000	10,000	10,000
TOTAL GENERAL FUND	\$ 80,586	\$ 81,630	\$ 99,158	\$ 116,515	\$ 130,222	\$ 149,795	\$ 174,399
TOBACCO SETTLEMENT FUND:							
Cover All Pennsylvanians (EA)	\$ 0	\$ 0	\$ 31,331	\$ 67,517	\$ 65,095	\$ 44,359	\$ 36,403
Adult Health Insurance Program (EA)	74,293	61,597	28,489	0	0	0	0
TOTAL GENERAL FUND	\$ 74,293	\$ 61,597	\$ 59,820	\$ 67,517	\$ 65,095	\$ 44,359	\$ 36,403



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations	\$ 14,612	\$ 14,919	\$ 15,585
(F) Workforce Investment Act - Administration	8,500	11,000	11,000
(F) Community Service and Corps	10,067	10,067	10,067
(F) Disability Determination	91,881	92,997	96,888
(F) New Hires	1,738	1,738	1,647
(F) Career Resource Network (EA)	150	100	150
(A) Federal Indirect Cost Reimbursements	3,500	3,500	3,500
(A) Interpreter Registry	21	1	20
(A) National Governors' Association	35	0	0
Subtotal	\$ 130,504	\$ 134,322	\$ 138,857
Occupational and Industrial Safety	11,626	12,334	12,894
(A) Federal Indirect Cost Reimbursements	1,007	1,000	1,000
PENNSAFE	1,258	1,341	1,465
(F) Underground Utility Line Protection	500	500	500
(R) Asbestos and Lead Certification (EA)	1,788	1,788	1,955
Pennsylvania Conservation Corps	5,472	5,962	6,774
Subtotal - State Funds	\$ 32,968	\$ 34,556	\$ 36,718
Subtotal - Federal Funds	112,836	116,402	120,252
Subtotal - Augmentations	4,563	4,501	4,520
Subtotal - Restricted Revenues	1,788	1,788	1,955
Total - General Government	\$ 152,155	\$ 157,247	\$ 163,445
<i>Grants and Subsidies:</i>			
Occupational Disease Payments	\$ 1,529	\$ 1,328	\$ 1,144
Vocational Rehabilitation Services	3,600	3,600	3,600
Entrepreneurial Assistance	955	955	955
Transfer to Vocational Rehabilitation Fund	38,083	38,083	38,083
Supported Employment	1,039	1,039	1,039
Centers for Independent Living	2,250	2,250	1,800
Workers' Compensation Payments	155	131	1,000
Training Activities	17,025	17,025	17,025
Assistive Technology	801	1,301	801
Self Employment Assistance	2,500	3,000	0
Employment Services	9,200	20,900	0
(F) Reed Act - Unemployment Insurance	12,000	12,000	12,000
(F) Reed Act - Employment Services	24,308 a	300,000	250,000
(F) WIA - Adult Employment and Training	60,000	60,000	60,000
(F) WIA - Youth Employment and Training	52,000	52,000	52,000
(F) WIA - Statewide Activities	23,000	23,000	23,000
(F) WIA - Dislocated Workers	109,000	109,000	109,000
(F) WIA - Veterans Employment and Training	900	900	900
(F) TANFBG - Youth Employment and Training	15,000	15,000	15,000
(F) Joint Jobs Initiative (EA)	129,246	115,199	115,199
(F) New Directions (EA)	999	999	999
(F) Comprehensive Workforce Development (EA)	1,500	1,500	1,500
(A) Joint Jobs Initiative	40,135	40,135	40,135
(A) Careerlink	640	0	0
(A) New Directions	1,487	1,590	1,590
Subtotal	\$ 479,415	\$ 752,223	\$ 681,323
(R) Cover All Pennsylvanians Initiative Implementation (EA)	0	0	20,000
(R) Cover All Pennsylvanians Administration (EA)	0	0	2,500
Industry Partnerships	5,000	5,000	5,000
Nursing Shortage Initiative	0	7,500	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(A)Nursing Shortage Initiative - PHEEA.....	0	0	7,500
Beacon Lodge Camp.....	105	105	105
Subtotal.....	\$ 105	\$ 7,605	\$ 7,605
Subtotal - State Funds.....	\$ 82,242	\$ 102,217	\$ 70,552
Subtotal - Federal Funds.....	427,953	689,598	639,598
Subtotal - Augmentations.....	42,262	41,725	49,225
Subtotal - Restricted Revenues.....	0	0	22,500
Total - Grants and Subsidies.....	\$ 552,457	\$ 833,540	\$ 781,875
STATE FUNDS.....	\$ 115,210	\$ 136,773	\$ 107,270
FEDERAL FUNDS.....	540,789	806,000	759,850
AUGMENTATIONS.....	46,825	46,226	53,745
RESTRICTED REVENUES.....	1,788	1,788	24,455
GENERAL FUND TOTAL.....	\$ 704,612	\$ 990,787	\$ 945,320
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Vending Machine Proceeds.....	\$ 1,614	\$ 569	\$ 752
ADMINISTRATION FUND:			
Administration of Unemployment.....	\$ 190,421	\$ 199,600	\$ 200,000
EMPLOYMENT FUND FOR THE BLIND:			
General Operations.....	\$ 1,166	\$ 1,265	\$ 1,270
JOB TRAINING FUND:			
Job Training Programs.....	\$ 3,000	\$ 4,000	\$ 3,500
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration.....	\$ 339	\$ 223	\$ 170
REHABILITATION CENTER FUND:			
General Operations.....	\$ 23,068	\$ 24,000	\$ 24,500
VOCATIONAL REHABILITATION FUND:			
General Operations (EA).....	\$ 39,922 ^b	\$ 39,922 ^b	\$ 40,322 ^b
Vocational Rehabilitation Services (F).....	142,741	137,302	136,899
VOCATIONAL REHABILITATION FUND TOTAL.....	\$ 182,663	\$ 177,224	\$ 177,221
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation.....	\$ 57,525	\$ 61,231	\$ 63,383
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 115,210	\$ 136,773	\$ 107,270
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	540,789	806,000	759,850
AUGMENTATIONS.....	46,825	46,226	53,745
RESTRICTED.....	1,788	1,788	24,455
OTHER FUNDS.....	459,796	468,112	470,796
TOTAL ALL FUNDS.....	\$ 1,164,408	\$ 1,458,899	\$ 1,416,116

^a Actually appropriated as \$315,935,000. Amount shown is the amount of Federal funds expended in 2005-06.

^b Transfer to Vocational Rehabilitation Fund and Supported Employment not added to the total to avoid double counting: 2005-06 Actual is \$39,238,000, 2006-07 Available is \$39,238,000, and 2007-08 Budget is \$39,238,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND.....	\$ 27,496	\$ 28,594	\$ 29,944	\$ 29,944	\$ 29,944	\$ 29,944	\$ 29,944
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	650	600	650	650	650	650	650
OTHER FUNDS.....	6,690	6,512	6,645	6,645	6,645	6,645	6,645
SUBCATEGORY TOTAL.....	\$ 34,836	\$ 35,706	\$ 37,239	\$ 37,239	\$ 37,239	\$ 37,239	\$ 37,239
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 1,684	\$ 1,459	\$ 2,144	\$ 2,144	\$ 2,144	\$ 2,144	\$ 2,144
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	93,619	94,735	98,535	98,535	98,535	98,535	98,535
OTHER FUNDS.....	250,946	264,831	266,883	266,883	266,883	266,883	266,883
SUBCATEGORY TOTAL.....	\$ 346,249	\$ 361,025	\$ 367,562	\$ 367,562	\$ 367,562	\$ 367,562	\$ 367,562
WORKFORCE INVESTMENT							
GENERAL FUND.....	\$ 39,197	\$ 59,387	\$ 28,799	\$ 28,799	\$ 28,799	\$ 28,799	\$ 28,799
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	446,520	710,665	660,665	660,665	660,665	660,665	660,665
OTHER FUNDS.....	42,262	41,725	71,725	57,558	58,058	58,058	58,558
SUBCATEGORY TOTAL.....	\$ 527,979	\$ 811,777	\$ 761,189	\$ 747,022	\$ 747,522	\$ 747,522	\$ 748,022
VOCATIONAL REHABILITATION							
GENERAL FUND.....	\$ 46,833	\$ 47,333	\$ 46,383	\$ 46,383	\$ 46,383	\$ 46,383	\$ 46,383
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	208,511	203,058	203,743	203,743	203,743	203,743	203,743
SUBCATEGORY TOTAL.....	\$ 255,344	\$ 250,391	\$ 250,126	\$ 250,126	\$ 250,126	\$ 250,126	\$ 250,126
ALL PROGRAMS:							
GENERAL FUND.....	\$ 115,210	\$ 136,773	\$ 107,270	\$ 107,270	\$ 107,270	\$ 107,270	\$ 107,270
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	540,789	806,000	759,850	759,850	759,850	759,850	759,850
OTHER FUNDS.....	508,409	516,126	548,996	534,829	535,329	535,329	535,829
DEPARTMENT TOTAL.....	\$ 1,164,408	\$ 1,458,899	\$ 1,416,116	\$ 1,401,949	\$ 1,402,449	\$ 1,402,449	\$ 1,402,949

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 the department mediates over 800 cases.

The Pennsylvania Labor Relations Board enforces and implements the provisions of the Commonwealth's laws relating to private and public sector collective bargaining, including the Pennsylvania Labor Relations Act, the Public Employe Relations Act and acts relating to police and fire employes. The board determines collective bargaining representatives, prevents and discourages unfair practices in the public sector, contributes to the resolution of bargaining disputes by the issuance of arbitration panels and the appointment of fact finders.

The Office of Labor-Management Cooperation promotes labor-management cooperation through the support of and coordination with the area labor-management committees throughout Pennsylvania. The Pennsylvania Bureau of Mediation provides technical assistance as facilitator for cooperative programs. In addition to promoting labor-management cooperation, the office also recognizes and awards existing successful labor-management cooperation efforts in the Commonwealth.

Program Element: Public Health and Safety

The Bureau of Occupational and Industrial Safety (BOIS) administers all the Pennsylvania Construction Code, Bedding and Upholstery, Stuffed Toy, Employment Agency, Flammable and Combustible Liquids, LP Gas, Boiler, Lead Certification, and Asbestos Occupations Accreditation and Certification Acts. The bureau enforces these acts through the promulgation of regulations, plan reviews and field inspections, licensing and certification, and complaint investigation.

Act 45 of 1999, the Pennsylvania Construction Code Act, required the department to adopt the International Codes as Pennsylvania's Uniform Construction Code (UCC), in place of disparate community-based codes previously in existence. As authorized by the act, the department has established a program of training, including continuing education, testing and certification for all persons enforcing any aspect of the UCC. Buildings must comply in seven distinct areas with the approved code for occupancy approval. These areas are (1) building, (2) electrical, (3) mechanical, (4) plumbing, (5) energy, (6) accessibility and (7) fire protection. Elevators and other lifting devices must also meet UCC requirements, which are administered and enforced solely by the department. Department certified inspectors will ensure compliance with approved plans prior to issuance of an occupancy permit. Of the 2,564 municipalities in the Commonwealth, 2,350 have opted for local UCC enforcement except where certified local code officials are not available to approve plans and inspect commercial construction for compliance with UCC accessibility requirements. The Department of Labor and Industry enforces the UCC in the 214 municipalities that have not chosen to provide their own enforcement. The department has sole jurisdiction for all State-owned buildings in the Commonwealth.

The Worker and Community Right-to-Know Act, administered by the Bureau of PENNSAFE, requires all employers doing business in Pennsylvania to provide certain information about hazardous chemicals found in their workplace and to make sure that information is available to emergency response organizations and the public. The department enforces worker right-to-know provisions for public employes and provides education and outreach programs. The Bureau of PENNSAFE also provides over 300 training sessions annually and technical assistance to employers to assist them in establishing and renewing department-certified workplace safety committees. The department also provides training and outreach programs related to underground utility line damage prevention.

Labor and Industry

Program: Community and Occupational Safety and Stability (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Income Security - Workers' Rights							
Minimum wage violations cited.....	409	508	508	508	508	508	508
Child labor law violations.....	168	256	256	256	256	256	256
Nonpayment of wage violations.....	4,642	4,984	4,984	4,984	4,984	4,984	4,984
Prevailing Wage Law violations.....	257	220	220	220	220	220	220
Prevailing Wage Law violations cases closed	418	365	365	365	365	365	365
Prevailing Wage Law violations cases closed -- average number of days.....	60	78	78	78	78	78	78
Labor Relations							
Mediated cases involving work stoppages:							
Public bargaining units	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Private bargaining units	0.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Unfair labor practice cases opened	575	536	550	550	550	550	550
Unfair labor practice cases concluded.....	558	624	550	550	550	550	550
Union representation cases opened	198	236	200	200	200	200	200
Union representation cases concluded	194	228	200	200	200	200	200
Public Health and Safety Inspections							
Building inspections performed	33,643	35,000	35,000	35,000	35,000	35,000	35,000
Elevator inspections performed.....	9,678	10,000	13,000	14,000	15,000	15,000	15,000
Boiler inspections performed.....	32,266	33,000	33,000	33,000	33,000	33,000	33,000
Other inspections performed.....	6,536	6,000	6,000	6,000	6,000	6,000	6,000
Total inspections performed.....	82,123	84,000	87,000	88,000	89,000	89,000	89,000
Building approvals issued.....	2,884	2,900	2,900	2,900	2,900	2,900	2,900
New buildings certified.....	3,032	3,700	3,700	3,700	3,700	3,700	3,700
Renovations of existing buildings certified..	974	1,000	1,000	1,000	1,000	1,000	1,000
Municipalities choosing to provide their own enforcement under the Uniform Construction Code Act.....							
Construction Code Act.....	2,282	2,282	2,282	2,282	2,282	2,282	2,282
Incident reports received	1,356	1,028	1,028	1,028	1,028	1,028	1,028

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		PENNSAFE
	General Government Operations		—to continue current program.
\$ 666	—to continue current program.	\$ 124	
	Occupational and Industrial Safety		—to continue current program.
\$ 560	—to continue current program.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government Operations	\$ 14,612	\$ 14,919	\$ 15,585	\$ 15,585	\$ 15,585	\$ 15,585	\$ 15,585
Occupational and Industrial Safety.....	11,626	12,334	12,894	12,894	12,894	12,894	12,894
PENNSAFE	1,258	1,341	1,465	1,465	1,465	1,465	1,465
TOTAL GENERAL FUND	\$ 27,496	\$ 28,594	\$ 29,944	\$ 29,944	\$ 29,944	\$ 29,944	\$ 29,944

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 through the insurance industry and self-insurers.

Act 57 of 1996 substantially amended the Workers' Compensation Act. The amendments addressed the high cost of workers' compensation in the Commonwealth with respect to premiums, wage benefits, medical treatment and review and litigation. The amendments were intended to provide expedited settlement of issues, reduce fraud, counteract disincentives to return to work, and encourage workplace safety. Their impact is a reduction of burdensomely high costs for businesses and the resultant improvement of the business climate in the Commonwealth.

Act 41 of 2001 amended the Workers' Compensation Act to transfer up to \$3.8 million from the Workmen's Compensation Administration Fund to the Self-Insurance Guaranty Fund's Prefund Account to pay workers' compensation benefits to eligible claimants injured prior

to Act 44 of 1993. Act 44 of 1993 provided for payments to eligible claimants from the Self-Insurance Guaranty Fund. Eligible claimants are those affected by defaulting self-insured employers or defaulting members of self-insurance pooling arrangements.

The department processes applications for Federal disability benefits, gathers medical evidence for each claim and makes recommendations to the Social Security Administration under the Social Security Administration's Disability Determination Program guidelines.

Occupational Disease Payments are made primarily to victims of silicosis, and related diseases, commonly referred to as "black lung." Victims of these diseases are covered based on their date of last exposure and disability.

Unemployment compensation payments are made to individuals who are unemployed through no fault of their own. The payments are funded from taxes on employers and employes paid into the Unemployment Compensation Trust Fund. Tax rates vary according to the employer's experience with unemployment and the financial condition of the fund. The maximum weekly benefit rate is calculated as 66 2/3% of the average weekly wage for the preceding fiscal year. The maximum weekly payment during calendar year 2006 was \$497 for an unemployed individual with no dependents and \$505 for an individual with two dependents.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Reportable injuries arising in the course of employment under the Workers' Compensation Act	108,979	108,000	108,000	108,000	108,000	108,000	108,000
Total petitions assigned resulting from reportable injuries under the Workers' Compensation Act	51,468	52,500	52,500	52,500	52,500	52,500	52,500
Number of closed workers' compensation petitions.....	54,053	53,500	53,500	53,500	53,500	53,500	53,500
Claimants qualifying for occupational disease payments from Commonwealth funds	786	757	720	684	650	617	586
Average time in days—Cases filed/ concluded (Workers' Compensation and Occupational Disease in which PA contests the liability for benefits)	241	255	253	251	248	248	248
New claims for unemployment compensation	601,143	608,000	615,000	613,000	613,000	613,000	613,000

Program: Workers' Compensation and Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:			
\$ -184	Occupational Disease Payments —nonrecurring payments.			In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund.
\$ 869	Workers Compensation Payments —to provide additional payments to recipients whose eligibility falls between March 1968 through August 1993 per Act 147 of 2006.			
		\$ 2,152		Administration of Workers' Compensation —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Occupational Disease Payments.....	\$ 1,529	\$ 1,328	\$ 1,144	\$ 1,144	\$ 1,144	\$ 1,144	\$ 1,144
Workers' Compensation Payments	155	131	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	\$ 1,684	\$ 1,459	\$ 2,144	\$ 2,144	\$ 2,144	\$ 2,144	\$ 2,144

PROGRAM OBJECTIVE: To provide meaningful job training and placement services in a coordinated role with other Commonwealth agencies, the private sector and the Federal Government in order to secure unsubsidized employment for unemployed Pennsylvanians.

Program: Workforce Investment

The Workforce Investment program provides a range of employment and training services administered by the bureaus of Workforce Development Partnership, Unemployment Compensation, the Pennsylvania Conservation Corps and the Center for Workforce Information and Analysis. The Department of Labor and Industry is the lead agency in administering interagency employment and training programs for Pennsylvania's adult labor force and youth. Programs assist people who are looking for work, including Temporary Assistance to Needy Families (TANF) clients and unemployed individuals, in skill development and in finding suitable employment, as well as assisting working Pennsylvanians with career advancements into family sustaining jobs. In addition, youth programs provide at risk youth with skill development, career education, and job placement.

In 2004-05, the Department of Labor and Industry, working with the Departments of Community and Economic Development and Education, published "Pennsylvania's Targeted Industry Clusters" in order to ensure that training and education programs are driven by employer demand. Through additional occupational analysis and the creation of Industry Partnerships (a consortium of similar businesses), existing training in all programs is being better aligned to meet the demands of employers – providing a skilled workforce for the Commonwealth's most competitive business sectors and opportunities for Pennsylvania citizens.

Act 5 of 2005 created the Job Training Fund to facilitate advances in workforce development in the Commonwealth. This fund will award annual grants to entities in specified rural counties which run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs.

Program Element – Workforce Investment Act

Local Workforce Investment Boards plan and oversee the local delivery of services with approval by the Governor. The boards, in partnership with local elected officials, identify providers of training services, monitor system performance and help develop the regional labor market information system. The Federal Workforce Investment Act (WIA) of 1998 was enacted to improve the delivery of job training services.

Funding for numerous programs has been consolidated under the WIA into three basic grants under Title I-B:

- adult employment and training,
- dislocated worker employment and training, and
- youth employment and training.

Eighty-five percent of the Federal funds appropriated for adult and youth services are allotted to local workforce investment areas; the remainder is reserved for Statewide activities.

In addition, the law gives states and local areas more authority and responsibility for job training needs and decisions, and individuals more customer choice.

Program Element – PA CareerLink

The former Job Centers have evolved into Pennsylvania CareerLinks, a one-stop services system. The transition has improved service for employers, job seekers and other customers by integrating systems and coordinating services. Services available at the PA CareerLink offices 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. In addition to physical locations, the PA CareerLink also offers an internet-based system that both employer and job seeker customers can access 24 hours a day and receive available services.

The PA CareerLink system of service is a cooperative effort involving the Departments of Aging, Community and Economic Development, Education, Labor and Industry, and Public Welfare in partnership with private sector employers, trade associations, local elected officials, job seekers and community leaders to provide a one-stop delivery of career services.

Program Element: Dislocated Workers

The department provides funds to assist dislocated workers through training programs, rapid response efforts, support services, and needs-based payments.

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.

Eighty percent of the funds Congress authorizes for dislocated workers are allotted to states. Of this allotment, sixty percent is allocated to local areas and forty percent is retained at the state level (fifteen percent for statewide activities and twenty-five percent for rapid response efforts). Local areas offer job search assistance and training services to dislocated workers.

Rapid Response is an early intervention service that assists workers, employers and communities affected by layoffs, plant closures, or natural disasters. The primary

Program: Workforce Investment (continued)

objective of the Rapid Response program is to provide workers with information on the services they need to allow them to find new jobs or get the training and education needed for new careers so that they can get back to work quickly. Through Rapid Response, workers are provided information about the following services: Unemployment Insurance, training opportunities, job search assistance, Trade Act programs, health insurance and pension benefits, social services and emergency assistance. Rapid Response also offers referrals to state and local economic development services designed to help businesses that are at risk of closing to keep their doors open.

Rapid Response activities are triggered when the Department of Labor and Industry learns of a planned closure or layoff either by receiving a notice under the Federal Worker Adjustment and Retraining Notification (WARN) Act, through the media, or by information provided by community and business leaders. Services may also be offered when Pennsylvania experiences mass job dislocation as the result of a disaster. There is no charge to the employer or employee for these services and they are provided regardless of the reason for the layoff.

Program Element: Pennsylvania Conservation Corps

The Pennsylvania Conservation Corps (PCC or Corps) incorporates a twofold mission: raising the skill level, self-confidence and employability of unemployed young adults, along with improving the Commonwealth's natural, historical and recreational resources. Corpsmembers are enrolled for a one-year term of service and may be extended for up to two additional six-month terms. In the course of their PCC service, members receive on-the-job training in a variety of trade skills, and are offered a range of academic, technical and life-skills training geared toward their individual needs and goals. Corpsmembers who do not have a high school diploma are required to enroll in GED-preparation classes. Those who graduate from high school or earn a GED are offered other training opportunities. A member whose assessment scores in any area are not at or above the eighth-grade level (regardless of whether or not the individual has a diploma or GED) must take adult basic education classes until his or her scores improve, at which point he or she becomes eligible for other training opportunities.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Work Investment Act Title I							
Percentage employed after program exit ...	57.0%	82.5%	84.0%	84.0%	84.0%	84.0%	84.0%
Entered employment by targeted industry cluster	39.0%	56.0%	57.0%	57.0%	57.0%	57.0%	57.0%
Employed for nine months after program exit	83.0%	81.5%	83.0%	83.0%	83.0%	83.0%	83.0%
Training cost per participant	\$2,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Average cost per participant placed in industry	\$2,666	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Percentage of participants employed, in military or in post-secondary education. ...	56.0%	61.0%	62.0%	62.0%	62.0%	62.0%	62.0%
Careerlink participation levels.....	10.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Percentage of unemployed Careerlink enrollees employed, in military or in post-secondary education.....	NA	82.0%	82.0%	82.0%	82.0%	82.0%	82.0%
Job orders filled by CareerLinks	46.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Job openings unfilled after three months....	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Wagner Peyser							
Percentage employed after program exit ...	NA	75%	77%	77%	77%	77%	77%
Entered employment by targeted industry cluster	NA	51%	52%	52%	52%	52%	52%
Employed for nine months after program exit	NA	85%	86%	86%	86%	86%	86%
Training cost per participant	NA	\$200	\$200	\$200	\$200	\$200	\$200
Average cost per participant placed in industry	NA	\$300	\$300	\$300	\$300	\$300	\$300
Pennsylvania Conservation Corps (PCC)							
Percentage employed after program exit ...	NA	60%	62%	64%	68%	70%	70%
Entered employment by targeted industry cluster	NA	41%	42%	44%	46%	48%	48%

Labor and Industry

Program: Workforce Investment (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Employed for nine months after program exit	NA	64%	65%	65%	65%	65%	65%
Percentage of participants employed, in military or in post-secondary education	NA	57%	60%	65%	65%	65%	65%
Percentage of participants who earned a degree, GED or certificate.	NA	99%	99%	99%	99%	99%	99%
Percentage of participants who increase educational functional levels.....	NA	25%	25%	25%	25%	25%	25%
Incumbent Workers							
Employed for nine months after program exit	NA	95%	95%	95%	95%	95%	95%
Training cost per participant	NA	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
Earnings increase.....	NA	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Industry Partnerships							
Number of partnerships.....	NA	25	25	25	25	25	25
Number of employers	NA	800	800	800	800	800	800

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Employment Services
\$ 812	Pennsylvania Conservation Corps	\$ -20,900		—nonrecurring projects.
	—to continue current program.			
\$ -3,000	Self Employment Assistance	\$ -7,500		Nursing Shortage Initiative
	—nonrecurring projects.			—Funding to be provided by PHEAA.

In addition, this budget recommends \$22,500,000 in restricted funds for the implementation of Cover All Pennsylvanians. Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Pennsylvania Conservation Corps	\$ 5,472	\$ 5,962	\$ 6,774	\$ 6,774	\$ 6,774	\$ 6,774	\$ 6,774
Training Activities.....	17,025	17,025	17,025	17,025	17,025	17,025	17,025
Self Employment Assistance	2,500	3,000	0	0	0	0	0
Employment Services.....	9,200	20,900	0	0	0	0	0
Industry Partnerships.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Nursing Shortage Initiative	0	7,500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 39,197	\$ 59,387	\$ 28,799	\$ 28,799	\$ 28,799	\$ 28,799	\$ 28,799

PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

This program, conducted in conjunction with the Federal Government, targets the estimated 540,000 citizens (Census 2000) of the Commonwealth who have physical or mental impairments that present a substantial impediment to employment. During 2006, approximately 85,700 customers with disabilities were referred to and/or served by the Office of Vocational Rehabilitation.

The Federal Rehabilitation Act of 1973, as amended through 1992, established eligibility criteria for vocational rehabilitation services. Services are provided to individuals with disabilities who can benefit from services to prepare for, enter or retain employment. Primary emphasis is placed on serving individuals with the most severe disabilities. These individuals generally require extensive and varied services over an extended period of time. State and Federal funds are expended through the Vocational Rehabilitation Fund. In addition, the fully State-funded Vocational Rehabilitation Services Program provides training and employment services to those who qualify for the Federal Program but are not in the highest priority group, or who only need very short-term services.

Act 15 of 1999 transferred the administration of services provided to persons who are blind or visually impaired from the Department of Public Welfare to the Department of Labor and Industry. This realignment provides more efficient and higher quality services while maintaining a distinct and specialized service model. Qualified applicants who are blind or visually impaired may receive specialized services through programs that are fully State-funded or through the Independent Living for Older Blind program

within the Rehabilitation Act. Services may coincide with vocational rehabilitation services or be provided separately, depending on the needs of the individual.

To address the needs of individuals who do not meet Federal eligibility criteria, State funds are provided for the Centers for Independent Living (CILs). CILs are non-residential centers that provide information and referral services, peer counseling, independent living skills training and other services to Pennsylvanians with disabilities.

The Supported Employment Program improves employment opportunities for those previously considered to have disabilities so severe that they could not benefit from the traditional vocational rehabilitation program. Supported employment combines job placement in the community with job training at the job site. Full-time training and support services are provided.

Grants are provided through the Independence Capital Access Network (ICAN) to businesses for the purchase of specialized or adaptive equipment to employ Pennsylvanians with disabilities.

This program also includes the Hiram G. Andrews Center (HGAC) in Johnstown. The center provides a wide array of vocational rehabilitation and job training services. HGAC draws funds from the Federal/State program as well as numerous grants and special projects.

The Office for the Deaf and Hard of Hearing responds to requests for information and referral, promotes access for people who are deaf, and provides public education about hearing loss and deafness.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Caseload							
Carry-over.....	55,926	54,485	53,763	52,902	51,826	50,862	50,607
New referrals	28,693	28,406	28,122	27,841	27,562	27,425	27,287
Total caseload.....	84,619	82,891	81,885	80,743	79,388	78,287	77,894
Cases closed							
Ineligible or plan not initiated.....	11,359	10,450	10,346	10,242	10,037	9,937	9,887
Placed in competitive employment	10,893	11,111	11,222	11,334	11,221	11,109	11,053
Nonrehabilitated	7,882	7,567	7,415	7,341	7,268	7,122	7,087
Total cases closed	30,134	29,128	28,983	28,917	28,526	28,168	28,027
Cases carried over	54,485	53,763	52,902	51,826	50,862	50,119	50,018
Most severely disabled rehabilitated	11,150	11,039	11,149	11,260	11,148	11,036	10,981
Services for the Visually Impaired							
Persons who are blind or visually impaired	84,487	81,952	81,952	81,952	81,952	81,952	81,952
Persons who are blind or visually impaired placed in employment.....	371	382	386	390	394	398	390

Labor and Industry

Program: Vocational Rehabilitation (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Economic/client earnings information							
Average weekly earnings for clients closed as competitively employed.....	\$357	\$354	\$357	\$361	\$365	\$368	\$370
Total weekly earnings for clients closed as competitively employed (in thousands).....	\$3,790	\$3,828	\$3,866	\$3,905	\$3,944	\$3,964	\$3,983
Average taxes paid by a competitively employed client.....	\$4,870	\$4,894	\$4,919	\$4,943	\$4,906	\$4,931	\$5,005
Total taxes paid by competitively employed clients (in thousands).....	\$51,378	\$52,919	\$53,978	\$54,518	\$55,063	\$55,613	\$56,169

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		Centers for Independent Living
\$	-450	—nonrecurring project.
		Assistive Technology
\$	-500	—nonrecurring project.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Vocational Rehabilitation Services	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Entrepreneurial Assistance.....	955	955	955	955	955	955	955
Transfer to Vocational Rehabilitation Fund	38,083	38,083	38,083	38,083	38,083	38,083	38,083
Supported Employment.....	1,039	1,039	1,039	1,039	1,039	1,039	1,039
Centers for Independent Living	2,250	2,250	1,800	1,800	1,800	1,800	1,800
Assistive Technology	801	1,301	801	801	801	801	801
Beacon Lodge Camp.....	105	105	105	105	105	105	105
TOTAL GENERAL FUND	\$ 46,833	\$ 47,333	\$ 46,383	\$ 46,383	\$ 46,383	\$ 46,383	\$ 46,383



LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; provide the best service to its customers through modern, convenient outlets, superior product selection and competitive prices in a controlled environment; and to provide factual information on alcohol and its effects through a comprehensive alcohol education program.

The Liquor Control Board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
(F)Enforcing Underage Drinking Laws (EA).....	\$ 356	\$ 260	\$ 360
(F)Rural Communities Initiative (EA).....	350	360	0
Subtotal - Federal Funds.....	706	620	360
Total - General Government.....	<u>\$ 706</u>	<u>\$ 620</u>	<u>\$ 360</u>
GENERAL FUND TOTAL.....	<u>\$ 706</u>	<u>\$ 620</u>	<u>\$ 360</u>
 <u>OTHER FUNDS:</u>			
STATE STORES FUND:			
General Operations (EA).....	\$ 322,377	\$ 353,206	\$ 362,411
Comptroller Operations (EA).....	8,070	8,070	8,379
Transfer of Profits to General Fund (EA).....	80,000	150,000	80,000
STATE STORES FUND TOTAL.....	<u>\$ 410,447</u>	<u>\$ 511,276</u>	<u>\$ 450,790</u>
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	706	620	360
OTHER FUNDS.....	410,447	511,276	450,790
TOTAL ALL FUNDS.....	<u>\$ 411,153</u>	<u>\$ 511,896</u>	<u>\$ 451,150</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
LIQUOR CONTROL							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	706	620	360	360	360	360	360
OTHER FUNDS.....	410,447	511,276	450,790	450,790	450,790	450,790	450,790
SUBCATEGORY TOTAL.....	\$ 411,153	\$ 511,896	\$ 451,150	\$ 451,150	\$ 451,150	\$ 451,150	\$ 451,150
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	706	620	360	360	360	360	360
OTHER FUNDS.....	410,447	511,276	450,790	450,790	450,790	450,790	450,790
DEPARTMENT TOTAL.....	\$ 411,153	\$ 511,896	\$ 451,150	\$ 451,150	\$ 451,150	\$ 451,150	\$ 451,150

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 635 State Liquor Stores operated by the Liquor Control Board. This includes both retail sales to individual consumers and wholesale sales to those private establishments that make retail sales of alcoholic beverages by the drink. The State Liquor Stores include seven outlet border stores, 20 one-stop shops located in grocery stores and 73 Premium Collection stores.

Revenues from the sale of wines and spirits cover the cost of merchandise sold in the stores, all costs of operating the Liquor Control Board and the cost of operating the Office of the Comptroller for the Board. Additionally, these revenues fund the costs of the Pennsylvania State Police Bureau of Liquor Control Enforcement and provide funding to the Pennsylvania Department of Health to support drug and alcohol programs.

The Liquor Control Board's marketing strategy is geared to offering increased service to customers of legal age while maintaining the necessary controls at the point of purchase of alcoholic beverages. In fiscal year 2005-06, more than 922,000 documented minor challenges were performed in sales situations where store employees had concern regarding the legal age requirement of potential buyers. Recent agency initiatives to increase service include an expanded premium product selection including: the Chairman's Selection, the opening of Premium Collection stores, an E-Commerce site for purchase of products, and the opening of Liquor Control Board operated stores within existing grocery store outlets. Expanded customer service has resulted from amendments to the Liquor Code which have allowed implementation of consumer-oriented changes within the store environment including trade publication and accessory item sales, in-store sampling of products, Sunday sales in up to 25% of the State stores, gift card sales, and instantly redeemable coupons.

The Board licenses private establishments that make retail sales of alcoholic beverages by the drink and regulates the sale of malt and brewed beverages by licensing the distributors, restaurants, hotels and clubs that sell these items. In 2001, Act 141 revised the existing license quota system from municipal-based to county-based to allow for flexibility of licenses in developing areas most needed within the counties.

The Liquor Control Board has established an important Nuisance Bar Program to ensure the safety and security of our citizens. This program supports a task force that utilizes the expertise of representatives of community affairs offices, district attorney offices, local and state police, drug task forces, local communities and the General Assembly. If it is determined that a licensed business has abused its license privilege and, through its conduct or record of violations, demonstrates a pattern of activities that threatens the health and safety of the local community, the Liquor Control Board will refuse to renew its license. Through January of 2007 the Board has objected to the renewal of over 1,113 licenses.

In 1994, the Liquor Control Board formalized its commitment to providing information about alcohol consumption by establishing the Bureau of Alcohol Education. The bureau's annual budget supports its three-fold mission of delivering a no-alcohol use or "zero tolerance" message to all citizens under the age of 21, encouraging responsibility and moderation for any adult age 21 and over who chooses to drink alcoholic beverages, and promoting responsible alcohol beverage service and practices among licensees and persons that serve beverage alcohol in Pennsylvania. The Bureau of Alcohol Education offers two grant programs related to preventing consumption by those under 21: (1) Campus-Community Grants, which enable colleges and universities to work on environmental strategies to limit access to alcohol to minors and to change social and cultural norms, and (2) Community Grants, which provide funding for communities that target the under-21 population. Both grant programs may include law enforcement activities such as source investigation practices, controlled party dispersal, and other enforcement activities. Act 141 of 2001 expanded the role of the Liquor Control Board through establishing a comprehensive Responsible Alcohol Management Program (RAMP) that offers responsible service training to licensees in Pennsylvania. The Bureau of Alcohol Education is responsible for overseeing this program, including offering owner/manager training to licensees and certifying, monitoring and tracking all server/seller training in Pennsylvania. In fiscal year 2005-06, RAMP training was provided to over 13,900 licensees and their employees.

Liquor Control Board

Program: Liquor Control (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Pennsylvania State Liquor Stores	646	654	635	635	635	635	635
Gross sales (includes taxes) (in thousands).....	\$1,573,095	\$1,653,929	\$1,801,052	\$1,913,629	\$2,033,243	\$2,160,320	\$2,295,340
Net sales per dollar spent - all stores	\$5.90	\$6.00	\$6.00	\$5.90	\$5.90	\$5.90	\$5.90
Net sales per dollar spent - Premium Collection stores	\$6.70	\$6.90	\$6.90	\$6.80	\$6.80	\$6.80	\$6.80
Alcohol education materials distributed	2,480,335	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Licensees receiving RAMP (Responsible Alcohol Management Program) training ..	14,427	15,000	15,000	15,000	15,000	15,000	15,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	STATE STORES FUND		Transfer of Profits to General Fund
	General Operations	\$ -70,000	—decrease in the amount available for transfer to General Fund.
\$ 9,205	—to continue current program.		
	Comptroller Operations		
\$ 309	—to continue current program.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
STATE STORES FUND:							
General Operations (EA)	\$ 322,377	\$ 353,206	\$ 362,411	\$ 362,411	\$ 362,411	\$ 362,411	\$ 362,411
Comptroller Operations (EA)	8,070	8,070	8,379	8,379	8,379	8,379	8,379
Transfer of Profits to General Fund (EA)...	80,000	150,000	80,000	80,000	80,000	80,000	80,000
TOTAL STATE STORES FUND	\$ 410,447	\$ 511,276	\$ 450,790	\$ 450,790	\$ 450,790	\$ 450,790	\$ 450,790



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has two roles in State government. One role of the department is to provide world-class service to Pennsylvania veterans, their spouses, and their dependents by operating a network of veterans' assistance programs, a school for veterans' children, and six veterans homes.

The other role of the department is to provide combat-ready units of the Pennsylvania Army and Air National Guard to protect the lives and property of the people of the Commonwealth and preserve peace, order and public safety. The Pennsylvania National Guard has dual missions. Their Federal mission is to be trained and equipped to join the active military forces in time of war or national emergency; and their State mission is to respond to the orders of the Governor in the event of natural and man-made disasters.

The Department of Military and Veterans Affairs consists of the Adjutant General, the State Armory Board, the State Veterans' Commission, the Soldiers and Sailors Home in Erie, the Veterans Home in Hollidaysburg, the Southeastern Veterans Home in Spring City, the Gino J. Merli Veterans Home in Scranton, the Southwestern Veterans Home in Pittsburgh, the Delaware Valley Veterans Home in Philadelphia and the Scotland School for Veterans Children near Chambersburg.

Military and Veterans Affairs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 18,333	\$ 18,701^a	\$ 19,783
(F)Facilities Maintenance.....	46,537	55,000	52,276
(F)Federal Construction Grants.....	50,000	80,000	80,000
(F)DCSI - Drug Enforcement Training (EA).....	418	200	200
(F)Domestic Preparedness (EA).....	1,100	1,500	1,500
(F)State Energy Program (EA).....	0	71	0
(A)Rental of Armories and Other Facilities.....	122	122	122
(A)Lt. Governor's Residence.....	0	1	0
(A)Housing Fees.....	90	90	90
(A)Utility Reimbursements.....	196	185	195
(A)Publication Reimbursements.....	0	1	1
(A)Purchasing Card Rebates.....	22	25	25
(A)Miscellaneous Reimbursements.....	12	10	11
Supplemental Life Insurance Premiums.....	0	0	1,675
Burial Detail Honor Guard.....	36	36	36
American Battle Monuments.....	10	30	50
Armory Maintenance and Repair.....	1,379	3,279	1,379
Special State Duty.....	36	36	36
Subtotal.....	\$ 118,291	\$ 159,287	\$ 157,379
Subtotal - State Funds.....	\$ 19,794	\$ 22,082	\$ 22,959
Subtotal - Federal Funds.....	98,055	136,771	133,976
Subtotal - Augmentations.....	442	434	444
Total - General Government.....	\$ 118,291	\$ 159,287	\$ 157,379
<i>Institutional:</i>			
Veterans Homes.....	\$ 79,584	\$ 83,514	\$ 91,292
(F)Operations and Maintenance.....	26,332	27,126	28,304
(F)Medical Reimbursements.....	281	461	468
(A)Aid and Attendance Payments.....	7,245	6,991	6,951
(A)Residential Fees.....	16,666	15,828	16,863
(A)Purchasing Card Rebates.....	21	22	15
(A)Miscellaneous Reimbursements.....	27	27	27
(A)Estate Collections.....	2,700	1,935	2,275
Subtotal.....	\$ 132,856	\$ 135,904	\$ 146,195
Scotland School for Veterans' Children.....	9,223	9,637	10,325
(F)ESEA Education Program.....	204	205	216
(F)School Milk Program.....	246	290	285
(F)Drug Free Schools.....	1	1	1
(F)Education Enhancement.....	20	19	18
(A)Institutional Reimbursements.....	110	119	115
(A)Tuition Recovery.....	2,302	2,100	2,275
(A)Purchasing Card Rebates.....	3	5	3
Subtotal.....	\$ 12,109	\$ 12,376	\$ 13,238
Subtotal - State Funds.....	\$ 88,807	\$ 93,151	\$ 101,617
Subtotal - Federal Funds.....	27,084	28,102	29,292
Subtotal - Augmentations.....	29,074	27,027	28,524
Total - Institutional.....	\$ 144,965	\$ 148,280	\$ 159,433
<i>Grants and Subsidies:</i>			
Education of Veterans Children.....	\$ 108	\$ 190	\$ 160
Transfer to Educational Assistance Program Fund.....	10,000	8,100	8,100
Veterans Assistance.....	1,230	1,230	1,230
Blind Veterans Pension.....	210	306	306

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Paralyzed Veterans Pension	387	527	527
National Guard Pension	0	5	5
Civil Air Patrol	450	500	0
Disabled American Veterans Transportation	250	350	350
Merchant Marine World War II Veterans' Bonus	500	111 ^b	0
Subtotal.....	\$ 13,135	\$ 11,319	\$ 10,678
Total - Grants and Subsidies.....	\$ 13,135	\$ 11,319	\$ 10,678
STATE FUNDS.....	\$ 121,736	\$ 126,552	\$ 135,254
FEDERAL FUNDS.....	125,139	164,873	163,268
AUGMENTATIONS.....	29,516	27,461	28,968
GENERAL FUND TOTAL	\$ 276,391	\$ 318,886	\$ 327,490
 <u>OTHER FUNDS:</u>			
GENERAL FUND:			
Military Family Relief Assistance.....	\$ 1	\$ 100	\$ 350
EDUCATIONAL ASSISTANCE PROGRAM FUND:			
National Guard Education (EA).....	\$ 3,469	\$ 12,800	\$ 12,000
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial (EA).....	\$ 90	\$ 90	\$ 120
PERSIAN GULF CONFLICT VETERANS' COMPENSATION BOND FUND:			
Persian Gulf Conflict Veterans' Bonus.....	\$ 0	\$ 0	\$ 3,000
STATE TREASURY ARMORY FUND:			
Armory Improvements.....	\$ 444	\$ 650	\$ 650
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 121,736	\$ 126,552	\$ 135,254
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	125,139	164,873	163,268
AUGMENTATIONS.....	29,516	27,461	28,968
OTHER FUNDS.....	4,004	13,640	16,120
TOTAL ALL FUNDS	\$ 280,395	\$ 332,526	\$ 343,610

^a Actually appropriated as \$18,401,000 for General Government Operations and \$300,000 for Veterans and Military Personnel Services.

^b Includes recommended supplemental appropriation of \$111,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
STATE MILITARY READINESS							
GENERAL FUND.....	\$ 19,794	\$ 22,082	\$ 21,284	\$ 21,284	\$ 21,284	\$ 21,284	\$ 21,284
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	98,055	136,771	133,976	132,476	132,476	132,476	132,476
OTHER FUNDS.....	4,446	14,074	16,564	18,564	18,564	18,564	15,564
SUBCATEGORY TOTAL.....	\$ 122,295	\$ 172,927	\$ 171,824	\$ 172,324	\$ 172,324	\$ 172,324	\$ 169,324
VETERANS HOMES AND SCHOOL							
GENERAL FUND.....	\$ 88,807	\$ 93,151	\$ 101,617	\$ 101,804	\$ 101,804	\$ 101,804	\$ 101,804
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	27,084	28,102	29,292	29,383	29,383	29,383	29,383
OTHER FUNDS.....	29,074	27,027	28,524	28,589	28,589	28,589	28,589
SUBCATEGORY TOTAL.....	\$ 144,965	\$ 148,280	\$ 159,433	\$ 159,776	\$ 159,776	\$ 159,776	\$ 159,776
COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 13,135	\$ 11,319	\$ 12,353	\$ 13,288	\$ 14,288	\$ 15,288	\$ 15,288
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.....	\$ 13,135	\$ 11,319	\$ 12,353	\$ 13,288	\$ 14,288	\$ 15,288	\$ 15,288
ALL PROGRAMS:							
GENERAL FUND.....	\$ 121,736	\$ 126,552	\$ 135,254	\$ 136,376	\$ 137,376	\$ 138,376	\$ 138,376
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	125,139	164,873	163,268	161,859	161,859	161,859	161,859
OTHER FUNDS.....	33,520	41,101	45,088	47,153	47,153	47,153	44,153
DEPARTMENT TOTAL.....	\$ 280,395	\$ 332,526	\$ 343,610	\$ 345,388	\$ 346,388	\$ 347,388	\$ 344,388

Military and Veterans Affairs

PROGRAM OBJECTIVE: To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to State or Federal mobilization.

Program: State Military Readiness

This program provides the administrative, logistical and training support necessary for the Pennsylvania National Guard to maintain requisite readiness capability to serve during emergencies. Such emergencies may result in full or partial mobilization of the Pennsylvania National Guard for State service in the Commonwealth or Federal service anywhere in the world. Costs for military equipment, supplies and training, such as monthly training assemblies and 15 days annual training, are funded 100 percent by the Federal Government.

The readiness capability of Pennsylvania National Guard units is evaluated according to established Federal inspection and training standards. Primary efforts are directed toward having the Pennsylvania National Guard in top readiness condition in order to perform its State and Federal missions. The training of personnel is

directly dependent upon the adequacy of the operation, maintenance and repair of numerous National Guard armories, support facilities, Air National Guard bases and installations. A Statewide communications network, including the Statewide Public Safety Radio System, is in operation providing a quicker and more effective response to State or Federal mobilization.

Included within this program are those activities essential to operate a network of 117 community armories and field maintenance shops, and 6 air bases that serve as training locations for National Guard units. The Commonwealth is responsible for providing for the operation, maintenance and repair of the armories. These armories may also be utilized as mass care centers for disaster victims and to provide meeting and recreational facilities for local civic and youth organizations.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Pennsylvania National Guard personnel	19,923	20,650	20,650	20,650	20,650	20,650	20,650
Percentage of authorized strength level.....	91%	95%	95%	95%	95%	95%	95%
Percentage of armories and field sites rated adequate*	36%	37%	57%	67%	77%	87%	97%
Armories and field sites under major repair	113	113	110	110	110	110	110
Department of Defense personnel receiving training at Fort Indiantown Gap	116,080	115,000	115,000	140,000	140,000	140,000	140,000
Non-Department of Defense personnel (local law enforcement, State Police, etc) receiving training at Fort Indiantown Gap.	15,171	14,000	14,000	20,000	20,000	20,000	20,000

Department of Defense personnel training and Non-Department of Defense personnel training decrease in 2006-07 and 2007-08 during renovation to the training corridors.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ 882 —to continue current program.</p> <p>200 —to provide administrative support for the Persian Gulf Conflict Veterans' Bonus Program.</p> <hr/> <p>\$ 1,082 <i>Appropriation Increase</i></p>	<p>American Battle Monuments</p> <p>\$ 20 —to repair the Pennsylvania Monument in Varennes, France.</p> <p>Armory Maintenance and Repair</p> <p>\$ -1,900 —nonrecurring armory repair projects.</p>
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All other appropriations are recommended at the current year funding level.

Military and Veterans Affairs

Program: State Military Readiness (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,333	\$ 18,701	\$ 19,783	\$ 19,783	\$ 19,783	\$ 19,783	\$ 19,783
Burial Detail Honor Guard	36	36	36	36	36	36	36
American Battle Monuments	10	30	50	50	50	50	50
Armory Maintenance and Repair	1,379	3,279	1,379	1,379	1,379	1,379	1,379
Special State Duty	36	36	36	36	36	36	36
TOTAL GENERAL FUND	\$ 19,794	\$ 22,082	\$ 21,284	\$ 21,284	\$ 21,284	\$ 21,284	\$ 21,284

Military and Veterans Affairs

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans and a school to educate veterans' children.

Program: Veterans Homes and School

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are disabled, indigent or in need of care. There are six veterans homes currently providing such care: the Soldiers and Sailors Home in Erie, the Veterans Home at Hollidaysburg, the Southeastern Pennsylvania Veterans Center in Spring City, the Gino J. Merli (Northeastern) Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home in Philadelphia.

The program receives assistance from the Federal

Department of Veterans Affairs at levels of \$31.30 per patient day for domiciliary care and \$67.71 per patient day for nursing home care.

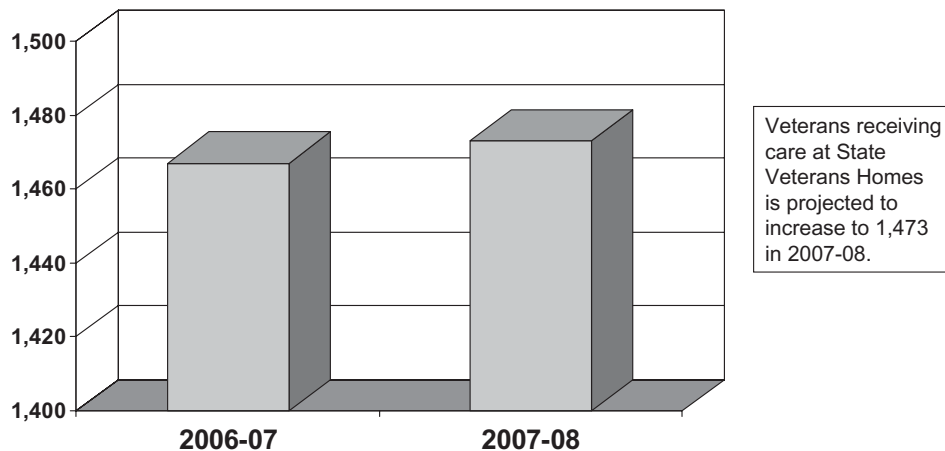
Residents of State veterans homes receive a daily allowance from the Federal Department of Veterans Affairs. Residents use these funds plus their own funds to help offset the cost of their care.

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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Veterans Homes							
Percentage of veterans homes population:							
Veterans.....	92.0%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%
Spouses.....	8.0%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
Percentage of occupancy rate above national average of state veterans homes:							
Domiciliary Care*	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Nursing Care*	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Scotland School							
Population.....	294	340	340	340	340	340	340
Percentage of students:							
In their Senior year that plan to attend college.....	97%	90%	90%	90%	90%	90%	90%
In their Senior year that plan to enroll in the military.....	0%	10%	10%	10%	10%	10%	10%
Proficient in mathematics*	40%	66%	68%	71%	73%	76%	78%
Proficient in reading*.....	57%	67%	69%	70%	72%	73%	74%

* New measures.

State Veterans Homes Veterans Receiving Care



Military and Veterans Affairs

Program: Veterans Homes and School (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

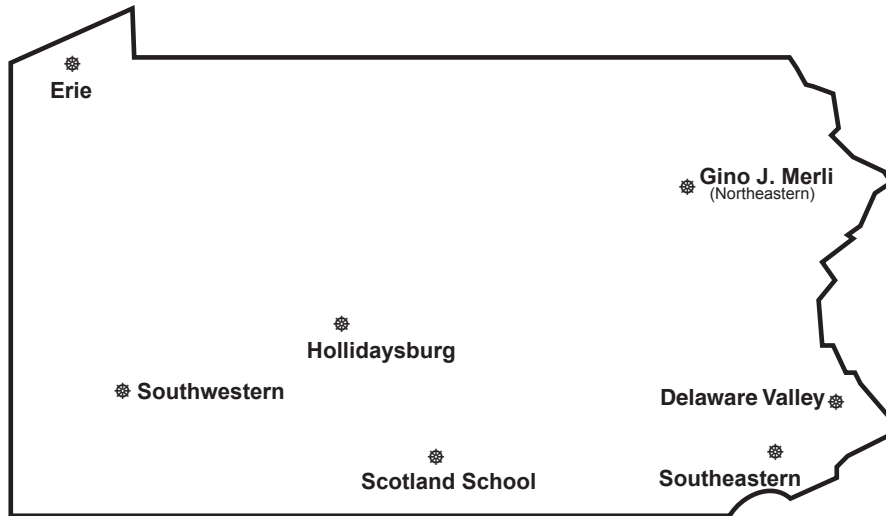
	2005-06 Actual	2006-07 Available	2007-08 Budget		2005-06 Actual	2006-07 Available	2007-08 Budget
Erie Soldiers and Sailors Home				Gino J. Merli Veterans Center			
State Funds.....	\$ 7,331	\$ 8,144	\$ 9,868	State Funds.....	\$ 10,183	\$ 10,849	\$ 11,652
Federal Funds.....	2,497	2,442	3,189	Federal Funds.....	3,952	3,784	3,922
Augmentations.....	2,567	2,514	2,971	Augmentations.....	4,269	3,764	3,918
TOTAL.....	<u>\$ 12,395</u>	<u>\$ 13,100</u>	<u>\$ 16,028</u>	TOTAL.....	<u>\$ 18,404</u>	<u>\$ 18,397</u>	<u>\$ 19,492</u>
Hollidaysburg Veterans Home				Southwestern Veterans Home			
State Funds.....	\$ 25,770	\$ 27,554	\$ 30,428	State Funds.....	\$ 10,167	\$ 10,574	\$ 11,153
Federal Funds.....	7,481	7,963	8,099	Federal Funds.....	4,352	4,520	4,988
Augmentations.....	7,470	7,827	7,366	Augmentations.....	4,867	4,632	4,878
TOTAL.....	<u>\$ 40,721</u>	<u>\$ 43,344</u>	<u>\$ 45,893</u>	TOTAL.....	<u>\$ 19,386</u>	<u>\$ 19,726</u>	<u>\$ 21,019</u>
Southeastern Veterans Home				Delaware Valley Veterans Home			
State Funds.....	\$ 15,029	\$ 15,242	\$ 15,627	State Funds.....	\$ 8,934	\$ 10,206	\$ 11,366
Federal Funds.....	4,655	4,910	5,081	Federal Funds.....	3,676	3,968	3,493
Augmentations.....	4,471	3,739	4,305	Augmentations.....	3,011	2,325	2,693
TOTAL.....	<u>\$ 24,155</u>	<u>\$ 23,891</u>	<u>\$ 25,013</u>	TOTAL.....	<u>\$ 15,621</u>	<u>\$ 16,499</u>	<u>\$ 17,552</u>
Scotland School for Veterans Children				Central Veterans Homes Services			
State Funds.....	\$ 9,223	\$ 9,637	\$ 10,325	State Funds.....	\$ 2,170	\$ 945	\$ 1,198
Federal Funds.....	471	515	520	Federal Funds.....	-	-	-
Augmentations.....	2,415	2,224	2,393	Augmentations.....	4	2	-
TOTAL.....	<u>\$ 12,109</u>	<u>\$ 12,376</u>	<u>\$ 13,238</u>	TOTAL.....	<u>\$ 2,174</u>	<u>\$ 947</u>	<u>\$ 1,198</u>

Population and Capacity

Institution	Population Dec 2006	Projected Population Dec 2007	Projected Capacity Dec 2007	Projected Percent of Capacity
Erie Soldiers and Sailors Home.....	153	184	207	89%
Hollidaysburg Veterans Home.....	459	440	514	86%
Southeastern Veterans Home.....	264	262	304	86%
Gino J. Merli Veretans Home.....	192	194	200	97%
Southwestern Veterans Home.....	232	231	236	98%
Delaware Valley Veterans Home.....	167	162	171	95%
Scotland School for Veterans Children.....	281	340	360	94%
Total.....	<u>1,748</u>	<u>1,813</u>	<u>1,992</u>	<u>91%</u>

Program: Veterans Homes and School (continued)

Veterans Homes and School



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
	Veterans Homes	\$	
\$ 6,626	—to continue current program.		
1,152	—Initiative — Erie Soldiers and Sailors Home Dementia Unit. To open a new dementia unit at the Soldiers and Sailors Home.		
<u> </u>			
\$ 7,778	<i>Appropriation Increase</i>		
		\$ 688	Scotland School for Veterans' Children —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Veterans Homes	\$ 79,584	\$ 83,514	\$ 91,292	\$ 91,479	\$ 91,479	\$ 91,479	\$ 91,479
Scotland School for Veterans' Children	9,223	9,637	10,325	10,325	10,325	10,325	10,325
TOTAL GENERAL FUND	<u>\$ 88,807</u>	<u>\$ 93,151</u>	<u>\$ 101,617</u>	<u>\$ 101,804</u>	<u>\$ 101,804</u>	<u>\$ 101,804</u>	<u>\$ 101,804</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. Basic program requirements include: honorable discharge; service during an established war or conflict period; Pennsylvania residency; not on Public Assistance; and an unexpected loss of income.

Program Element: Blind Veterans Pension

Pensions of \$150 per month are provided for those Pennsylvania veterans who incurred functional blindness while performing active military service.

Program Element: National Guard Pensions

Payment of a pension is provided to guardsmen, and widowed and dependent family members. A National Guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or contracted while performing duty in active service of the Commonwealth, or in the performance of other State military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of \$300 per month for a period of ten years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational grants are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities rated as total and permanent or children of veterans who have died of wartime service-connected disabilities. Children must be between the ages of 16 and 23 years of age and living within Pennsylvania 5 years prior to application and must attend a school within Pennsylvania. Grants are provided up to a maximum of \$500 per semester.

Program Element: Education — National Guard

Tuition grants are provided for certain members of the Pennsylvania National Guard who enroll in a Pennsylvania institution of higher learning with degree-granting status,

as approved by the Department of Education. Act 11 of 2000 enhanced this educational assistance program. Act 212 of 2004 created the Education Assistance Program Fund to dispense the grants. Grants are available for full-time students for up to 100 percent of the tuition charged (up to \$4,598 annually) to a Pennsylvania resident at a member institution of the State System of Higher Education. Act 82 of 2005 extended the eligibility time in cases of deployment and Act 44 of 2006 extended the time in case of medical discharge. Act 87 of 2006 amends Title 51 to allow for grants to part-time students. These public service educational grants not only serve as an incentive to the Pennsylvania National Guard's recruiting and retention efforts but also reward those Pennsylvanians who volunteer to serve their nation and the Commonwealth.

Program Element: Paralyzed Veterans Pension

Pensions of \$150 per month are provided to those Pennsylvania veterans who have lost the use of two or more extremities while serving on active duty in the armed forces of the United States. Act 109 of 2001 expanded this program by eliminating the residency and wartime service requirement. Thus, former residents of Pennsylvania and those who served in the military during peacetime are now eligible for the pension if all other requirements are met.

Program Element: Military Family Relief Assistance Program

Act 65 of 2005 created the program to provide for short-term financial relief to families in need due to deployment of a family member. This program will be funded through contributions from State income tax return checkoffs and donations. It will last for 5 years.

Also, for National Guard and reservists Act 60 of 2005 provided for deferment of automobile insurance while deployed and Act 83 of 2005 allowed students to remain on parental insurance while deployed and allow others to continue their insurance voluntarily when deployed. Act 105 of 2006 amends Title 51 to provide for tuition grants for children and spouses of deceased soldiers and insurance premium payments for eligible National Guard members deployed overseas or for emergencies.

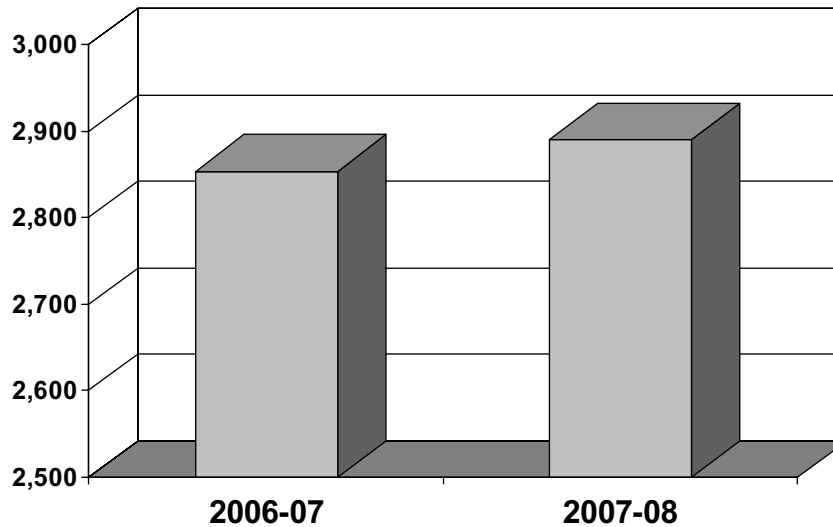
Act 22 of 2006 provides a bonus to Merchant Marine World War II Veterans. Act 29 of 2006 allowed for a bond issue that was approved by the electorate for a bonus for Persian Gulf Veterans.

Military and Veterans Affairs

Program: Compensation and Assistance (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Veterans in Pennsylvania	1,088,220	1,028,911	999,450	970,726	961,019	942,726	942,726
Recipients of veterans emergency assistance.....	1,538	1,900	1,900	1,900	1,900	1,900	1,900
Recipients of blind veterans pensions	115	115	115	115	115	115	115
Children of deceased and disabled veterans receiving education grants	90	90	90	90	90	90	90
National Guard personnel receiving educational financial aid	2,670	2,885	3,032	4,004	4,004	4,004	4,004
Participants in paralyzed veterans programs.....	216	216	216	216	216	216	216

Educational Financial Aid for National Guard Personnel



National Guard personnel receiving educational financial aid is projected to increase in 2007-08 reflecting returns from deployment. Act 82 of 2005 extended the eligibility period so that those deployed can finish their education.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 1,675	Supplemental Life Insurance Premiums —for supplemental life insurance payments, per Act 105 of 2006.	\$ -500	Civil Air Patrol —nonrecurring grant.
\$ -30	Education of Veterans Children —nonrecurring program costs.	\$ -111	Merchant Marine World War II Veterans' Bonus —nonrecurring payments.

The budget recommends continuation of all other appropriations at the current year funding levels.

Military and Veterans Affairs

Program: Compensation and Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Supplemental Life Insurance Premiums....	\$ 0	\$ 0	\$ 1,675	\$ 710	\$ 710	\$ 710	\$ 710
Education of Veterans Children	108	190	160	160	160	160	160
Transfer to Educational Assistance Program Fund	10,000	8,100	8,100	10,000	11,000	12,000	12,000
Veterans Assistance	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Blind Veterans Pension	210	306	306	306	306	306	306
Paralyzed Veterans Pension	387	527	527	527	527	527	527
National Guard Pension	0	5	5	5	5	5	5
Civil Air Patrol	450	500	0	0	0	0	0
Disabled American Veterans Transportation .	250	350	350	350	350	350	350
Merchant Marine World War II Veterans' Bonus	500	111	0	0	0	0	0
TOTAL GENERAL FUND	\$ 13,135	\$ 11,319	\$ 12,353	\$ 13,288	\$ 14,288	\$ 15,288	\$ 15,288



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)
2005-06 2006-07 2007-08
ACTUAL AVAILABLE BUDGET

OTHER FUNDS:

MILK MARKETING FUND:

General Operations.....	\$ 2,737	\$ 2,737	\$ 2,814
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Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,737	2,737	2,814	2,814	2,814	2,814	2,814
SUBCATEGORY TOTAL.....	\$ 2,737	\$ 2,737	\$ 2,814	\$ 2,814	\$ 2,814	\$ 2,814	\$ 2,814
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,737	2,737	2,814	2,814	2,814	2,814	2,814
DEPARTMENT TOTAL.....	\$ 2,737	\$ 2,737	\$ 2,814	\$ 2,814	\$ 2,814	\$ 2,814	\$ 2,814

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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Licenses and permits issued	2,418	2,300	2,300	2,300	2,300	2,300	2,300
Audits of milk dealers for compliance with milk sales' rules and regulations.....	876	750	750	750	750	750	750

Audits of milk dealers for compliance with milk sales' rules and regulation is higher in 2005-06 than all other years due to an effort on the part of the board to perform a "catch up" on required audits.

Program Recommendation:

This budget recommends the following changes from the Milk Marketing Fund:
(Dollar Amounts in Thousands)

MILK MARKETING FUND
General Operations
\$ 77 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Operations	\$ 2,737	\$ 2,737	\$ 2,814	\$ 2,814	\$ 2,814	\$ 2,814	\$ 2,814



BOARD OF PROBATION AND PAROLE

The mission of the Board of Probation and Parole is to protect the safety of the public, address the needs of crime victims, improve county adult probation and parole services, and assist in the fair administration of justice by ensuring the custody, control and treatment of offenders under the jurisdiction of the Board.

The Board of Probation and Parole rehabilitates and supervises persons on probation or parole, helping them to reintegrate within society. The board provides for the reintegration of persons who have served their minimum sentence in a correctional institution as well as identifies those who cannot adjust to the community. State probation services and investigations are also provided upon request from the courts. The Office of Victim Advocate within the Board of Probation and Parole administers the victim service programs of both the board and the Department of Corrections. The Sexual Offenders Assessment Board is responsible for the review of registration of sexual offenders.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 77,251	\$ 74,907	\$ 87,517
(F)Evaluating Parole Violations.....	128	0	0
(F)Mental Health Partnership.....	0	250	0
(F)DCSI - Sexual Offenders Treatment (EA).....	260	0	0
(F)DCSI - Client Identification (EA).....	653	221	0
(A)Purchasing Card Rebate.....	8	8	8
(A)State Parole Supervision Fees.....	1,839	3,500	3,375
Subtotal.....	\$ 80,139	\$ 78,886	\$ 90,900
Sexual Offenders Assessment Board.....	3,202	3,202	3,683
(F)Sex Offender Management.....	241	241	0
Subtotal.....	\$ 3,443	\$ 3,443	\$ 3,683
Drug Offenders Work Program.....	222	222	262
Subtotal - State Funds.....	\$ 80,675	\$ 78,331	\$ 91,462
Subtotal - Federal Funds.....	1,282	712	0
Subtotal - Augmentations.....	1,847	3,508	3,383
Total - General Government.....	\$ 83,804	\$ 82,551	\$ 94,845
<i>Grants and Subsidies:</i>			
Improvement of Adult Probation Services.....	\$ 19,279	\$ 19,279	\$ 19,279
(A)County Parole Supervision Fees.....	13,158	14,110	14,232
Subtotal.....	\$ 32,437	\$ 33,389	\$ 33,511
Subtotal - State Funds.....	\$ 19,279	\$ 19,279	\$ 19,279
Subtotal - Augmentations.....	13,158	14,110	14,232
Total - Grants and Subsidies.....	\$ 32,437	\$ 33,389	\$ 33,511
STATE FUNDS.....	\$ 99,954	\$ 97,610	\$ 110,741
FEDERAL FUNDS.....	1,282	712	0
AUGMENTATIONS.....	15,005	17,618	17,615
GENERAL FUND TOTAL.....	\$ 116,241	\$ 115,940	\$ 128,356
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Firearms Education and Training Commission.....	\$ 332	\$ 362	\$ 538
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 99,954	\$ 97,610	\$ 110,741
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	1,282	712	0
AUGMENTATIONS.....	15,005	17,618	17,615
OTHER FUNDS.....	332	362	538
TOTAL ALL FUNDS.....	\$ 116,573	\$ 116,302	\$ 128,894

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND.....	\$ 99,954	\$ 97,610	\$ 110,741	\$ 112,007	\$ 111,883	\$ 111,997	\$ 112,117
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,282	712	0	0	0	0	0
OTHER FUNDS.....	15,337	17,980	18,153	17,800	17,810	17,864	17,944
SUBCATEGORY TOTAL.....	\$ 116,573	\$ 116,302	\$ 128,894	\$ 129,807	\$ 129,693	\$ 129,861	\$ 130,061
ALL PROGRAMS:							
GENERAL FUND.....	\$ 99,954	\$ 97,610	\$ 110,741	\$ 112,007	\$ 111,883	\$ 111,997	\$ 112,117
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,282	712	0	0	0	0	0
OTHER FUNDS.....	15,337	17,980	18,153	17,800	17,810	17,864	17,944
DEPARTMENT TOTAL.....	\$ 116,573	\$ 116,302	\$ 128,894	\$ 129,807	\$ 129,693	\$ 129,861	\$ 130,061

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 make parole decisions and supervise adult parolees 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. Offenders with maximum sentences under two years are supervised at the county level unless the county court certifies the case to the State for special probation supervision. The State parole population is projected to be 31,312 by June 2008, up from 29,143 in 2005-06. The population includes offenders paroled from state prisons, offenders sentenced to special probation from counties under the board's jurisdiction, and offenders transferred pursuant to the Interstate Compact from other states into Pennsylvania. In order to effectuate parole decisions, the board has quasi-judicial decision-making powers. Explicit parole guidelines and supervision procedures are used to maintain consistency throughout the system and ensure that justice is administered fairly.

To better prepare and manage the expanding population and fulfill both the board and the Commonwealth's shared mission, the board has established a bureau of re-entry, which will focus on preparing inmates for parole release and then providing continued support during the critical period of readjustment following an inmate's return to the community. Employment, housing and other issues that create obstacles or challenges to successful re-entry will be identified and addressed. In addition, community-based partnerships will be developed to enhance returning offenders' ability to successfully establish re-entry plans.

Institutional parole staff disseminates parole information materials and works with individual inmates while they are incarcerated. During incarceration, offenders are introduced to the Commonwealth's CareerLink services and given assistance with the basics of job search preparation. When parole is granted, institutional parole staff develops a Transitional Accountability Plan (TAP) jointly with the offender to ensure the offender's successful reintegration into society. A key feature of the TAP is to facilitate continuity of services and specialized programming after release from prison. An offender's individual needs are reassessed every six months, or more frequently if deemed appropriate. Drug and alcohol

programming is made available, and parolees access these services via referrals to individual county programs or while under supervision at State Department of Corrections (DOC) community corrections centers or other facilities. The board plays a role in the Community Orientation and Reintegration (COR) program, which involves preparing the offender for reentry into the community by providing help with vocational education, employment preparation, family and other life skill areas. Other programs and facilities used in parole supervision are administered with and funded by the DOC. The PennCAP (Pennsylvania Community Alternative to Prison) program is used as an alternative to re-incarceration for technical parole violators, particularly those with drug and alcohol violations in need of treatment. The Back On Track (BOT) program is also used as an alternative to re-incarceration for technical parole violators. Services are administered in secure portions of existing DOC contract facilities throughout the state. The board has developed and initiated these actions to aid in reducing offender recidivism.

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 (SOAB). Act 18 of 2000 substantially amended Act 24. The SOAB is responsible for conducting assessments of convicted sexual offenders. The assessments are provided to district attorneys to assist in the determination, prior to sentencing, of those offenders who may be found by the court to be sexually violent predators. Prior to parole considerations, the Board of Probation and Parole may request assessments of sexually violent predators and sexual offenders. In addition, Act 18 requires the registration of all sexual offenders and sexually violent predators. Under Act 21 of 2003, certain sexually violent adolescent sex offenders will be subject to an assessment by the board upon reaching age 20. The assessment will be used by the courts to determine the need for involuntary commitment and treatment of these offenders.

In addition to operating the State parole program, the board has the responsibility of administering a grant-in-

Probation and Parole

Program: Reintegration of the Adult Offender (continued)

aid program to support county adult probation personnel and services. The grant-in-aid program provides funds to any county that 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.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Board Parole Process							
Average monthly number of offenders legally eligible for parole interviews	2,140	2,280	2,290	2,305	2,353	2,400	2,450
Average monthly percentage of scheduled interviews held	77%	75%	75%	75%	73%	72%	71%
Average monthly number of offenders granted parole or reparole	1,020	1,006	1,010	1,016	1,019	1,022	1,028
Average monthly number of offenders released to parole from state correctional institutions.....	768	756	760	764	766	768	773
State Supervision Process							
State parolees and probationers supervised at fiscal year end	29,143	30,412	31,312	32,212	33,112	34,012	34,912
Annual state sentenced new releases to supervised populations.....	10,067	10,097	10,396	10,694	10,993	11,292	11,591
Percentage of offenders released from incarceration with a transitional accountability plan (TAP) developed prior to release*	N/A	63%	82%	86%	88%	90%	90%
Average monthly number of supervised offenders employed*	12,244	12,838	13,596	13,992	14,388	14,784	15,180
Percentage of monthly cases closed due to successful completion of parole*	40%	46%	48%	49%	49%	49%	49%
Average monthly number of supervised offenders returned to prison for technical parole violations.....	318	286	294	303	311	320	328
Average monthly number of supervised offenders returned to prison for new criminal convictions.....	136	142	146	150	155	159	163
Recidivism among state sentenced new releases after one year of supervision.....	3,020	3,029	3,119	3,208	3,298	3,388	3,477
State Supervision Fee Collection							
Total state supervision fee dollars collected annually	\$2,111,909	\$2,757,456	\$2,840,180	\$2,922,545	\$3,004,376	\$3,085,494	\$3,165,717
Related Program Areas							
Notifications to registered crime victims	20,194	21,204	22,158	23,155	24,197	25,286	26,424
Aggregate number of sex offender assessments completed	1,534	1,703	1,804	1,894	1,966	2,024	2,081
Court-ordered sex offender assessments completed	1,093	1,176	1,272	1,366	1,441	1,501	1,549
Court-ordered SOAB board member expert witness testimony	431	529	577	607	651	686	715
Probationers and parolees supervised by county probation departments	194,347	195,319	196,295	197,277	198,263	199,255	200,251

*New program measure.

Probation and Parole

Program: Reintegration of the Adult Offender (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		Sexual Offenders Assessment Board
\$ 3,167	—Initiative—Enhanced Community Re-entry. To provide additional administrative resources to enhance community re-entry preparation and offender management.	\$ 481	—to continue current program.
1,468	—Initiative—Enhancement of Parole Supervision Services. To provide additional administrative resources to maintain a favorable agent-to-parolee ratio.	\$ 40	Drug Offenders Work Program
7,975	—to continue current program.		—to continue current program.
<u>\$ 12,610</u>	<i>Appropriation Increase</i>		

The Improvement of Adult Probation Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 77,251	\$ 74,907	\$ 87,517	\$ 88,783	\$ 88,659	\$ 88,773	\$ 88,893
Sexual Offenders Assessment Board	3,202	3,202	3,683	3,683	3,683	3,683	3,683
Drug Offenders Work Program	222	222	262	262	262	262	262
Improvement of Adult Probation Services .	19,279	19,279	19,279	19,279	19,279	19,279	19,279
TOTAL GENERAL FUND	<u>\$ 99,954</u>	<u>\$ 97,610</u>	<u>\$ 110,741</u>	<u>\$ 112,007</u>	<u>\$ 111,883</u>	<u>\$ 111,997</u>	<u>\$ 112,117</u>



PUBLIC TELEVISION NETWORK

The mission of the Public Television Network Commission is to be a leader in using various technologies to educate, enlighten and connect citizens of all ages—contributing to the lives of families, the success of schools and colleges, the productivity of businesses and the quality of communities.

The Public Television Network Commission promotes and encourages public television in Pennsylvania. The network facilities provide services to the eight public television stations and one affiliated station including the recording, storage and delivery of programs and the interconnection of the stations for Statewide program production and exchange. The network also administers a grant program to support station operations, instructional television services, program production and program acquisition.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 3,429	\$ 3,440	\$ 3,528
Broadcast Standards and Datacasting Upgrade.....	0	1,590	974
(F)Datacasting Equipment.....	0	254 ^a	254
	<hr/>	<hr/>	<hr/>
Subtotal - State Funds.....	\$ 3,429	\$ 5,030	\$ 4,502
Subtotal - Federal Funds.....	0	254	254
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 3,429	\$ 5,284	\$ 4,756
 <i>Grants and Subsidies:</i>			
Public Television Station Grants.....	\$ 8,721	\$ 8,921	\$ 7,771
STATE FUNDS.....	\$ 12,150	\$ 13,951	\$ 12,273
FEDERAL FUNDS.....	0	254	254
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 12,150	\$ 14,205	\$ 12,527

^a Includes recommended supplemental appropriation of \$254,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PUBLIC TELEVISION SERVICES							
GENERAL FUND.....	\$ 12,150	\$ 13,951	\$ 12,273	\$ 11,484	\$ 11,299	\$ 11,299	\$ 11,299
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	254	254	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 12,150	\$ 14,205	\$ 12,527	\$ 11,484	\$ 11,299	\$ 11,299	\$ 11,299
ALL PROGRAMS:							
GENERAL FUND.....	\$ 12,150	\$ 13,951	\$ 12,273	\$ 11,484	\$ 11,299	\$ 11,299	\$ 11,299
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	254	254	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 12,150	\$ 14,205	\$ 12,527	\$ 11,484	\$ 11,299	\$ 11,299	\$ 11,299

Public Television Network

PROGRAM OBJECTIVE: To provide for the development and support of Pennsylvania's network of noncommercial public television stations.

Program: Public Television Services

The Pennsylvania Public Television Network Commission, established by Act 329 of 1968, as amended by Act 87 of 1998 links eight independent noncommercial television stations in Pennsylvania to create a system in which stations provide programming to the people of Pennsylvania through independent and group efforts. The stations are located in Bethlehem, Erie, Harrisburg, Pittsburgh, Pittston, University Park and two in Philadelphia.

Funding for the operations of the noncommercial television stations in Pennsylvania comes from several sources. Private donations from business, industry and foundations; grants from the Commonwealth and Federal Government; and contributions from individuals including memberships provide over 60 percent of the revenue needed for operation.

A 24-member commission that includes representatives from the education community, the General Assembly, the Council on the Arts, the Office for Information Technology and the public, directs operation of the Statewide network located in Hershey. The commission provides governance of the network and Statewide-coordinating functions through a state-of-the-art digital network operation center

linked to the eight stations by a fiber optic network. Digital service offers high definition television, data casting and the simultaneous broadcast of multiple television channels.

Through the network each station has access to programs produced by other Pennsylvania stations and programs acquired from outside sources. The stations also receive production, engineering, education and outreach services through the commission.

Education content is an integral part of the services offered by public television, and the commission works closely with the Department of Education, intermediate units, local public television stations and school districts to deliver services.

It is estimated more than 2,847,853 households are served by Pennsylvania public television, including more than 31,124 pre-kindergarten children prepared for school with Ready to Learn activities. All stations broadcast 24 hours a day with telecourses, General Education Degree courses, and a variety of other education and general audience programming. Last year Pennsylvania public television stations produced more than 850 hours of local television programming.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Annual membership to PA Public Television Network Stations*	205,353	210,000	210,000	210,000	210,000	210,000	210,000
Students served by instructional programs	284,470	285,000	285,000	285,000	285,000	285,000	285,000
Teachers served by instructional programs	30,623	27,000	30,000	30,000	30,000	30,000	30,000

*New program measure.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations \$ 88 —to continue current program.</p> <p>Broadcast Standards and Datacasting Upgrade \$ -616 —nonrecurring program expenditures.</p>	<p>Public Television Station Grants \$ -1,150 —nonrecurring projects.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 3,429	\$ 3,440	\$ 3,528	\$ 3,528	\$ 3,528	\$ 3,528	\$ 3,528
Broadcast Standards and Datacasting Upgrade	0	1,590	974	185	0	0	0
Public Television Station Grants	8,721	8,921	7,771	7,771	7,771	7,771	7,771
TOTAL GENERAL FUND	\$ 12,150	\$ 13,951	\$ 12,273	\$ 11,484	\$ 11,299	\$ 11,299	\$ 11,299



PUBLIC UTILITY COMMISSION

The mission of the Public Utility Commission is to provide for regulation of public utilities and includes establishing reasonable rates; providing for safe service; conducting audits; and ensuring compliance with public utility regulations.

The commission is comprised of five members appointed by the Governor with Senate confirmation.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
(R)General Government Operations.....	\$ 52,000	\$ 51,631	\$ 51,483
(F)Natural Gas Pipeline Safety.....	375	525 ^a	1,347
(F)Motor Carrier Safety.....	1,350	1,516 ^b	1,580
	<hr/>	<hr/>	<hr/>
Subtotal - Federal Funds.....	1,725	2,041	2,927
Subtotal - Restricted Revenues.....	52,000	51,631	51,483
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 53,725	\$ 53,672	\$ 54,410
	<hr/>	<hr/>	<hr/>
FEDERAL FUNDS.....	1,725	2,041	2,927
RESTRICTED REVENUES.....	52,000	51,631	51,483
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 53,725	\$ 53,672	\$ 54,410
	<hr/>	<hr/>	<hr/>

^a Includes recommended supplemental appropriation of \$141,000.

^b Includes recommended supplemental appropriation of \$279,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 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.....	1,725	2,041	2,927	2,927	2,927	2,927	2,927
OTHER FUNDS.....	52,000	51,631	51,483	51,483	51,483	51,483	51,483
SUBCATEGORY TOTAL.....	\$ 53,725	\$ 53,672	\$ 54,410	\$ 54,410	\$ 54,410	\$ 54,410	\$ 54,410
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,725	2,041	2,927	2,927	2,927	2,927	2,927
OTHER FUNDS.....	52,000	51,631	51,483	51,483	51,483	51,483	51,483
DEPARTMENT TOTAL.....	\$ 53,725	\$ 53,672	\$ 54,410	\$ 54,410	\$ 54,410	\$ 54,410	\$ 54,410

PROGRAM OBJECTIVE: To ensure that safe and adequate public utility services are available to the public at fair and reasonable rates.

Program: Regulation of Public Utilities

The Pennsylvania Public Utility Commission balances the needs of consumers and utilities to ensure safe and reliable utility service at reasonable rates; protect the public interest; educate consumers to make independent and informed utility choices; further economic development; and foster new technologies and competitive markets in an environmentally sound manner.

The Commission regulates about 6,000 utilities, providing electricity, natural gas, steam heat, water, wastewater collection and disposal, telephone, transportation of passengers and property by train, bus, truck taxicab and limousine and transmission of gas and oil by pipeline.

The Commission is funded by assessment of public utilities. Subject to budgetary approval, the commission may assess up to three-tenths of one percent of gross intrastate revenues to cover the cost of regulation. Public utility assessments and fees are deposited into a restricted account within the General Fund.

During the past 20 years, the number of jurisdictional public utilities has increased, as have the commission's responsibilities and mandated functions. The focus of Commission has expanded from the traditional role of approving the cost-based rates and regulating the service of all public utilities to a broader mandate of also enabling and facilitating competitive markets for the electric, natural gas and telecommunications industries.

During 2006 the Commission began experiencing an increase in the number of rate requests, from electric, natural gas and water companies. The requests reflect the removal of electricity rate caps, established during the advent of electric competition, as well as significant increases in infrastructure investment and inflation-driven costs. Significant rate request are also expected into 2007. The number of requests for Commission approval of mergers and acquisitions also has increased. The Commission continues to implement three major new laws:

Act 201 of 2004 establishes specific standards and procedures for payment arrangements, customer deposits, and termination of electric, natural gas and water service. The Commission has issued numerous orders interpreting and implementing the new law and is currently working to revise relevant regulations and the first biennial report on this activity has been submitted to the General Assembly.

Act 213 of 2004 establishes Alternative Energy Portfolio Standards, requiring electric distribution companies and generation suppliers to include electricity generated from alternative energy resources in their sales to retail customers. The Commission has issued standards

related to net metering, interconnection and demand side management, and is working with stakeholders and the Department of Environmental Protection to effectively carry out this law. The Commission is finalizing the selection of an alternative energy credit program administrator as part of the implementation.

Act 183 of 2004 revised telecommunication public utilities, which continues existing network modernization plans (NMP) and provides incentives for acceleration of existing NMPs while reducing filing and reporting requirements for the Incumbent Local Exchange Carriers' (ILECs).

The Federal Energy Policy Act of 2005 establishes a number of new federal mandates that state regulators are required to consider and potentially implement. This includes standardizations for connecting electric generation facilities with the utility, compensation of retail customers for generated electricity sold back to the utility and policies concerning reduction or shifting of consumption from peak periods.

The Commission is currently addressing default service obligations for electric providers and exploring means to mitigate electric price increases when rate caps expire. In conjunction with those efforts, the Commission is examining methods for enhancing consumer access to demand side response tools and energy conservation programs.

The Commission has established the following goals for 2007-08 and future years:

- To ensure that necessary utility service is available to all residents of Pennsylvania.
- To foster development of competitive markets in the electric, telecommunications and natural gas industries.
- To promptly and effectively address anti-competitive activity by jurisdictional utilities or licensed competitive suppliers.
- To promote greater public awareness and understanding of the public utility industry and how it affects customers.
- To establish policies that will encourage the public utilities to operate in the most environmentally compatible, safe, fair, and cost-effective manner.
- To encourage and coordinate the upgrade of Pennsylvania's water delivery systems.
- To further economic development of Pennsylvania.
- To support Pennsylvania's environmental initiatives, particularly with respect to alternative energy portfolio standards.

Public Utility Commission

Program: Regulation of Public Utilities (continued)

— To implement the Information Management and Access Project (InfoMAP) that is comprised of technology enhancements upgrading the case management system to improve internal efficiencies, permit electronic filings and provide easier public access to information.

— To provide the Pennsylvania General Assembly and the Congress with utility policy recommendations promoting the interest of Pennsylvania consumers in state and federal regulatory forums.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Utilities regulated:							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric generation	42	42	42	42	42	42	42
Other	1,195	1,195	1,195	1,195	1,195	1,195	1,195
Transportation	6,698	6,750	6,800	6,850	6,900	6,950	7,000
Rate requests received:							
Fixed utilities	30	35	28	28	28	30	30
Transportation	69	70	70	70	70	70	70
Rate cases completed:							
Fixed utilities	30	35	28	28	28	30	30
Transportation	72	70	70	70	70	70	70
Audits conducted:							
Fixed utilities:							
Special	28	24	24	24	24	24	23
Energy / fuel	56	54	49	49	49	49	48
Management	12	12	10	7	7	8	7
Enforcement/investigations:							
Gas Safety	917	900	900	900	900	900	900
Transportation:							
Rail safety	2,043	2,200	2,700	2,700	2,700	2,700	2,700
Motor safety	17,041	17,050	17,050	17,050	17,050	17,050	17,050
Consumer services:							
Fixed utilities:							
Complaints received, investigated and resolved	85,200	85,200	85,200	85,200	85,200	85,200	85,200
Electric Deregulation:							
Homes eligible to participate (thousands)	4,883	4,889	4,904	4,913	4,922	4,941	4,941
Businesses eligible to participate (thousands)	657	665	673	680	687	695	695
Estimated Savings:							
Homes (millions)	\$368	\$265	\$121	\$49	\$94	\$47	\$47
Businesses (millions)	\$668	\$475	\$220	\$90	\$171	\$85	\$85

Program Recommendations:

This budget recommends the following changes in appropriations from restricted accounts: (Dollar Amounts in Thousands)

General Government Operations
 \$ -148 —operational efficiencies.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government Operations	\$ 52,000	\$ 51,631	\$ 51,483	\$ 51,483	\$ 51,483	\$ 51,483	\$ 51,483



DEPARTMENT OF PUBLIC WELFARE

The mission of the Department of Public Welfare is to promote, improve and sustain the quality of family life, break the cycle of dependency, and protect and serve Pennsylvania's most vulnerable citizens.

This mission is accomplished by promoting the financial independence of clients through a range of services including employment and training, work support, child care, medical assistance and transportation. The mission is also accomplished by providing community living arrangements for those in need of assistance with activities of daily living and, when necessary, through institutional care and treatment in settings that are responsive to human needs.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 58,629	\$ 58,866	\$ 63,828
(F)Child Welfare Services - Administration.....	2,054	2,026	2,074
(F)Child Welfare - Title IV-E - Administration.....	4,196	3,916	4,407
(F)CCDFBG - Administration.....	13,480	13,480	13,532
(F)Medical Assistance - Administration.....	23,694	25,217	30,630
(F)TANFBG - Administration.....	5,180	4,980	4,980
(F)Food Stamps - Administration.....	4,560	5,441	7,227
(F)Developmental Disabilities - Basic Support.....	4,090	4,090	4,113
(F)Refugees and Persons Seeking Asylum - Administration.....	1,588	1,526	1,604
(F)Disabled Education - Administration.....	1,522	1,597	1,608
(F)MHSBG - Administration.....	169	173	183
(F)SSBG - Administration.....	3,691	3,641	3,641
(F)Training - Lead-Based Paint Abatement.....	71	118	118
(F)Community Based Family Resource and Support - Administration.....	689	689	689
(F)Real Choice Systems Change.....	1,000	327 ^a	0
(F)Medical Assistance Infrastructure.....	825	825	825
(F)Money Follows Person.....	0	2,000	2,000
(F)Locally Organized Systems of Child Care.....	500	500	819
(A)Training Reimbursement.....	456	457	457
(A)Child Abuse Reviews.....	4,016	5,989	5,989
(A)Miscellaneous Reimbursements.....	4	50	50
Subtotal.....	\$ 130,414	\$ 135,908	\$ 148,774
Information Systems.....	49,895	54,941	60,075
(R)Cover All Pennsylvanians - Initial Implementation (EA).....	0	0	1,921
(R)Cover All Pennsylvanians - Information Systems (EA).....	0	0	423
(F)Medical Assistance - Information Systems.....	36,442	39,864	49,265
(F)Child Welfare - Title IV-E - Information Systems.....	286	1,010	907
(F)TANFBG - Information Systems.....	9,556	9,035	8,904
(F)Food Stamps - Information Systems.....	10,283	14,923	12,998
(F)Child Support Enforcement - Information Systems.....	7,740	11,143	11,174
(A)Intergovernmental Transfer - Technology.....	1,026	1,057	1,057
(A)Medical Data Exchange.....	28	20	20
(A)DOI - COMPASS Support - CHIP & Adult Basic.....	250	250	250
Subtotal.....	\$ 115,506	\$ 132,243	\$ 146,994
County Administration - Statewide.....	41,588	33,780	36,832
(R)Cover All Pennsylvanians - Initial Implementation (EA).....	0	0	479
(R)Cover All Pennsylvanians - Statewide (EA).....	0	0	2,802
(F)TANFBG - Statewide.....	2,753	2,150	2,150
(F)Medical Assistance - Statewide.....	41,438	38,861 ^b	41,289
(F)Food Stamps - Statewide.....	24,782	23,845	25,632
(F)Ryan White - Statewide.....	141	143	151
(F)Medicare Services - Statewide.....	0	1,500	0
(F)Storm Disaster 2005 - Administration (EA).....	151	0	0
(F)Storm Disaster 2006 - Administration (EA).....	0	300	0
(A)Fee for Material from Outside Vendors.....	9	5	5
(A)Food Stamps - Retained Collections.....	1,780	2,800	1,780
(A)Intergovernmental Transfer.....	1,260	1,121	943
(A)Food Stamp Bonus.....	682	1,163	0
Subtotal.....	\$ 114,584	\$ 105,668	\$ 112,063
County Assistance Offices.....	254,304	250,417	258,092
(R)Cover All Pennsylvanians - County Assistance (EA).....	0	0	236
(F)TANFBG - County Assistance.....	39,725	44,190	44,190
(F)Medical Assistance - County Assistance.....	82,070	88,515 ^c	90,379
(F)Food Stamps - County Assistance.....	78,030	81,138 ^d	83,380
(F)SSBG - County Assistance.....	6,262	6,262	6,262
(F)LIHEABG - Administration.....	13,965	13,965	13,965

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F)Medicare Services - County Assistance.....	0	500	0
(F)Repatriation Operations (EA).....	0	41	0
(A)Food Stamp Bonus.....	837	2,328	0
Subtotal.....	\$ 475,193	\$ 487,356	\$ 496,504
Child Support Enforcement.....	9,391	6,866	13,556
(F)Child Support Enforcement - Title IV - D.....	127,386	124,521	140,770
(F)MCHSBG - Program Services Family Court (EA).....	0	100	0
(A)Title IV - D Incentive Collections.....	11,816	17,397	15,375
Subtotal.....	\$ 148,593	\$ 148,884	\$ 169,701
New Directions.....	60,943	60,334	61,312
(F)TANFBG - New Directions.....	161,985	138,286	134,582
(F)Medical Assistance - New Directions.....	4,325	5,324	4,814
(F)Food Stamps - New Directions.....	9,508	9,168	11,173
Subtotal.....	\$ 236,761	\$ 213,112	\$ 211,881
Subtotal - State Funds.....	\$ 474,750	\$ 465,204	\$ 493,695
Subtotal - Federal Funds.....	724,137	725,330	760,435
Subtotal - Augmentations.....	22,164	32,637	25,926
Subtotal - Restricted Revenues.....	0	0	5,861
Total - General Government.....	\$ 1,221,051	\$ 1,223,171	\$ 1,285,917
Institutional:			
Youth Development Institutions and Forestry Camps.....	\$ 64,896	\$ 67,135^e	\$ 70,933
(F)SSBG - Basic Institutional Program.....	10,000	10,000	10,000
(F)Food Nutrition Services.....	692	800	725
(F)DFSC - Special Program - Juvenile Aftercare.....	1,225	1,225	1,225
(F)DFSC - Aftercare Support (EA).....	100	100	100
(F)DCSI - Gender Specific Training (EA).....	150	150	0
(A)Cafeteria Reimbursements.....	0	5	5
(A)Institutional Reimbursements.....	3	5	5
(A)MacArthur Foundation.....	75	50	200
Subtotal.....	\$ 77,141	\$ 79,470	\$ 83,193
Mental Health Services.....	676,961	686,169^f	716,266
(F)Medical Assistance - Mental Health.....	227,962	214,436	212,752
(F)Medicare Services - State Mental Hospitals.....	9,320	34,654 ^g	22,822
(F)Homeless Mentally Ill.....	2,059	2,059	2,035
(F)MHSBG - Community Mental Health Services.....	15,590	15,418	15,385
(F)SSBG - Community Mental Health Services.....	14,808	14,808	10,366
(F)Emergency Response Capacity.....	102	0	0
(F)Co-occurring Behavioral Disorder Treatment.....	1,100	550	100
(F)RTF Restraint Elimination.....	237	0	0
(F)Mental Health Systems Transformation.....	100	100	0
(F)Mental Health Housing Support.....	334	0	0
(F)Suicide Prevention.....	0	0	400
(F)Mental Health Data Infrastructure.....	169	160	150
(F)SSBG - Hurricane Relief.....	0	403	0
(F)Bioterrorism Hospital Preparedness (EA).....	1,036	595	515
(F)Storm Disaster 2005-Crisis Counseling Immediate Svcs (EA).....	313	0	0
(F)Crisis Counseling Assist & Training-Storm Disasters 2005(EA).....	552	0	0
(F)Crisis Counseling Assist & Training-Storm Disasters 2006(EA).....	0	828	0
(F)Storm Disaster - Shelter Assistance (EA).....	0	23	0
(F)Storms 2006 - Crisis Counseling Immediate Services (EA).....	0	229	0
(A)Institutional Collections.....	9,930	8,884	8,884
(A)Miscellaneous Institutional Reimbursements.....	1,482	1,565	1,565
(A)Intergovernmental Transfer.....	8,000	0	0
(A)Miscellaneous.....	596	0	0
Subtotal.....	\$ 970,651	\$ 980,881	\$ 991,240

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
State Centers for the Mentally Retarded.....	104,407	103,582	107,232
(F)Medical Assistance - State Centers.....	150,925	149,020	155,479
(F)Medicare Services - State Centers.....	704	835	530
(A)Institutional Collections - State Centers.....	11,072	9,880	10,055
(A)Institutional Reimbursements.....	163	0	0
(A)Embreeville Rents.....	1,061	1,230	1,129
(A)MR Assessment - State Centers.....	16,267	15,491	17,015
Subtotal.....	<u>\$ 284,599</u>	<u>\$ 280,038</u>	<u>\$ 291,440</u>
Subtotal - State Funds.....	\$ 846,264	\$ 856,886	\$ 894,431
Subtotal - Federal Funds.....	437,478	446,393	432,584
Subtotal - Augmentations.....	48,649	37,110	38,858
Total - Institutional.....	<u>\$ 1,332,391</u>	<u>\$ 1,340,389</u>	<u>\$ 1,365,873</u>
Grants and Subsidies:			
Cash Grants.....	\$ 434,931	\$ 488,838	\$ 329,588
(F)TANFBG - Cash Grants.....	253,110	242,692	218,193
(F)CCDFBG - Cash Grants.....	147,283	150,521	5,064
(F)Other Federal Support - Cash Grants.....	31,238	41,278	34,898
(F)LIHEABG - Low-Income Families and Individuals.....	136,000	152,684	152,684
(F)June 2006 Storm Disaster-Individual & Family Assistance (EA).....	0	6,000	0
Subtotal.....	<u>\$ 1,002,562</u>	<u>\$ 1,082,013</u>	<u>\$ 740,427</u>
Transfer to Emergency Energy Assistance Fund (EA).....	19,300	0	0
Supplemental Grants - Aged, Blind and Disabled.....	124,145	134,504	137,090
(A)Intergovernmental Transfer.....	26,548	28,265	26,985
Subtotal.....	<u>\$ 150,693</u>	<u>\$ 162,769</u>	<u>\$ 164,075</u>
Payment to Federal Government - Medicare Drug Program.....	0	338,500	325,029
Medical Assistance - Outpatient.....	945,950	677,455^h	1,008,562
(R)Cover All Pennsylvanians - Outpatient (EA).....	0	0	1,424
(F)Medical Assistance - Outpatient.....	1,065,342	1,007,070	1,346,302
(A)Intergovernmental Transfer.....	0	2,580	2,580
(A)HealthStart Grow Smart.....	276	141	543
Subtotal.....	<u>\$ 2,011,568</u>	<u>\$ 1,687,246</u>	<u>\$ 2,359,411</u>
(R)Transfer to MCare Availability and Error Reduction Fund (EA).....	230,000	150,000	100,000
Subtotal.....	<u>\$ 230,000</u>	<u>\$ 150,000</u>	<u>\$ 100,000</u>
Medical Assistance - Inpatient.....	474,693	489,472ⁱ	459,391
(R)Cover All Pennsylvanians - Inpatient (EA).....	0	0	511
(F)Medical Assistance - Inpatient.....	611,648	599,265 ^j	575,197
(A)Intergovernmental Transfer.....	48,000	0	0
Subtotal.....	<u>\$ 1,134,341</u>	<u>\$ 1,088,737</u>	<u>\$ 1,035,099</u>
Medical Assistance - Capitation.....	2,500,992	2,724,839^k	2,405,083
(R)Cover All Pennsylvanians - Capitation (EA).....	0	0	4,197
(F)Medical Assistance - Capitation.....	3,346,874	3,506,863	3,419,470
(A)Intergovernmental Transfer.....	32,000	0	0
(A)Managed Care Assessment.....	371,994	375,396	383,696
Subtotal.....	<u>\$ 6,251,860</u>	<u>\$ 6,607,098</u>	<u>\$ 6,212,446</u>
Long-Term Care.....	817,890	717,154^l	799,113
(F)Medical Assistance - Long-Term Care.....	2,236,514	2,332,323	2,286,086
(A)Intergovernmental Transfer.....	716,334	489,314	352,509
(A)Nursing Home Assessment.....	338,837	287,053	331,339
Subtotal.....	<u>\$ 4,109,575</u>	<u>\$ 3,825,844</u>	<u>\$ 3,769,047</u>
Trauma Centers.....	12,500	12,500	12,500

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F)Medical Assistance - Trauma Centers.....	15,309	15,006	14,830
Subtotal.....	\$ 27,809	\$ 27,506	\$ 27,330
Hospital Based Burn Centers.....	0	5,000	0
Medical Assistance - Academic Medical Centers.....	20,591	21,299	21,592
(F)Medical Assistance - Academic Medical Centers.....	24,911	25,568	26,398
Subtotal.....	\$ 45,502	\$ 46,867	\$ 47,990
Medical Assistance - Transportation.....	50,904	56,287	64,602
(F)Medical Assistance - Transportation.....	43,362	47,973	55,053
Subtotal.....	\$ 94,266	\$ 104,260	\$ 119,655
Expanded Medical Services for Women.....	8,860	9,038	4,655
(F)TANFBG - Alternatives to Abortion.....	1,000	1,000	1,000
Subtotal.....	\$ 9,860	\$ 10,038	\$ 5,655
AIDS Special Pharmaceutical Services.....	13,448	16,267	16,267
(F)AIDS - Ryan White.....	26,654	32,228	32,228
Subtotal.....	\$ 40,102	\$ 48,495	\$ 48,495
Special Pharmaceutical Services.....	5,886	6,852	6,178
Behavioral Health Services.....	43,981	43,981	45,300
(A)Intergovernmental Transfer.....	15,107	12,107	12,107
Subtotal.....	\$ 59,088	\$ 56,088	\$ 57,407
Psychiatric Services in Eastern PA.....	3,500	3,500	0
Intermediate Care Facilities - Mentally Retarded.....	115,568	116,514^m	125,497
(F)Medical Assistance - ICF/MR.....	167,078	170,448	178,248
(A)MR Assessment - ICF/MR.....	16,881	17,500	17,600
Subtotal.....	\$ 299,527	\$ 304,462	\$ 321,345
Community Mental Retardation Services.....	729,633	789,554	868,061
(F)Medical Assistance - Community MR Services.....	701,193	753,974 ⁿ	836,908
(F)SSBG - Community MR Services.....	13,984	7,500	7,500
Subtotal.....	\$ 1,444,810	\$ 1,551,028	\$ 1,712,469
Early Intervention.....	91,351	105,175	119,661
(F)SSBG - Early Intervention.....	2,195	2,195	2,195
(F)Medical Assistance - Early Intervention.....	19,404	26,281 ^o	28,251
(F)Education for Children with Disabilities.....	12,988	13,223	13,702
(F)Special Education - Technical Assistance.....	0	733	0
Subtotal.....	\$ 125,938	\$ 147,607	\$ 163,809
Autism Intervention and Services.....	3,000	3,000	4,955
(F)Medical Assistance - Autism Intervention and Services.....	0	1,801 ^p	4,728
Subtotal.....	\$ 3,000	\$ 4,801	\$ 9,683
Pennhurst Dispersal.....	3,058	3,122	3,223
MR Residential Services - Lansdowne.....	1,223	1,456	418
County Child Welfare.....	838,526	880,831	947,814
(F)Child Welfare Services.....	21,957	17,391	14,242
(F)Child Welfare - Title IV-E.....	462,419	427,041	378,857
(F)Medical Assistance - Child Welfare.....	5,492	4,077	4,077
(F)TANFBG - Child Welfare.....	67,884	67,883	67,883
(F)SSBG - Child Welfare.....	12,021	12,021	12,021
(F)Child Welfare Training and Certification.....	14,598	10,384	11,762
(F)Community Based Family Resource and Support.....	134	134	134
(F)Child Abuse Prevention and Treatment Act.....	0	0	1,700

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal.....	\$ 1,423,031	\$ 1,419,762	\$ 1,438,490
Child Welfare - TANF Transition.....	45,000	45,000	15,000
Behavioral Health Services Transition.....	8,771	14,859	8,052
(F)Medical Assistance - Behavioral Health Services.....	10,492	17,838	9,512
Subtotal.....	\$ 19,263	\$ 32,697	\$ 17,564
Community Based Family Centers.....	3,148	3,148	6,563
(F)Family Preservation - Family Centers.....	6,463	7,299	7,090
(F)Family Resource & Support - Family Centers.....	480	480	480
(F)CCDFBG - Family Centers.....	461	461	461
(F)Title IV-B - Family Centers.....	2,605	2,528	1,253
Subtotal.....	\$ 13,157	\$ 13,916	\$ 15,847
Child Care Services.....	80,209	107,671	151,008
(F)CCDFBG - Child Care.....	193,332	190,316	190,316
(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.....	450	450	225
(F)TANFBG - Child Care Services.....	2,000	2,000	2,000
(F)Bioterrorism Child Care Preparedness (EA).....	33	0	0
Subtotal.....	\$ 308,261	\$ 332,674	\$ 375,786
Child Care Assistance.....	0	0	209,305
(F)TANF - Child Care Assistance.....	0	0	24,499
(F)CCDFBG - Child Care Assistance.....	0	0	135,457
(F)Food Stamps - Child Care Assistance.....	0	0	8,247
Subtotal.....	\$ 0	\$ 0	\$ 377,508
Nurse Family Partnership.....	0	2,500	7,262
(F)Medical Assistance - Nurse Family Partnership.....	0	1,451	1,744
(F)TANFBG - Nurse Family Partnership.....	1,222	1,222	1,222
(F)CCDFBG - Nurse Family Partnership.....	2,605	2,605	2,605
Subtotal.....	\$ 3,827	\$ 7,778	\$ 12,833
Domestic Violence.....	11,542	11,772	13,325
(F)Family Violence Prevention Services.....	3,000	3,000	3,000
(F)SSBG - Domestic Violence.....	5,705	5,705	5,705
(F)PHHSBG - Domestic Violence.....	150	150	150
(F)DFSC - Domestic Violence.....	425	425	425
(A)Marriage Law Fees.....	733	733	733
Subtotal.....	\$ 21,555	\$ 21,785	\$ 23,338
Rape Crisis.....	5,879	5,997	6,177
(F)PHHSBG - Rape Crisis.....	301	301	0
(F)SSBG - Rape Crisis.....	2,721	2,721	2,721
(F)Rape Prevention and Education.....	1,800	1,800	0
(F)DFSC - Special Programs for Rape Crisis.....	142	142	142
Subtotal.....	\$ 10,843	\$ 10,961	\$ 9,040
Breast Cancer Screening.....	1,526	1,556	1,603
(F)SSBG - Family Planning.....	3,845	3,845	1,000
Subtotal.....	\$ 5,371	\$ 5,401	\$ 2,603
Human Services Development Fund.....	36,285	36,285	33,785
(F)Refugees and Persons Seeking Asylum - Social Services.....	6,785	6,785	6,785
(A)Intergovernmental Transfer.....	4,999	2,500	0
Subtotal.....	\$ 48,069	\$ 45,570	\$ 40,570
Legal Services.....	2,519	2,569	2,646
(F)SSBG - Legal Services.....	5,049	5,049	5,049

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal.....	\$ 7,568	\$ 7,618	\$ 7,695
Homeless Assistance.....	25,536	26,701	25,700
(F)SSBG - Homeless Services.....	4,183	4,183	4,183
(F)SABG - Homeless Services.....	1,983	1,983	1,983
Subtotal.....	\$ 31,702	\$ 32,867	\$ 31,866
Services to Persons with Disabilities.....	44,474	52,203 ^q	68,964
(F)SSBG - Services to Persons with Disabilities.....	120	120	0
(F)Medical Assistance - Services to Persons with Disabilities.....	59,556	79,148	94,989
(A)Intergovernmental Transfer.....	9,256	9,256	9,256
(A)MR Assessment - ICF/ORC.....	355	100	0
Subtotal.....	\$ 113,761	\$ 140,827	\$ 173,209
Attendant Care.....	60,751	67,586 ^r	84,753
(F)Medical Assistance - Attendant Care.....	45,978	56,185	63,555
(A)Attendant Care Parking Fines.....	103	103	103
(A)Intergovernmental Transfer.....	15,282	15,282	15,282
Subtotal.....	\$ 122,114	\$ 139,156	\$ 163,693
Acute Care Hospitals.....	10,800	14,500	0
Family and Children's Center.....	143	143	0
Subtotal - State Funds.....	\$ 7,596,513	\$ 8,037,628	\$ 8,338,722
Subtotal - Federal Funds.....	9,834,715	10,105,986	10,336,646
Subtotal - Augmentations.....	1,596,705	1,240,330	1,152,733
Subtotal - Restricted Revenues.....	230,000	150,000	106,132
Total - Grants and Subsidies.....	\$ 19,257,933	\$ 19,533,944	\$ 19,934,233
STATE FUNDS.....	\$ 8,917,527	\$ 9,359,718	\$ 9,726,848
FEDERAL FUNDS.....	10,996,330	11,277,709	11,529,665
AUGMENTATIONS.....	1,667,518	1,310,077	1,217,517
RESTRICTED REVENUES.....	230,000	150,000	111,993
GENERAL FUND TOTAL.....	\$ 21,811,375	\$ 22,097,504	\$ 22,586,023
LOTTERY FUND:			
<i>Grants and Subsidies:</i>			
Medical Assistance - Long-Term Care.....	\$ 0	\$ 248,771	\$ 248,771
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Medical Care for Workers with Disabilities (EA).....	\$ 21,850	\$ 26,663	\$ 28,086
(F)Medical Assistance - Workers with Disabilities (EA).....	26,435	31,999	34,283
Subtotal.....	\$ 48,285	\$ 58,662	\$ 62,369
Uncompensated Care (EA).....	36,626	33,623	25,116
(F)Medical Assistance - Uncompensated Care (EA).....	48,806	40,363	40,363
Subtotal.....	\$ 85,432	\$ 73,986	\$ 65,479
Home and Community-Based Services (EA).....	27,078	31,373	22,242
(F)Medical Assistance - Community Services (EA).....	32,760	37,309	26,277
Subtotal.....	\$ 59,838	\$ 68,682	\$ 48,519
Medical Assistance-Long-Term Care.....	57,441	65,909	79,227

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 142,995	\$ 157,568	\$ 154,671
Subtotal - Federal Funds.....	108,001	109,671	100,923
Total - Grants and Subsidies.....	\$ 250,996	\$ 267,239	\$ 255,594
STATE FUNDS.....	\$ 142,995	\$ 157,568	\$ 154,671
FEDERAL FUNDS.....	108,001	109,671	100,923
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 250,996	\$ 267,239	\$ 255,594
OTHER FUNDS:			
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA).....	\$ 1,850	\$ 1,850	\$ 1,850
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance.....	\$ 1,600	\$ 707	\$ 244
TOBACCO SETTLEMENT FUND:			
CHR - Cover All Pennsylvanians (R).....	\$ 0	\$ 0	\$ 4,647
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 8,917,527	\$ 9,359,718	\$ 9,726,848
SPECIAL FUNDS.....	142,995	406,339	403,442
FEDERAL FUNDS.....	11,104,331	11,387,380	11,630,588
AUGMENTATIONS.....	1,667,518	1,310,077	1,217,517
RESTRICTED.....	230,000	150,000	111,993
OTHER FUNDS.....	3,450	2,557	6,741
TOTAL ALL FUNDS.....	\$ 22,065,821	\$ 22,616,071	\$ 23,097,129

- a Includes recommended supplemental appropriation of \$144,000.
- b Includes recommended supplemental appropriation of \$527,000.
- c Includes recommended supplemental appropriation of \$472,000.
- d Includes recommended supplemental appropriation of \$421,000.
- e Includes recommended supplemental appropriation of \$2,500,000.
- f Includes recommended supplemental appropriation of \$4,466,000.
- g Includes recommended supplemental appropriation of \$4,300,000.
- h Includes recommended supplemental appropriation of \$10,805,000.
- i Includes recommended supplemental appropriation of \$32,593,000.
- j Includes recommended supplemental appropriation of \$11,184,000.
- k Includes recommended supplemental appropriation of \$146,332,000.
- l Includes recommended supplemental appropriation of \$29,598,000.
- m Reflects recommended appropriation reduction of \$8,000,000.
- n Includes recommended supplemental appropriation of \$15,044,000.
- o Includes recommended supplemental appropriation of \$5,200,000.
- p Includes recommended supplemental appropriation of \$1,801,000.
- q Reflects recommended appropriation reduction of \$8,822,000.
- r Reflects recommended appropriation reduction of \$8,388,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND.....	\$ 108,524	\$ 113,807	\$ 123,903	\$ 124,109	\$ 123,044	\$ 123,044	\$ 123,044
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	131,616	146,521	161,698	161,974	160,725	160,715	160,745
OTHER FUNDS.....	5,780	7,823	10,167	8,202	7,213	7,204	7,239
SUBCATEGORY TOTAL.....	\$ 245,920	\$ 268,151	\$ 295,768	\$ 294,285	\$ 290,982	\$ 290,963	\$ 291,028
MEDICAL ASSISTANCE							
GENERAL FUND.....	\$ 4,862,514	\$ 5,089,163	\$ 5,122,972	\$ 5,586,209	\$ 6,211,496	\$ 6,726,633	\$ 7,461,936
SPECIAL FUNDS.....	142,995	406,339	403,442	403,963	402,098	400,740	408,834
FEDERAL FUNDS.....	7,479,615	7,676,967	7,857,487	8,111,191	8,176,341	8,639,174	9,428,040
OTHER FUNDS.....	1,737,441	1,304,484	1,181,446	916,052	524,960	414,679	422,004
SUBCATEGORY TOTAL.....	\$ 14,222,565	\$ 14,476,953	\$ 14,565,347	\$ 15,017,415	\$ 15,314,895	\$ 16,181,226	\$ 17,720,814
INCOME MAINTENANCE							
GENERAL FUND.....	\$ 944,602	\$ 974,739	\$ 836,470	\$ 849,540	\$ 878,379	\$ 892,752	\$ 907,390
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,160,152	1,171,984	1,009,576	1,014,946	1,016,508	1,017,092	1,018,364
OTHER FUNDS.....	44,532	53,786	48,849	48,317	49,314	49,593	50,399
SUBCATEGORY TOTAL.....	\$ 2,149,286	\$ 2,200,509	\$ 1,894,895	\$ 1,912,803	\$ 1,944,201	\$ 1,959,437	\$ 1,976,153
MENTAL HEALTH							
GENERAL FUND.....	\$ 724,442	\$ 733,650	\$ 761,566	\$ 739,565	\$ 728,817	\$ 728,817	\$ 728,817
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	273,682	284,263	264,525	264,425	264,425	263,875	263,875
OTHER FUNDS.....	35,115	22,556	22,556	22,556	10,449	10,449	10,449
SUBCATEGORY TOTAL.....	\$ 1,033,239	\$ 1,040,469	\$ 1,048,647	\$ 1,026,546	\$ 1,003,691	\$ 1,003,141	\$ 1,003,141
MENTAL RETARDATION							
GENERAL FUND.....	\$ 956,889	\$ 1,017,228	\$ 1,109,386	\$ 1,139,753	\$ 1,139,753	\$ 1,139,753	\$ 1,139,753
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,033,884	1,083,578	1,183,393	1,217,957	1,217,957	1,217,957	1,217,957
OTHER FUNDS.....	45,444	44,101	45,799	45,799	45,799	45,799	45,799
SUBCATEGORY TOTAL.....	\$ 2,036,217	\$ 2,144,907	\$ 2,338,578	\$ 2,403,509	\$ 2,403,509	\$ 2,403,509	\$ 2,403,509
HUMAN SERVICES							
GENERAL FUND.....	\$ 1,145,705	\$ 1,212,494	\$ 1,278,752	\$ 1,330,099	\$ 1,401,090	\$ 1,477,051	\$ 1,558,329
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	748,907	740,586	701,925	729,425	729,325	729,325	729,325
OTHER FUNDS.....	30,806	28,034	25,584	25,584	25,384	25,384	25,384
SUBCATEGORY TOTAL.....	\$ 1,925,418	\$ 1,981,114	\$ 2,006,261	\$ 2,085,108	\$ 2,155,799	\$ 2,231,760	\$ 2,313,038

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
CHILD DEVELOPMENT							
GENERAL FUND.....	\$ 174,851	\$ 218,637	\$ 493,799	\$ 493,799	\$ 493,799	\$ 493,799	\$ 493,799
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	276,475	283,481	451,984	451,984	451,984	451,984	451,984
OTHER FUNDS.....	1,850	1,850	1,850	1,850	1,850	1,850	1,850
SUBCATEGORY TOTAL.....	\$ 453,176	\$ 503,968	\$ 947,633	\$ 947,633	\$ 947,633	\$ 947,633	\$ 947,633
ALL PROGRAMS:							
GENERAL FUND.....	\$ 8,917,527	\$ 9,359,718	\$ 9,726,848	\$ 10,263,074	\$ 10,976,378	\$ 11,581,849	\$ 12,413,068
SPECIAL FUNDS.....	142,995	406,339	403,442	403,963	402,098	400,740	408,834
FEDERAL FUNDS.....	11,104,331	11,387,380	11,630,588	11,951,902	12,017,265	12,480,122	13,270,290
OTHER FUNDS.....	1,900,968	1,462,634	1,336,251	1,068,360	664,969	554,958	563,124
DEPARTMENT TOTAL.....	\$ 22,065,821	\$ 22,616,071	\$ 23,097,129	\$ 23,687,299	\$ 24,060,710	\$ 25,017,669	\$ 26,655,316

PROGRAM OBJECTIVE: To provide effective administrative and support systems through which the substantive programs of the department can be operated.

Program: Human Services Support

The Human Services Support program provides the policy direction, management and administrative systems required to implement, maintain and monitor the substantive programs of the department.

Information systems are critical in the management of human services. The technology challenge is to provide timely and accurate information that enables the integration of numerous client services, and tracks individual progress towards self-sufficiency. Additionally, the Managed Care environment requires the department to view and monitor client profiles relative to quality of care, encounter data, and eligibility data, in order to manage the client and costs effectively. The continued creation and expansion of web-based applications allows more on-line services and maintains common client and provider databases and case management systems for use across program lines.

Also provided is the management and oversight of the coordination of benefits and recovery of Medical

Assistance overpayments when a third party liability is identified. Recoveries consist of casualty cases, the Estate Recovery Program, Federally mandated "pay and chase" situations, and the identification and recovery of insurance payments after claims are paid.

This program also seeks reimbursement from third party sources for services provided to patients and consumers at the State-operated Mental Health and Mental Retardation facilities.

Finally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating child care and selected medical facilities, and provides direction for health programs for Pennsylvania residents who are unable to purchase adequate health care services.

The department continues to strive towards system enhancements that will minimize administrative costs in relation to service costs.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Third-party liability cases referred for recovery	13,816	13,700	13,800	13,900	14,000	14,100	14,200
Total dollars recovered (in thousands).....	\$119,724	\$111,500	\$120,700	\$111,700	\$114,700	\$117,700	\$120,700
Recipient appeals cases receiving final disposition.....	39,921	38,000	38,000	38,000	38,000	38,000	38,000
Provider appeals cases receiving final disposition.....	1,385	1,525	1,550	1,550	1,550	1,550	1,550
On-line applications submitted thru COMPASS	121,365	150,000	180,000	180,000	180,000	180,000	180,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		Information Systems	
	General Government Operations	\$ 1,910	—to continue current program.
\$ 2,264	—to continue current program.	1,700	—reflects annualization of the Certification Information System Redesign Initiative.
1,936	—Initiative — Child Line and Abuse Registry. To provide administrative resources for the increased call volume resulting from new child abuse reporting and criminal history clearance requirements.	-1,063	—nonrecurring project.
		1,262	—to reflect change in Federal earnings.
762	—Initiative — Expanded Community Mental Retardation and Autism Services. To provide administrative resources to comply with new federal Medicaid home and community-based waiver requirements and to implement a home and community-based services program for persons with autism.	1,325	—Initiative — Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services, including computerized assessment and care plan and long-term care information system enhancements.
		\$ 5,134	<i>Appropriation Increase</i>
\$ 4,962	<i>Appropriation Increase</i>		

In addition, this budget recommends \$2,823,000 in restricted funds for the implementation of Cover All Pennsylvanians. Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Program: Human Services Support (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 58,629	\$ 58,866	\$ 63,828	\$ 64,044	\$ 64,044	\$ 64,044	\$ 64,044
Information Systems.....	49,895	54,941	60,075	60,065	59,000	59,000	59,000
TOTAL GENERAL FUND	<u>\$ 108,524</u>	<u>\$ 113,807</u>	<u>\$ 123,903</u>	<u>\$ 124,109</u>	<u>\$ 123,044</u>	<u>\$ 123,044</u>	<u>\$ 123,044</u>

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.

Program: Medical Assistance

The Medical Assistance Program 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. Others who do not qualify for cash assistance grants but spend a significant portion of their income for medical expenses qualify for Medical Assistance. A verifiable medical condition, which precludes work, will also allow participation.

Cover All Kids guarantees access to affordable, comprehensive health care coverage for all uninsured children in Pennsylvania through enhanced outreach efforts, increased income eligibility limits for subsidized coverage and opportunities for higher-income families to purchase health care coverage at-cost.

This budget recommends a new health insurance program, Cover All Pennsylvanians, which will provide access to basic and affordable health care coverage for all uninsured adults in Pennsylvania. Through extensive outreach efforts, increased income eligibility for subsidized care and new opportunities to purchase at-cost, Cover All Pennsylvanians will enroll approximately 5,600 adults in 2007-08 and additional adults thereafter. Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Eligibility also includes women diagnosed with breast or cervical cancer who qualify for treatment within enhanced Federal guidelines. Disabled workers are able to participate in the Medical Assistance program through a purchase program authorized by Act 77 of 2001, the Tobacco Settlement Act. Workers with incomes under 250 percent of the Federal poverty guidelines pay a premium equal to five percent of their monthly income to participate in the complete package of benefits.

Program Element: Outpatient Services

Outpatient services include the majority of preventive services available to a person who does not need extended acute care in a health care facility. Outpatient services include medical or dental care in a clinic or office setting, outpatient surgery, rehabilitation, drug and alcohol treatment, pharmaceutical products, ambulance transportation, home health care, medical supplies and equipment and prosthetic devices.

Individuals with low income and resources according to federal categorical criteria are eligible for a comprehensive array of outpatient services. Those individuals with limited income and resources who do not qualify for cash payments are eligible for all services except pharmaceutical products, dental care, medical supplies and equipment and prosthetic devices. Some service restrictions, comparable to private

insurance, apply to adult recipients. An exception process is available for unusual circumstances.

As a result of the Medicaid Modernization Act of 2003, dual eligibles (persons who are eligible for both Medicare and Medicaid) will receive most pharmaceutical services from Medicare, but will continue to receive barbiturates, benzodiazepines, and over-the-counter drugs, and certain vitamins and minerals through Medical Assistance. This change took effect January 1, 2006. The ACCESS Plus Program enables enrollees to choose their own primary care providers and as a result, benefit from active care coordination, case management and, if eligible, disease management services. ACCESS Plus is available to virtually all Medical Assistance fee-for-service enrollees with the following exceptions: nursing home residents, long-term care capitation enrollees, Health Insurance Premium Payment eligible members, residents of state institutions and dual eligible Medicare/Medicaid members over the age of 21. The Department placed a significant emphasis on implementing disease management programs and has developed a series of financial incentives for both the disease management contractor and primary care practitioners to focus on providing quality care and actively supporting disease management programs.

In response to the rising cost of prescription drugs, steps have been taken to better manage the pharmacy benefit program. A preferred drug list (PDL) was implemented which established an aggressive drug rebate program and continues to enforce the use of generic drugs. The PDL affords the Department the ability to invoice drug manufacturers for supplemental rebates. The drug rebate program was designed to reduce escalating expenditures for outpatient prescription drugs by taking advantage of discounted prices. Other efforts to control pharmacy costs include the Restricted Recipient Program that limits consumers to one physician to authorize prescriptions and is responsible for managing their prescription drug usage.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance patients in acute care, rehabilitation and private psychiatric hospitals.

The Inpatient Medical Assistance Program provides eligible recipients coverage on a 24-hour basis for room, board and professional services. A recipient is only eligible for admission under Medical Assistance upon the recommendation of a physician, dentist or podiatrist. Medical Assistance does not cover hospital care solely for cosmetic procedures, nor diagnostic or therapeutic procedures solely for experimental, research or educational purposes. The department uses a Prospective Payment System (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

Program: Medical Assistance (continued)

classify the various diagnoses based on the amount of resources hospitals customarily use for treatment. The department's payment for compensable inpatient hospital services under the DRG payment system is the product of the hospital specific average cost per case multiplied by the relative value of the DRG assigned to the admission. The DRG system pays for cost outliers for specific DRGs wherein the cost of treating the case exceeds a certain threshold. These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the physician, dentist, podiatrist or midwife who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees established under the Medical Assistance Fee Schedule through the Medical Assistance Outpatient appropriation.

Freestanding psychiatric and rehabilitation hospitals and distinct part psychiatric and rehabilitation units of acute care hospitals are reimbursed on a prospective basis through per diem payments.

Act 77 of 2001, the Tobacco Settlement Act, authorized an additional payment to hospitals to partially offset the cost of uncompensated care or extraordinary medical services provided by hospitals to individuals with no, or inadequate, health care insurance.

Program Element: Capitation

Alternative health care delivery systems for Medical Assistance recipients are available through Managed Care Organizations (MCOs). Generally referred to as Health Maintenance Organizations (HMOs), these mechanisms provide services utilizing a fixed rate per recipient enrolled. MCOs emphasize outpatient preventive health services and disease management as a means of controlling costs. The coordinated approach allows enhanced continuity of care, improves recipients' access to primary physician care and specialized behavioral health programs, provides strengthened oversight of operational standards and facilitates an efficient utilization of limited health care resources.

Mandatory managed care is provided to most eligible clients in five counties in Southeastern Pennsylvania, ten counties in Southwestern Pennsylvania and ten counties in the Lehigh/Capital region of Pennsylvania. Physical health care is provided in these HealthChoices counties through contracts with six HMOs. Certain Healthy Horizons participants remain in the fee-for-service program in all counties.

The department manages the HealthChoices Behavioral Health program either through county contracts or by direct contract with a behavioral health managed care organization. The HealthChoices Behavioral Health program expanded to an additional 27 counties in 2006-07 and plans to expand to the remaining 15 counties in July 2007, at which point the program will be operating statewide. Services provided include psychiatric inpatient treatment, partial hospitalization, psychiatric outpatient services, Early Periodic Screening Diagnosis and Treatment services for children, case management, and drug and alcohol detoxification and rehabilitation services.

The Department has built into its contracts with

HealthChoices capitated managed care organizations financial incentives to operate disease management programs to measure the outcomes of the care they provide.

Program Element: Long-Term Care

Long-term care is a continuum of services ranging from independent living at home with the support of community services to institutional care. The Department of Aging's Pre-Admission Assessment Program acts as a "gatekeeper" to manage access to this continuum.

Institutional services are provided to eligible persons by nursing facilities certified, in accordance with established standards, to participate in the Medical Assistance Program. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Older Pennsylvanians who are in need of nursing home care can receive services in the community through the Federal Medicaid Home and Community-Based Waiver Program and the Long-Term Care Capitated Assistance Program (LTCCAP). These programs provide assistance with activities of daily living as well as nursing services while incorporating the informal supports available through family and friends. Additionally, the LTCCAP integrates Medicare funding with Medicaid funding to provide a fully coordinated and comprehensive service package to their enrollees.

As the costs for both nursing homes and home and community based services have grown, the need to realign both the supply of services and the funding that supports them has become increasingly evident. The Office of Long Term Living has been charged with developing plans for the future of Medicaid Long-Term Living services in the Commonwealth, building upon the successes of the administration's efforts to reform and rebalance the state's long-term care system.

This budget continues to provide home and community-based care as a cost effective alternative to nursing facility care with particular emphasis on transitioning nursing home residents wishing to leave a facility-based care setting and return to their home or community. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement. Governor Rendell's goal is to offer eligible Medicaid consumers choice in where they receive long-term living services, providing high-quality care to these individuals in the clinically appropriate, least restrictive, and most cost-effective environment.

Program Element: Medical Assistance Transportation Program

The goal of the Medical Assistance Transportation Program (MATP) is to provide efficient and effective transportation options to improve access to health care services for Medical Assistance recipients in need of transportation assistance.

The MATP provides funding to 66 counties and a transportation broker in Philadelphia County to provide non-emergency medical transportation to Medical Assistance covered services.

The program entails the following: assessing MATP

Program: Medical Assistance (continued)

eligibility and determining the level of transportation services needed, providing funding for recipients to use public transit, reimbursing clients for private vehicle mileage use, developing and managing a network of on-demand transportation providers, scheduling and dispatching on-demand paratransit trips, capturing and providing data and reporting elements.

The counties are responsible for providing transportation services to Medical Assistance recipients in either fee-for-service or managed care arrangements and must transport clients to wherever the medical service is being provided. This may occasionally mean that trips cross county lines.

County governments can provide this service directly, contract with an independent transportation agency or pay agencies that provide transportation as part of a whole human services system.

Program Element: Special Pharmaceutical Benefits Program

The Special Pharmaceutical Benefits programs pays for specific drugs for low and moderate-income persons with HIV/AIDS disease and for limited mental health drug therapy for persons residing in the community who suffer from schizophrenia and who are not eligible for drug coverage through the regular Medical Assistance Fee-for-Service Program or some other entity such as Medicare Part D. Households with a gross annual income

of less than \$30,000 for an individual plus \$2,480 for each additional family member, and have the appropriate medical diagnosis, benefit from this program.

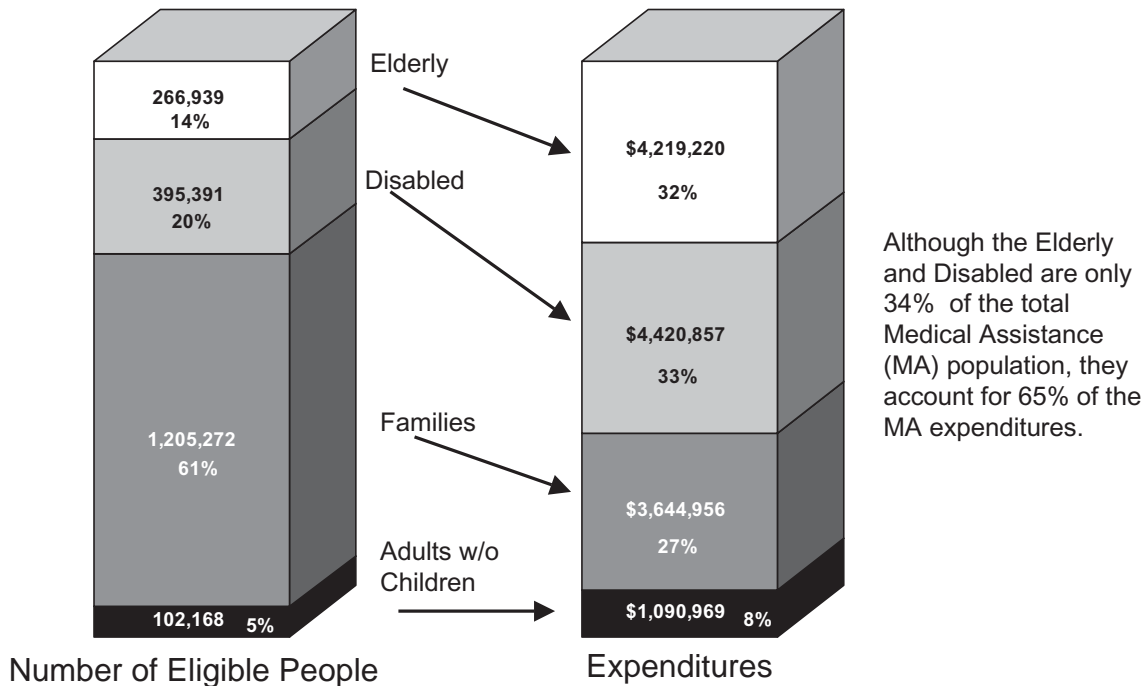
Program Element: Expanded Medical Services for Women

The Expanded Medical Services for Women Program provides counseling services to women. Grants are provided to nonprofit agencies whose primary purpose is to assist pregnant women seeking alternatives to abortions. Services are provided up to 12 months after childbirth and include food, shelter, clothing, health care, counseling, adoption services, parenting classes, assistance for post delivery stress, and other support programs.

Grants are also provided to four Family Planning Counsels and include services to women who have received a subsidized breast screen, follow up services to other screening tests (pap smears, urine dipstick, hypertension, sexually transmitted diseases, etc.), and non-invasive contraceptive supplies. Women eligible to have their contraceptive supplies paid for under this provision must meet the same income eligibility criteria as women eligible to receive family planning services (i.e., family income less than 100 percent of the Federal poverty guidelines).

Medicaid Expenditures and Enrollees by Category of Assistance

Fiscal Year 2007-08
(Dollar Amounts in Thousands)



Program: Medical Assistance (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Persons participating in Medical Assistance (monthly average).....	1,833,760	1,905,529	1,967,750	1,974,585	1,979,035	1,986,150	1,998,020
Medical Assistance recipients served (monthly average):.....							
Fee-for-service delivery - Physical Health Only.....	669,639	781,219	842,840	886,065	887,845	890,690	895,440
Average Managed Care Enrollment - Physical Health.....	1,164,121	1,124,310	1,124,910	1,088,520	1,091,190	1,095,460	1,102,580
Average HealthChoices Behavioral Health enrollment.....	1,160,836	1,241,995	1,663,110	1,662,210	1,669,880	1,674,150	1,681,270
Outpatient							
Services/visits per 1,000 enrollees:							
Physicians visits.....	2,255	3,544	3,650	3,650	3,650	3,650	3,650
Clinic visits.....	1,389	1,725	1,780	1,780	1,780	1,780	1,780
Emergency room visits.....	458	450	450	450	450	450	450
Average prescriptions filled per enrollee per month.....	4.5	4.3	4.3	4.3	4.3	4.3	4.3
Percent of generic and over the counter prescriptions.....	65.0%	68.0%	68.0%	68.0%	68.0%	68.0%	68.0%
Percent of brand name prescriptions filled.....	34.0%	34.0%	34.0%	33.0%	33.0%	33.0%	33.0%
Average cost - generic and over the counter.....	\$19.85	\$19.85	\$22.50	\$23.50	\$25.00	\$25.50	\$27.00
Average cost - brand name.....	\$105.32	\$110.00	\$115.00	\$120.00	\$125.00	\$130.00	\$135.00
Inpatient							
Admissions per 1,000 enrollees:							
General hospital.....	239	235	231	230	230	230	230
Rehabilitation hospital.....	3	7	7	7	7	7	7
Private psychiatric hospital.....	16	19	19	19	19	19	19
Capitation							
Percent of children from birth to 15 months visiting a physician 3 or more times in the past year.....	92.3%	94.4%	94.8%	94.8%	95.2%	96.0%	96.2%
Percent of children age 12 to 24 months visiting a doctor or nurse in the past year.....	93.5%	95.4%	95.7%	96.0%	96.3%	96.6%	96.6%
Percent of children 25 months to 6 years visiting a doctor or nurse in the past year.....	83.1%	83.4%	83.9%	84.4%	84.9%	85.4%	86.0%
Percent of pregnant women who received over 80% of the recommended prenatal visits*.....	65.6%	66.1%	66.6%	67.1%	67.6%	68.1%	69.6%
Transportation Program							
One-way trips (in thousands).....	7,243	7,801	8,402	9,050	9,050	9,050	9,050
Cost per trip.....	\$12.93	\$13.25	\$14.24	\$14.89	\$15.86	\$16.84	\$17.48
Long-Term Care							
Recipients under age 60 receiving institutional care (annual unduplicated users).....	7,017	7,008	7,000	6,700	6,420	6,140	5,890
Recipients over age 60 receiving institutional care (monthly average).....	73,136	72,629	72,430	70,430	67,230	64,110	61,270
Percent of long-term care recipients receiving institutional care.....	72.7%	70.3%	68.3%	63.3%	58.4%	54.0%	50.0%
Average annual cost of nursing home care.....	\$52,513	\$54,546	\$55,892	\$57,569	\$59,296	\$61,075	\$62,907
Recipients over age 60 receiving home and community based waiver services.....	20,301	22,127	24,320	31,215	38,000	44,310	50,560
Average annual cost of home and community based waiver services.....	\$20,178	\$21,403	\$22,775	\$23,458	\$24,162	\$24,887	\$25,633
Percent of long-term care recipients receiving services in the community.....	27.3%	29.7%	31.7%	36.7%	41.6%	46.0%	50.0%
Recipients receiving services through the Long-Term Care Capitated Assistance Program.....	1,274	1,411	2,130	2,800	3,380	3,860	4,400
Medical Care for Workers with Disabilities							
Recipients enrolled in program.....	6,871	8,589	10,479	12,370	14,260	16,150	18,040

* New Measures

The combined percentages of generic plus over-the-counter medications and brand name medications will not equal 100% because some pharmacy claims include non-drug items that are not classified as either brands or generics.

Program: Medical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			
Payment to Federal Government - Medicare Drug Program			
\$ -13,471	—reduction in mandated payback for pharmacy services.	3,798	—revision of Federal financial participation from 54.39% to 54.08%.
		18,760	—Initiative — Cost Containment — Redirect Voluntary Managed Care. Increase due to transfer of voluntary managed care clients to fee-for-service system, providing net state savings of \$23,171,000.
\$ 38,521	Medical Assistance—Outpatient		
19,283	—change in caseload and utilization.		
67,894	—increase in cost and clients eligible for Medicare Part B premiums.		
2,618	—nonrecurring prior year carryover funds.	-32,922	—Initiative — Cost Containment — Hospital Services. Savings from reducing hospital payments no longer necessary due to Prescription for Pennsylvania initiative, enhancing third party liability efforts and implementing payment disincentives for readmissions within a 30-day period due to the same diagnosis.
-11,615	—to provide for administrative and other cash flow changes.		
-11,615	—annualization of prior year cost containment initiatives.		
-104,357	—savings as a result of the expansion of behavioral health services through the HealthChoices Program.		
6,827	—revision of Federal financial participation from 54.39% to 54.08%.	\$ -30,081	<i>Appropriation Decrease</i>
-16,162	—Initiative — Cost Containment — Deficit Reduction Act Pharmacy Changes. Savings from federal Deficit Reduction Act changes to pharmacy payments for generic drugs.	\$ 32,567	Medical Assistance—Capitation
5,600	—Initiative — Improving Health Through Targeted Fees and Performance Incentives. To increase incentives and selected fees for Medical Assistance providers to focus on preventive and quality care.	198,824	—change in caseload and utilization.
64,159	—Initiative — Cost Containment — Redirect Voluntary Managed Care. Increase due to transfer of voluntary managed care clients to fee-for-service system, providing net state savings of \$23,171,000.	55,271	—to provide for rate increases.
255,402	—Initiative — Cost Containment — Consolidate Medical Assistance Pharmacy. Increase due to consolidation of Medical Assistance pharmacy services into the fee-for-service system. When fully implemented, net state program savings will be \$94,043,000 on an annual basis.	113,000	—annualization of the expansion in behavioral health services to 23 additional counties through the HealthChoices Program.
2,937	—Initiative — Cost Containment — Healthy Women Waiver. Increase in state funds due to enhanced federal revenue while providing preventative health services for additional women. In 2007-08, total funds for this program in this and the Expanded Medical Services for Women appropriation will increase by \$24,451,000, or 271 percent.	113,000	—expansion of behavioral health services to 15 additional counties through the HealthChoices Program.
		-17,721	—to provide for administrative and other cash flow impacts.
		13,577	—revision of Federal financial participation from 54.39% to 54.08%.
		-314,755	—Initiative — Cost Containment — Capitation. Savings from changes to managed care contract payment terms, including additional performance incentives.
		-300,571	—Initiative — Cost Containment — Consolidate Medical Assistance Pharmacy. Savings from the consolidation of Medical Assistance Pharmacy services into the fee-for-service system. When fully implemented, net state program savings will be \$94,043,000 on an annual basis.
		-106,090	—Initiative — Cost Containment — Redirect Voluntary Managed Care. Savings due to transfer of voluntary managed care clients to fee-for-service system, providing net state savings of \$23,171,000.
\$ 331,107	<i>Appropriation Increase</i>	6,142	—Initiative — Improving Health Through Targeted Fees and Performance Incentives. To increase incentives and selected fees for Medical Assistance providers to focus on preventive and quality care.
	Medical Assistance—Inpatient		
\$ 6,101	—change in caseload and utilization.	\$ -319,756	<i>Appropriation Decrease</i>
13,524	—impact of hospital rate increases.		
-7,620	—to provide for administrative and other cash flow changes.		
10,765	—increase in costs and clients eligible for Medicare Part A premiums.		
-34,237	—savings as a result of the expansion of behavioral health services through the HealthChoices Program.		
-8,250	—nonrecurring projects.		

Program: Medical Assistance (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	Long-Term Care		Expanded Medical Services for Women
\$ 56,626	—for projected per diem rate and utilization increases.	\$ 136	—to provide a three percent cost-of-living adjustment.
26,064	—to provide for increased home and community-based services, including nursing home transition activities.	-4,519	—Initiative — Cost Containment — Healthy Women Waiver. Savings due to enhanced federal revenue while providing preventative health services for additional women. In 2007-08, total funds for this program in this and the Medical Assistance - Outpatient appropriation will increase by \$24,451,000, or 271 percent.
-10,592	—to provide for administrative and other cash flow impacts.		
58,059	—nonrecurring prior year carryover funds.		
-13,820	—utilization of prior year Federal funds.		
-4,187	—impact of increase in available Tobacco Settlement Funds.		
-6,941	—nonrecurring payments.	\$ -4,383	<i>Appropriation Decrease</i>
-2,990	—decrease in operating costs.		
12,206	—revision of Federal financial participation from 54.39% to 54.08%.	\$ -674	Special Pharmaceutical Services
-30,000	—Initiative — Cost Containment — Long-Term Care. Savings due to changing from annual to quarterly resident assessments.		—to reflect the impact of the federal Medicare Part D pharmacy benefit.
-2,466	—Initiative — Reforming the Long-Term Living System. Savings from reducing reliance on institutional long-term care and promote growth of high quality home and community-based services.	\$ -14,500	Acute Care
			—nonrecurring project.
\$ 81,959	<i>Appropriation Increase</i>	\$ 1,423	TOBACCO SETTLEMENT FUND
			Medical Care for Workers with Disabilities
			—to provide services to additional recipients.
			Hospital Uncompensated Care
\$ -5,000	Hospital Based Burn Centers	\$ -8,507	—funding proposed for re-distribution as outlined in the Tobacco Settlement Fund presentation in Section C.
	—nonrecurring project.		
			Home and Community-Based Services
	Medical Assistance - Academic Medical Centers	\$ -5,852	—nonrecurring reallocation of prior year Tobacco Settlement Funds.
\$ 293	—to continue current program.	-3,279	—decrease in Tobacco Settlement available for transfer.
		\$ -9,131	<i>Appropriation Decrease</i>
			Medical Assistance - Long-Term Care
\$ 4,336	Medical Assistance Transportation	\$ 13,318	—increase in Tobacco Settlement Funds available for transfer.
3,979	—increased utilization.		
\$ 8,315	—increased cost per trip.		
	<i>Appropriation Increase</i>		

In addition, the Healthy Women Waiver initiative provides \$26,033,000 in federal funds to provide preventative health services for additional women.

In addition, the Reforming the Long-Term Living System initiative provides \$2,425,000 in federal funds to reduce reliance on institutional long-term care and promote growth of high quality home and community-based services.

In addition, this budget recommends \$6,132,000 in restricted funds and \$5,455,000 in federal funds for the implementation of Cover All Pennsylvanians, including the provision of health care coverage for approximately 5,600 uninsured adults. Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Payment to Federal Government - Medicare Drug Program	\$ 0	\$ 338,500	\$ 325,029	\$ 325,029	\$ 325,029	\$ 325,029	\$ 325,029
Medical Assistance - Outpatient	945,950	677,455	1,008,562	1,188,107	1,261,238	1,331,521	1,455,941
Medical Assistance - Inpatient	474,693	489,472	459,391	463,299	444,341	469,174	512,181
Medical Assistance - Capitation	2,500,992	2,724,839	2,405,083	2,486,791	2,974,728	3,377,174	3,893,891
Long-Term Care	817,890	717,154	799,113	997,189	1,080,366	1,097,941	1,149,100
Trauma Centers	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Hospital Based Burn Centers	0	5,000	0	0	0	0	0
Medical Assistance - Academic Medical Centers	20,591	21,299	21,592	21,592	21,592	21,592	21,592
Medical Assistance - Transportation	50,904	56,287	64,602	64,602	64,602	64,602	64,602
Expanded Medical Services for Women....	8,860	9,038	4,655	4,655	4,655	4,655	4,655
AIDS Special Pharmaceutical Services.....	13,448	16,267	16,267	16,267	16,267	16,267	16,267
Special Pharmaceutical Services	5,886	6,852	6,178	6,178	6,178	6,178	6,178
Acute Care Hospitals	10,800	14,500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 4,862,514	\$ 5,089,163	\$ 5,122,972	\$ 5,586,209	\$ 6,211,496	\$ 6,726,633	\$ 7,461,936
LOTTERY FUND:							
Medical Assistance - Long-Term Care	\$ 0	\$ 248,771	\$ 248,771	\$ 248,771	\$ 248,771	\$ 248,771	\$ 248,771
TOBACCO SETTLEMENT FUND:							
Medical Care for Workers with Disabilities (EA)	\$ 21,850	\$ 26,663	\$ 28,086	\$ 34,611	\$ 41,590	\$ 49,096	\$ 57,162
Uncompensated Care (EA)	36,626	33,623	25,116	17,761	8,891	0	0
Home and Community-Based Services (EA)	27,078	31,373	22,242	23,593	23,619	23,646	23,674
Medical Assistance-Long-Term Care	57,441	65,909	79,227	79,227	79,227	79,227	79,227
TOTAL TOBACCO SETTLEMENT FUND	\$ 142,995	\$ 157,568	\$ 154,671	\$ 155,192	\$ 153,327	\$ 151,969	\$ 160,063

Program Objective: To promote personal and parental responsibility and encourage economic independence and self-sufficiency through temporary cash assistance, job training and child care for families or individuals.

Program: Income Maintenance

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation and other support services and cash.

Program Element: Income Assistance

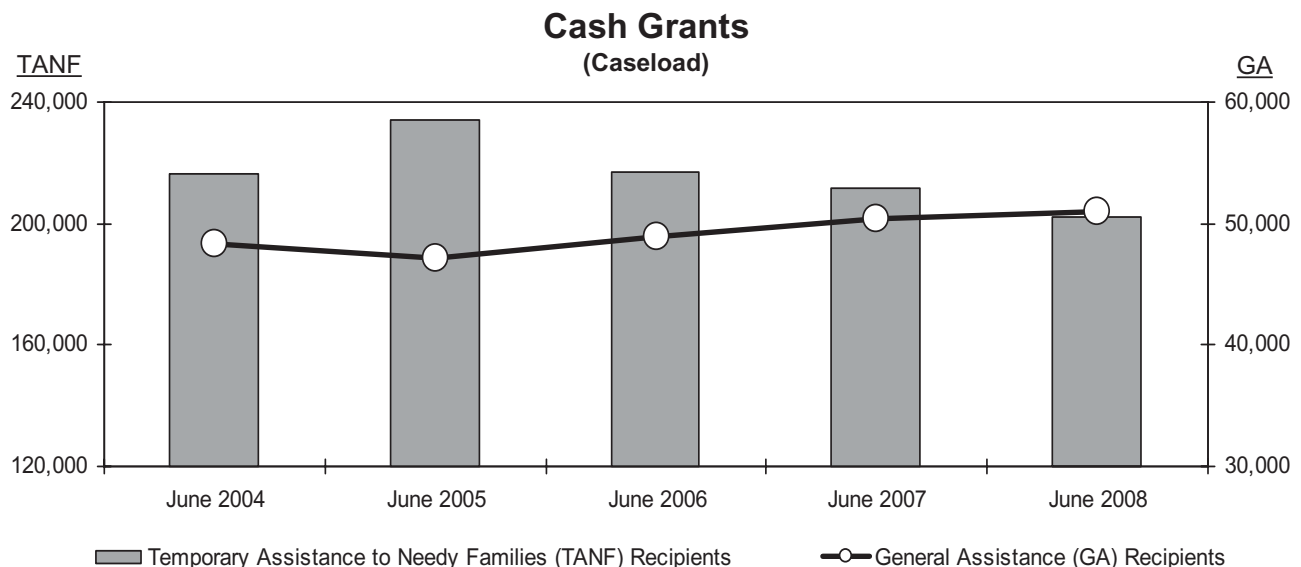
Cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements.

The cornerstone of the program is an Agreement of Mutual Responsibility (AMR) established between the client and the Commonwealth. Caseworkers in the County Assistance Offices (CAO) meet with applicants for cash assistance, medical assistance and food stamps to review financial and nonfinancial criteria to determine eligibility for benefits. As a condition of eligibility for cash assistance, recipients are required to sign and comply with the economic self-sufficiency plans in their AMR. The AMR outlines the steps that the individual will take and the services that the caseworkers in the CAOs will provide to enable the family to reach its goals. After assessing potential barriers to employment, most adult welfare recipients are required to immediately take realistic, concrete steps that will lead to increased success in the workplace upon applying for benefits. Adults are required to either work or participate in a work related activity.

Upon application or re-determination for cash, data is entered into the department's client information system and is available for Medical Assistance program determinations as well as cash assistance and food stamps. All final Medical Assistance claims payments and most Cash Grants payments are generated through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the State General Assistance (GA) and the State Blind Pension (SBP) programs. The TANF program provides State and Federal funds for temporary cash support for families in transition to self-sufficiency. GA and SBP, on the other hand, are entirely State-funded programs. Most GA recipients are individuals or married couples with no dependent children but with disabilities that prevent employment. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

Federal regulations placed a five-year lifetime limit on cash assistance benefits for most adult recipients which allowed a hardship exemption for up to twenty percent of the caseload. The department has implemented regulations that define the hardship exemption and make provisions for extending the time period for a family with multiple barriers to employment to reach self-sufficiency.



Program: Income Maintenance (continued)

The Low-Income Home Energy Assistance Program (LIHEAP) assists eligible households by offsetting the burden of high energy costs and intervening in energy crisis situations. The eligibility standard, which is subject to annual revision based on the availability of funding, includes every household member's income. Cash payments are made to energy suppliers for persons responsible for paying heating costs or directly to those households where home heating is included in the rent. Crisis payments are made to energy suppliers and may cover heating costs as well as emergency repairs to heating systems.

The Supplemental Security Income (SSI) Program provides aged, blind and disabled persons with a monthly payment based on nationally uniform eligibility standards. Presently, the monthly Federal benefit rate for individuals is \$623.00 and \$934.00 for couples. Pennsylvania will contribute a supplemental grant of \$27.40 for an individual and \$43.70 for couples to SSI recipients. The department is responsible for directly issuing the State supplemental grants to most SSI recipients. A special monthly State supplement is paid to SSI eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is \$60.00 a month.

The department also administers a Disability Advocacy Program (DAP) to assist mentally and physically disabled individuals in establishing their eligibility for Federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. Pennsylvania's employment and training programs for cash assistance clients includes an assessment of potential barriers to employment and an initial job search. Training and education programs are designed to prepare individuals unable to secure employment to get and keep available jobs. Job retention, advancement, and case management services are also offered to help individuals retain employment. Initiatives are continued but modified due to new federal TANF regulations to provide access to a broad range of educational activities making it more likely that individuals who are placed in jobs will keep them and be able to advance including programs offering adult literacy services, including GED preparation, job-specific literacy and English as a second language. The department has renamed the Single Point of Contact

Program (SPOC) to Employment, Advancement, Retention Network (EARN) as a more accurate description of efforts to assist clients into employment, and help them attain and retain better jobs to move towards self sufficiency. The department partners with the Departments of Community and Economic Development and Labor and Industry to offer subsidized employment and other education and training programs that respond to the needs of the local business community. In addition to training for welfare clients, programs to assist noncustodial parents to enter and advance in the workplace are provided to improve family economic viability. Participants are offered supports such as child care, transportation, and clothing assistance to remove any barriers to work or training, and ensure on-going success and avoid a return to cash assistance.

Program Element: Child Support Enforcement

Child Support Enforcement Program services are provided at the local level through Cooperative Agreements between the Department of Public Welfare and the Domestic Relations Section of the County Courts of Common Pleas. The services include the establishment of paternity for children born outside of marriage, the determination, establishment and enforcement of a financial child support obligation paid by a noncustodial parent to meet the ongoing daily needs of the children, the procurement of medical support including health insurance and/or the reimbursement of uninsured medical expenses for the children, and child care support designed to help offset the cost of child care if the custodial parent works or is enrolled in an education/training program to secure employment.

Child support enforcement services are available to children from birth to the age of 18 or until the child graduates from high school or becomes emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs — excluding college tuition — exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the Department of Public Welfare to reimburse cash assistance benefits issued to the child's family.

Federal funding of the State's Child Support Enforcement Program is based on its performance in establishing paternity and court orders for support, as well as collecting child support amounts ordered. Pennsylvania's program exceeds Federal standards for establishing paternity and court orders for support; collection of current and arrears support averages 75 percent of amounts due — the highest percentage of any state.

Program: Income Maintenance (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Persons receiving cash assistance (monthly average).....	278,496	264,407	259,205	259,205	259,205	259,205	259,205
Persons receiving State Supplemental Grants (monthly average).....	325,121	327,730	331,193	334,000	335,700	335,700	335,700
Households receiving energy cash payments	385,000	383,000	335,800	335,800	335,800	335,800	335,800
Households receiving energy crisis payments	153,543	79,600	45,500	45,500	45,500	45,500	45,500
TANF recipients enrolled in RESET employment and training program.....	45,823	46,715	46,715	46,715	46,715	46,715	46,715
TANF recipients obtaining employment.....	27,071	28,400	29,800	31,300	31,300	31,300	31,300
Child support orders established.....	471,258	474,100	476,890	479,700	479,700	479,700	479,700
Child support collected (in millions).....	\$1,394	\$1,405	\$1,417	\$1,427	\$1,437	\$1,447	\$1,457

Households receiving energy cash payments decrease in 2007-08 due to the availability of carryover funding in 2006-07.

Households receiving energy crisis payments decrease due to the availability of one-time \$19.3 million in state funding in 2005-06 and carryover funding in 2006-07.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>County Administration-Statewide</p> <p>\$ 1,206 —to continue current program.</p> <p>1,511 —to reflect change in Federal earnings.</p> <p>335 —Initiative—Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services, including administrative resources.</p> <hr/> <p>\$ 3,052 <i>Appropriation Increase</i></p>	<p>County Assistance Offices</p> <p>\$ 3,708 —to continue current program.</p> <p>2,967 —nonrecurring carryover of prior year funding.</p> <p>1,000 —to reflect change in Federal earnings.</p> <hr/> <p>\$ 7,675 <i>Appropriation Increase</i></p>	<p>Child Support Enforcement</p> <p>\$ -374 —to continue current program.</p> <p>5,674 —reduced federal earnings due to the implementation of the Deficit Reduction Act.</p> <p>1,390 —to reflect reduction in Title IV-D Incentive Collections.</p> <hr/> <p>\$ 6,690 <i>Appropriation Increase</i></p>	<p>New Directions</p> <p>\$ 435 —to continue current program.</p> <p>543 —to reflect change in Federal earnings.</p> <hr/> <p>\$ 978 <i>Appropriation Increase</i></p>	<p>Cash Grants</p> <p>\$ -156,578 —to transfer TANF and former TANF child care program to Child Care Assistance.</p> <p>-2,672 —to reflect impact of caseload decreases.</p> <hr/> <p>\$ -159,250 <i>Appropriation Decrease</i></p>	<p>Supplemental Grants - Aged, Blind, Disabled</p> <p>\$ 1,593 —for increased caseload and average benefits.</p> <p>395 —offset reduction in available Intergovernmental Transfer funds.</p> <p>598 —Initiative—Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services, including an increase of \$1.50 per day in the state domiciliary care supplement.</p> <hr/> <p>\$ 2,586 <i>Appropriation Increase</i></p>
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In addition, this budget recommends \$3,038,000 in restricted funds for the implementation of Cover All Pennsylvanians. Please see the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Public Welfare

Program: Income Maintenance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
County Administration - Statewide.....	\$ 41,588	\$ 33,780	\$ 36,832	\$ 36,832	\$ 36,832	\$ 36,832	\$ 36,832
County Assistance Offices.....	254,304	250,417	258,092	258,092	258,092	258,092	258,092
Child Support Enforcement	9,391	6,866	13,556	13,556	13,556	13,556	13,556
New Directions	60,943	60,334	61,312	61,312	61,312	61,312	61,312
Cash Grants	434,931	488,838	329,588	342,658	371,497	385,870	400,508
Transfer to Emergency Energy Assistance Fund (EA)	19,300	0	0	0	0	0	0
Supplemental Grants - Aged, Blind and Disabled.....	124,145	134,504	137,090	137,090	137,090	137,090	137,090
TOTAL GENERAL FUND	\$ 944,602	\$ 974,739	\$ 836,470	\$ 849,540	\$ 878,379	\$ 892,752	\$ 907,390

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Mental Health

This program provides for an integrated behavioral health system including mental health treatment services and supports as well as substance abuse services. The objective of these services is to support individual movement to recovery. The department seeks to ensure that there is an integrated approach to both the delivery and financing of behavioral health services. The department administers community mental health funds, Behavioral Health Services Initiative (BHSI) funds for both mental health and substance abuse services for eligible individuals, Act 152 funds to provide non-hospital residential substance abuse services and Federal grant funds. In addition, the department manages the Medicaid HealthChoices Behavioral Health Managed Care program either through county contracts or by direct contract with a behavioral health managed care organization. Direct mental health treatment services are also provided through eight State-operated hospitals and one restoration (long-term care) center. Finally, the department oversees the delivery of community mental health services, administered by counties under the Pennsylvania Mental Health and Mental Retardation (MH/MR) Act of 1966 and the Mental Health Procedures Act (MHPA) of 1976.

outpatient care, partial hospitalization, emergency and crisis intervention, peer to peer support and after care. Community residential services consist of housing support, residential treatment, inpatient care, crisis services and mobile therapy. Services are administered by single counties, county jointers or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with State, Federal and/or county matching funds.

Program Element: Substance Abuse Services

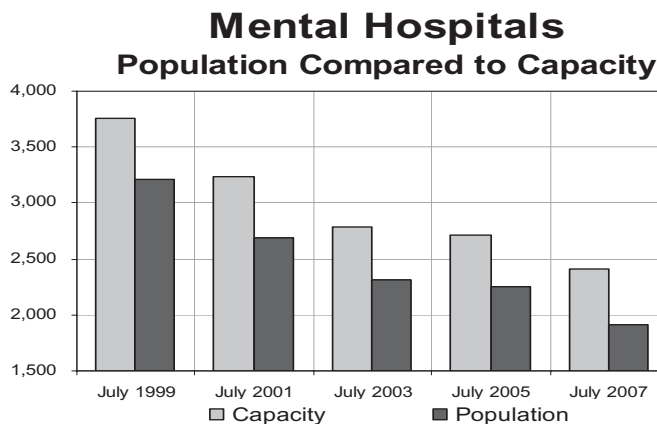
The department is responsible for the oversight and administration of Behavioral Health Services Initiative (BHSI) funding. Substance abuse treatment services funded with BHSI are provided to individuals with severe addictive disorders, including co-occurring mental health disorders, who are uninsured, who do not have insurance that covers the service they need, or who cannot obtain Medical Assistance benefits. Services available through this capitated allocation include the full continuum of treatment, as well as case management services to assist this population in access to and retention in treatment to promote recovery.

Program Element: Community Mental Health Services

The MH/MR Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, support for families caring for members with mental disorders and community residential programs. Community services are targeted to adults with serious mental illness and children/adolescents with or at risk of serious emotional disturbance. Key provisions of service include recovery-oriented treatment, community care and support services that enable individuals to return to the community and lead independent and productive lives. Non-residential services include family-based support,

Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive inpatient treatment. Additionally, they provide specialized inpatient care for adolescents, criminal offenders and elderly (long-term) populations. A unit for the treatment of violent sexual predators whose commitment in the Youth Development Center system terminates at age 21 has been established as mandated in Act 21 of 2003. In order to move individuals into the most integrated setting, efforts continue to assess and transfer individuals to community mental health programs, where services are provided in a less restrictive level of care through the Community/Hospital Integration Projects Program (CHIPPs).



As more people receive mental health services in the community, the population at State mental hospitals has declined by 1,299 or 40%, since July of 1999.

Program: Mental Health (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Community Mental Health Services							
Total persons provided mental health services...	418,749	522,162	526,810	531,320	535,880	540,500	545,165
Persons receiving mental health inpatient and outpatient services from community mental health funds (unduplicated)	121,447	122,661	124,080	125,325	126,575	127,840	129,120
Persons receiving services through Medical Assistance expenditures (fee for service and HealthChoices) (unduplicated)	258,580	361,166	364,780	368,425	372,110	375,830	379,590
Persons receiving services through BHSI funds (unduplicated)	38,722	38,335	37,950	37,570	37,195	36,825	36,455
Average cost per person served.....	\$3,684	\$3,721	\$3,758	\$3,796	\$3,834	\$3,872	\$3,911
Substance Abuse Services							
Total persons receiving DPW administered substance abuse services	91,508	96,519	96,590	96,670	96,760	96,855	96,965
Persons receiving services through Medical Assistance expenditures (fee-for-service and HealthChoices) (unduplicated)	46,306	51,769	52,285	52,810	53,340	53,870	54,410
Persons receiving services through Act 152 funds (unduplicated)	5,952	5,892	5,835	5,775	5,715	5,660	5,605
Persons receiving services through BHSI funds (unduplicated)	39,250	38,858	38,470	38,085	37,705	37,325	36,955
Average cost per person served.....	\$1,954	\$1,974	\$1,994	\$2,014	\$2,034	\$2,054	\$2,075
State Mental Hospitals							
Total persons served in State Mental Hospitals..	3,611	3,575	3,415	3,380	3,345	3,315	3,280
Total admissions to State Mental Hospitals.....	1,544	1,390	1,360	1,335	1,310	1,280	1,255
Cost per person in State Mental Hospital population	\$113,165	\$114,297	\$115,440	\$116,594	\$117,760	\$118,938	\$120,127
Forensic admissions to State Mental Hospitals..	519	514	510	505	500	495	490
Percentage of adults readmitted to State Mental Hospitals within one year of last discharge	11%	10%	9%	8%	7%	6%	5%
Percentage of persons in State Mental Hospitals with stay longer than two years.....	37%	32%	27%	22%	17%	12%	7%

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year:

State Mental Hospitals	Population July 2005	Population July 2006	Projected Population July 2007	Projected Bed Capacity July 2007	Projected Percent of Capacity July 2007
Allentown.....	167	173	179	210	85.2%
Clarks Summit.....	218	221	224	265	84.5%
Danville.....	152	181	154	170	90.6%
Harrisburg.....	197	-	-	-	0.0%
Mayview.....	343	335	308	398	77.4%
Norristown.....	401	396	375	454	82.6%
South Mountain.....	131	133	124	159	78.0%
Torrance.....	225	216	228	270	84.4%
Warren.....	215	190	206	250	82.4%
Wernersville.....	202	224	183	240	76.3%
TOTAL.....	2,251	2,069	1,981	2,416	82.0%

Program: Mental Health (continued)

Total Proposed Expenditures by Hospital, Restoration Center and Community Programs:

	2005-06 Actual	2006-07 Available	2007-08 Budget		2005-06 Actual	2006-07 Available	2007-08 Budget
Allentown				South Mountain State Restoration Center			
State Funds.....	\$ 29,893	\$ 30,676	\$ 29,126	State Funds.....	\$ 13,162	\$ 6,795	\$ 5,765
Federal Funds.....	2,339	2,555	2,327	Federal Funds.....	9,416	16,504	15,917
Augmentations.....	1,651	851	851	Augmentations.....	2,095	1,296	1,296
TOTAL.....	<u>\$ 33,883</u>	<u>\$ 34,082</u>	<u>\$ 32,304</u>	TOTAL.....	<u>\$ 24,673</u>	<u>\$ 24,595</u>	<u>\$ 22,978</u>
Clarks Summit				Torrance			
State Funds.....	\$ 35,011	\$ 34,273	\$ 35,146	State Funds.....	\$ 39,642	\$ 38,323	\$ 38,701
Federal Funds.....	3,182	3,839	3,802	Federal Funds.....	3,124	4,067	4,065
Augmentations.....	2,145	1,259	1,258	Augmentations.....	2,047	1,162	1,162
TOTAL.....	<u>\$ 40,338</u>	<u>\$ 39,371</u>	<u>\$ 40,206</u>	TOTAL.....	<u>\$ 44,813</u>	<u>\$ 43,552</u>	<u>\$ 43,928</u>
Danville				Warren			
State Funds.....	\$ 30,878	\$ 27,828	\$ 27,748	State Funds.....	\$ 34,944	\$ 34,230	\$ 35,178
Federal Funds.....	2,570	7,928	5,714	Federal Funds.....	3,627	3,984	3,944
Augmentations.....	1,722	921	922	Augmentations.....	2,657	1,400	1,400
TOTAL.....	<u>\$ 35,170</u>	<u>\$ 36,677</u>	<u>\$ 34,384</u>	TOTAL.....	<u>\$ 41,228</u>	<u>\$ 39,614</u>	<u>\$ 40,522</u>
Harrisburg				Wernersville			
State Funds.....	\$ 8,967	\$ 4,101	\$ 0	State Funds.....	\$ 34,940	\$ 33,251	\$ 32,418
Federal Funds.....	2,732	0	0	Federal Funds.....	3,485	5,764	5,706
Augmentations.....	1,559	0	0	Augmentations.....	2,301	1,415	1,415
TOTAL.....	<u>\$ 13,258</u>	<u>\$ 4,101</u>	<u>\$ 0</u>	TOTAL.....	<u>\$ 40,726</u>	<u>\$ 40,430</u>	<u>\$ 39,539</u>
Mayview				Administrative Cost			
State Funds.....	\$ 59,150	\$ 57,535	\$ 64,241	State Funds.....	\$ 5,914	\$ 5,585	\$ 5,587
Federal Funds.....	4,169	5,611	4,168	Federal Funds.....	0	0	0
Augmentations.....	1,733	933	933	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 65,052</u>	<u>\$ 64,079</u>	<u>\$ 69,342</u>	TOTAL.....	<u>\$ 5,914</u>	<u>\$ 5,585</u>	<u>\$ 5,587</u>
Norristown				Community Programs			
State Funds.....	\$ 65,406	\$ 70,347	\$ 65,958	State Funds.....	\$ 317,214	\$ 341,385	\$ 374,558
Federal Funds.....	4,278	5,966	6,804	Federal Funds.....	234,760	228,045	212,078
Augmentations.....	2,098	1,212	1,212	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 71,782</u>	<u>\$ 77,525</u>	<u>\$ 73,974</u>	TOTAL.....	<u>\$ 551,974</u>	<u>\$ 569,430</u>	<u>\$ 586,636</u>
				Maintenance and security costs for closed facilities			
				State Funds	\$ 1,840	\$ 1,840	\$ 1,840

Program: Mental Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			Behavioral Health Services	
	Mental Health Services			—to provide a three percent cost-of-living adjustment.
\$ 14,658	—to provide a three percent cost-of-living adjustment.	\$ 1,319		
10,688	—to offset the impact of nonrecurring prior year Federal funds.			
7,603	—to continue current program.			
-12,797	—savings from the expansion of behavioral health managed care.	\$ -3,500		Psychiatric Services in Eastern PA
-750	—nonrecurring projects.			—nonrecurring costs.
-8,705	—reflects the transfer of structured treatment services to Medical Assistance.			
19,400	—Initiative — Expanding Community Mental Health Services. To provide home and community-based services for 200 persons currently residing in state hospitals and respite care services for 2,000 families of children with mental illness.			
<u>\$ 30,097</u>	<i>Appropriation Increase</i>			

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Mental Health Services.....	\$ 676,961	\$ 686,169	\$ 716,266	\$ 694,265	\$ 683,517	\$ 683,517	\$ 683,517
Behavioral Health Services	43,981	43,981	45,300	45,300	45,300	45,300	45,300
Psychiatric Services in Eastern PA.....	3,500	3,500	0	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 724,442</u>	<u>733,650</u>	<u>761,566</u>	<u>739,565</u>	<u>728,817</u>	<u>728,817</u>	<u>728,817</u>

PROGRAM OBJECTIVE: To maximize each individual's capacity for more independent living and participation in community life by providing needed training and support services.

Program: 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 administered by the counties and institutional programs operated by the State and private Intermediate Care Facilities for the Mentally Retarded (ICF-MR) providers. In addition to State and Federal funding, local funding is provided for community programs as required by the Mental Health and Mental Retardation Act of 1966.

The Mental Retardation Program 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.

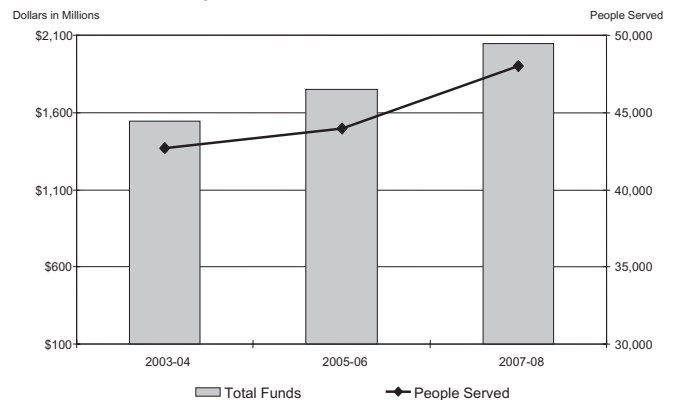
Program Element: Institutional Services

The Department of Public Welfare provides funding for privately operated institutional care for people with mental retardation. The Commonwealth also provides services through five State centers, whose 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 Intermediate Care Facilities for the Mentally Retarded (ICF/MR) 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 residences include group homes, apartments with a roommate, or a life-sharing setting with family or friends. Day services such as supported employment, vocational programs, training and habilitation are provided for people 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 supports coordination, mobility training, employment training and job supports, and adult day care. Some services are eligible for Federal funds under the Medicaid Home and Community-Based Waiver Program.

Community Mental Retardation Services



Funding for the expansion of the community care program has increased by nearly \$504 million since 2003-04, providing services to an additional 5,341 people. Over the same period, the State Centers' population will have decreased by 15%.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Persons receiving Mental Retardation services and Autism services during fiscal year:.....	45,414	45,965	49,485	49,485	49,485	49,485	49,485
Persons receiving community non-residential services:							
Adult day services.....	26,746	27,346	29,855	29,855	29,855	29,855	29,855
Family support services.....	22,859	23,549	25,970	25,970	25,970	25,970	25,970
Persons receiving residential services (at end of year):							
Community residential facilities (CRF)....	13,485	13,629	14,710	14,710	14,710	14,710	14,710
Private ICF/MRs.....	2,623	2,581	2,533	2,535	2,535	2,535	2,535
State Centers	1,447	1,380	1,318	1,260	1,210	1,160	1,110

Program: Mental Retardation (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Average cost of individuals served in the community:							
Residential services	\$65,987	\$68,694	\$73,091	\$76,015	\$76,015	\$76,015	\$76,015
Day programs or other supports	\$12,728	\$12,704	\$13,698	\$14,246	\$14,246	\$14,246	\$14,246

State Centers Population for the Prior, Current and Upcoming Year:

	Population July 2005	Population July 2006	Projected Population July 2007	Projected Bed Capacity July 2007	Projected Percent Capacity July 2007
State Centers					
Altoona.....	90	0	0	0	N/A
Ebensburg.....	278	330	305	402	75.9%
Hamburg.....	145	135	130	237	54.9%
Polk.....	364	351	330	521	63.3%
Selinsgrove.....	374	369	361	579	62.3%
White Haven.....	199	195	192	275	69.8%
TOTAL STATE CENTERS.....	1,450	1,380	1,318	2,014	65.4%

Proposed Expenditures by Center:

	2005-06 Actual	2006-07 Available	2007-08 Budget		2005-06 Actual	2006-07 Available	2007-08 Budget
Altoona				Polk			
State funds.....	\$ 3,753	\$ 0	\$ 0	State funds.....	\$ 24,014	\$ 25,422	\$ 25,853
Federal funds.....	5,152	0	0	Federal funds.....	35,611	36,717	37,639
Augmentations.....	1,245	0	0	Augmentations.....	7,328	6,795	7,245
TOTAL.....	\$ 10,150	\$ 0	\$ 0	TOTAL.....	\$ 66,953	\$ 68,934	\$ 70,737
Ebensburg				Selinsgrove			
State funds.....	\$ 21,332	\$ 23,904	\$ 25,142	State funds.....	\$ 25,961	\$ 25,754	\$ 26,555
Federal funds.....	29,324	34,316	36,316	Federal funds.....	36,157	37,697	38,809
Augmentations.....	5,457	5,392	5,679	Augmentations.....	6,986	6,852	7,328
TOTAL.....	\$ 56,113	\$ 63,612	\$ 67,137	TOTAL.....	\$ 69,104	\$ 70,303	\$ 72,692
Hamburg				White Haven			
State funds.....	\$ 11,039	\$ 11,013	\$ 11,457	State funds.....	\$ 14,324	\$ 14,187	\$ 14,824
Federal funds.....	15,304	15,805	16,679	Federal funds.....	19,920	20,320	21,565
Augmentations.....	2,823	2,766	2,927	Augmentations.....	3,656	3,566	3,891
TOTAL.....	\$ 29,166	\$ 29,584	\$ 31,063	TOTAL.....	\$ 37,900	\$ 38,073	\$ 40,280
Maintenance and security costs for closed facilities				Non-Facility/Other Operational costs			
State funds.....	\$ 2,598	\$ 1,653	\$ 1,689	State funds.....	\$ 1,386	\$ 1,649	\$ 1,712
Augmentations.....	1,068	1,230	1,129	Budgetary Reserve			
TOTAL.....	\$ 3,666	\$ 2,883	\$ 2,818	Federal funds.....	\$ 0	\$ 5,000	\$ 5,000

Program: Mental Retardation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 2,533 1,117 <hr style="width: 50%; margin-left: 0;"/> \$ 3,650	State Centers for the Mentally Retarded —to continue current program. —revision of Federal financial participation from 54.39% to 54.08%. <i>Appropriation Increase</i>	\$ 1,955	Autism Intervention and Services —Initiative – Expanded Community Mental Retardation and Autism Services. To provide home and community-based services for 100 additional persons with autism. This initiative is consistent with prior year efforts to increase the use of home and community-based care and decrease the use of institutionalization.
\$ 1,182 1,313 2,414 6,867 -2,793 <hr style="width: 50%; margin-left: 0;"/> \$ 8,983	Intermediate Care Facilities—Mentally Retarded —to continue current program. —revision of Federal financial participation from 54.39% to 54.08%. —to provide a two percent per diem increase as mandated by Federal regulations. —nonrecurring prior year carryover. —to reflect transfer of individuals to the community program. <i>Appropriation Increase</i>	\$ 94 7 <hr style="width: 50%; margin-left: 0;"/> \$ 101	Pennhurst Dispersal —to provide a three percent cost-of-living adjustment. —revision of Federal financial participation from 54.39% to 54.08%. <i>Appropriation Increase</i>
\$ 24,311 15,853 1,003 3,108 5,330 28,902 <hr style="width: 50%; margin-left: 0;"/> \$ 78,507	Community Mental Retardation Services —to provide a three percent cost-of-living adjustment. —to annualize previous program revisions providing enhanced community services. —to continue current program. —to reflect individuals transferring from the ICF/MR program. —revision of Federal financial participation from 54.39% to 54.08%. —Initiative – Expanded Community Mental Retardation and Autism Services. To provide home and community-based services for 3,428 additional persons with mental retardation and to address new federal Medicaid home and community-based waiver requirements. This initiative is consistent with prior year efforts to increase the use of home and community-based care and decrease the use of institutionalization. <i>Appropriation Increase</i>	\$ 12 <hr style="width: 50%; margin-left: 0;"/> -1,050 <hr style="width: 50%; margin-left: 0;"/> \$ -1,038	MR Residential Services - Lansdowne —to provide a three percent cost-of-living adjustment. —non-recurring projects. <i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
State Centers for the Mentally Retarded...	\$ 104,407	\$ 103,582	\$ 107,232	\$ 107,232	\$ 107,232	\$ 107,232	\$ 107,232
Intermediate Care Facilities - Mentally Retarded.....	115,568	116,514	125,497	125,497	125,497	125,497	125,497
Community Mental Retardation Services ..	729,633	789,554	868,061	895,885	895,885	895,885	895,885
Autism Intervention and Services.....	3,000	3,000	4,955	7,498	7,498	7,498	7,498
Pennhurst Dispersal.....	3,058	3,122	3,223	3,223	3,223	3,223	3,223
MR Residential Services - Lansdowne.....	1,223	1,456	418	418	418	418	418
TOTAL GENERAL FUND	\$ 956,889	\$ 1,017,228	\$ 1,109,386	\$ 1,139,753	\$ 1,139,753	\$ 1,139,753	\$ 1,139,753

PROGRAM OBJECTIVE: To enhance the social and economic well being of families and individuals through the provision of an array of services and support programs.

Program: Human Services

The department operates a variety of programs designed to provide supportive services to people while they overcome an adverse behavior or circumstance that has affected their lives.

Program Element: Family Support Service

Providing services to children who are in need of care and protection is the joint responsibility of the Department of Public Welfare and county government. Each county is responsible for developing and administering a program of services designed to treat and prevent child abuse, neglect and exploitation, and to provide services that reduce dependency and delinquency. The County Children and Youth Program includes services to parents and children to enable children to remain in their own homes and communities. However, the safety of children is a paramount concern of this program. Policies and procedures have been instituted to protect children from harm and to minimize time in foster homes and institutions. Court oversight for children who have been abused and neglected has been increased and new emphasis has been placed on parental responsibility for children.

Counties provide services including temporary placement for children who cannot live with their own families, assistance to provide a permanent legal family for 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	Population July 2005	Population July 2006	Projected Population July 2007	Projected Capacity July 2007	Projected % of Capacity July 2007
YFC – Hickory Run.....	44	47	45	49	91.8%
YFC – Trough Creek.....	49	49	49	50	98.0%
New Castle	190	196	173	180	96.1%
Loysville.....	<u>335</u>	<u>281</u>	<u>313</u>	<u>339</u>	<u>92.3%</u>
Total Current Program	618	573	580	618	93.9%

The YDCs/YFCs have a total capacity of 618 youth. Included in the system are specialized treatment services for sex offenders, arsonists, drug and alcohol abusers, and emotionally disturbed and mentally retarded youth.

The Master Case Planning System guides treatment of youth within the YDCs/YFCs. This system requires comprehensive diagnosis and assessment of each youth in care, development of an individualized treatment plan, implementation strategies, periodic reviews and revisions of each plan, and identification of aftercare needs. Individual and group counseling forms the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to promote youth competency, victim awareness, social and financial restitution, and public safety and protection. Each program provides training and education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are required to use a portion of their earnings for restitution.

Education is a major component of the YDC/YFC system. Each program includes both academic and vocational curricula. Educational diagnostic testing precedes all academic placements and is utilized in the development of Individual Education Plans (IEPs) for each youth.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to 200 clinics in the State.

Program: Human Services (continued)

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is 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 specialized services are provided to enable people with severe physical and/or cognitive impairments to live independently in the community. Attendant care, service coordination, peer counseling, non-medical transportation, community integration and independent living skills training are several of the community-based support services that are provided through a network of Medical Assistance providers.

The Attendant Care Program provides services to mentally-alert adults with physical disabilities between the ages 18 and 59 through a variety of program models. Personal assistance services such as dressing and grooming are provided enabling recipients to remain in or return to their own homes and maintain an independent lifestyle. Persons age 60 and over receive attendant care through funding provided by the Department of Aging.

People with physical disabilities such as cerebral palsy and other impairments (not including mental illness) are served both in nursing homes and community residential settings. Persons who are developmentally disabled have limitations in the areas of self-care, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. The services assist consumers to function as independently as possible. Many of the people served had been in nursing homes but are able to live in the community with support. Others are able to avoid institutionalization through supports offered by the program.

Similar services are provided to individuals with cognitive disabilities such as, but not limited to, traumatic brain injury or autism, who do not have other related disabilities. These services are provided to enable the consumers to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. This population requires a special mix of services to address short-term memory issues through functional rather than medical supports.

This budget proposes to increase the availability of home and community-based care as an alternative to nursing facility care. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement.

Program Element: Legal Services

The department contracts with the Pennsylvania Legal Aid Network, a private, nonprofit corporation, to provide civil legal assistance for low-income persons with family, consumer, employment and other problems. The emphasis of the service delivery is to provide emergency legal services in situations that threaten the basic needs of individuals. These services do not include political activities, or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a Statewide coalition, which in turn, subcontracts for services at the local level. The services to victims of domestic violence include: crisis intervention, counseling, victim advocacy, information and referral and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community at large.

Rape crisis services are provided through a contract with a Statewide coalition, which in turn, subcontracts for services at the local level. Rape crisis programs provide crisis intervention services, counseling, victim advocacy, information and referral and accompaniment through police, medical and judicial systems. Prevention and educational programs are also provided to lessen the risk of sexual assault for adults and children in the community at large.

Program Element: Homeless Assistance

The Homeless Assistance Program operates through counties to provide temporary shelter to homeless individuals and rental assistance to those in immediate danger of becoming homeless. Shelter may be provided in large mass shelters or in hotels and motels through a voucher system.

Housing assistance can include a cash payment to an individual or family to prevent or end homelessness, or intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are utilized to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Specialized residences for the mentally ill homeless are being provided in a small number of counties with concentrations of these individuals. The program provides housing for an indefinite period of time, coupled with supportive services that will enable the client to move to a long-term semi-independent or independent living situation.

Program: Human Services (continued)

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Youth Development Centers							
YDC — youth served.....	1,573	1,550	1,550	1,550	1,550	1,550	1,550
YDC — occupancy rates	85%	92%	93%	95%	95%	95%	95%
YDC — youth in work experience.....	690	750	750	750	750	750	750
Family Support Services							
Children receiving child welfare services at home.....	248,290	252,350	256,815	261,280	265,740	270,200	274,670
Out of home placement in:							
Community residential programs.....	29,178	28,594	28,025	27,460	26,915	26,375	25,845
Institutional care programs (annual unduplicated recipients).....	6,023	5,903	5,785	5,670	5,555	5,445	5,335
Children in Out of State Programs*	725	689	654	622	591	561	533
Percent of children reunited with parents or primary caregiver within twelve months of placement	53.3%	53.8%	54.4%	54.9%	55.5%	56.0%	56.6%
Finalized Adoptions	1,917	1,936	1,956	1,975	1,995	2,015	2,035
Investigations of reported child abuse.....	23,212	22,693	22,332	21,970	21,610	21,250	20,890
Percentage of child abuse investigations substantiated	18.4%	17.8%	17.5%	17.1%	16.7%	16.3%	15.9%
Homeless Assistance							
Total persons receiving homeless services.....	102,248	104,000	104,000	104,000	104,000	104,000	104,000
Other Human Services							
Domestic violence victims served.....	47,530	47,550	52,300	52,300	52,300	52,300	52,300
Rape crisis/sexual assault persons served.....	19,242	19,500	19,500	19,500	19,500	19,500	19,500
Breast cancer screening clients.....	114,482	114,500	114,500	114,500	114,500	114,500	114,500
Legal service clients	20,244	20,250	20,250	20,250	20,250	20,250	20,250
Attendant care persons served.....	6,717	7,674	8,269	8,270	8,270	8,270	8,270
Persons with developmental disabilities served in nursing facilities.....	769	769	769	769	769	769	769
Persons with developmental disabilities served in the community.....	3,006	3,793	4,198	4,200	4,200	4,200	4,200

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<table border="0"> <tr> <td style="text-align: right;">\$ 3,760</td> <td>Youth Development Institutions and Forestry Camps</td> <td style="text-align: right;">\$ -6,807</td> <td>Behavioral Health Services Transition</td> </tr> <tr> <td style="text-align: right;">138</td> <td>—to continue current program.</td> <td></td> <td>—nonrecurring projects.</td> </tr> <tr> <td style="text-align: right;"><u>-100</u></td> <td>—to replace Federal funds.</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">\$ 3,798</td> <td>—nonrecurring projects.</td> <td style="text-align: right;">\$ 353</td> <td>Domestic Violence</td> </tr> <tr> <td></td> <td><i>Appropriation Increase</i></td> <td style="text-align: right;">1,200</td> <td>—to provide a three percent cost-of-living adjustment.</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1,553</u></td> <td>—to provide grants for domestic violence shelters.</td> </tr> <tr> <td></td> <td></td> <td></td> <td><i>Appropriation Increase</i></td> </tr> <tr> <td style="text-align: right;">\$ 56,154</td> <td>County Child Welfare</td> <td style="text-align: right;">\$ 180</td> <td>Rape Crisis</td> </tr> <tr> <td></td> <td>—for county needs-based budgets as mandated by Act 30 of 1991.</td> <td></td> <td>—to provide a three percent cost-of-living adjustment.</td> </tr> <tr> <td style="text-align: right;">13,927</td> <td>—to provide a cost-of-living adjustment.</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><u>-3,098</u></td> <td>—program transfer to Nurse Family Partnership to consolidate funding.</td> <td style="text-align: right;">\$ 47</td> <td>Breast Cancer Screening</td> </tr> <tr> <td style="text-align: right;">\$ 66,983</td> <td><i>Appropriation Increase</i></td> <td></td> <td>—to provide a three percent cost-of-living adjustment.</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">\$ -2,500</td> <td>Human Services Development Fund</td> </tr> <tr> <td style="text-align: right;">\$ -15,000</td> <td>Child Welfare - TANF Transition</td> <td></td> <td>—nonrecurring projects.</td> </tr> <tr> <td></td> <td>—reflects reduction in temporary funding to offset reduction in Federal funds.</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><u>-15,000</u></td> <td>—nonrecurring projects.</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">\$ -30,000</td> <td><i>Appropriation Decrease</i></td> <td></td> <td></td> </tr> </table>	\$ 3,760	Youth Development Institutions and Forestry Camps	\$ -6,807	Behavioral Health Services Transition	138	—to continue current program.		—nonrecurring projects.	<u>-100</u>	—to replace Federal funds.			\$ 3,798	—nonrecurring projects.	\$ 353	Domestic Violence		<i>Appropriation Increase</i>	1,200	—to provide a three percent cost-of-living adjustment.			<u>1,553</u>	—to provide grants for domestic violence shelters.				<i>Appropriation Increase</i>	\$ 56,154	County Child Welfare	\$ 180	Rape Crisis		—for county needs-based budgets as mandated by Act 30 of 1991.		—to provide a three percent cost-of-living adjustment.	13,927	—to provide a cost-of-living adjustment.			<u>-3,098</u>	—program transfer to Nurse Family Partnership to consolidate funding.	\$ 47	Breast Cancer Screening	\$ 66,983	<i>Appropriation Increase</i>		—to provide a three percent cost-of-living adjustment.			\$ -2,500	Human Services Development Fund	\$ -15,000	Child Welfare - TANF Transition		—nonrecurring projects.		—reflects reduction in temporary funding to offset reduction in Federal funds.			<u>-15,000</u>	—nonrecurring projects.			\$ -30,000	<i>Appropriation Decrease</i>			
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Program: Human Services (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Legal Services</p> <p>\$ 77 —to provide a three percent cost-of-living adjustment.</p> <p>Homeless Assistance</p> <p>\$ 749 —to provide a three percent cost-of-living adjustment.</p> <p>—1,750 —nonrecurring projects.</p> <p>\$ —1,001 <i>Appropriation Decrease</i></p> <p>Services to Persons with Disabilities</p> <p>\$ 3,747 —to continue current program.</p> <p>2,040 —to provide a three percent cost-of-living adjustment.</p> <p>7,583 —to annualize previous expansion of community services.</p> <p>493 —revision of Federal financial participation from 54.39% to 54.08%.</p> <p>2,898 —Initiative — Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services, including providing services to 405 additional people.</p> <hr/> <p>\$ 16,761 <i>Appropriation Increase</i></p>	<p>Attendant Care</p> <p>\$ 5,121 —to continue current program.</p> <p>2,680 —to provide a three percent cost-of-living adjustment.</p> <p>5,315 —to annualize previous expansion of community services.</p> <p>342 —revision of Federal financial participation from 54.39% to 54.08%.</p> <p>3,709 —Initiative — Reforming the Long-Term Living System. To reduce reliance on institutional long-term care and promote growth of high quality home and community-based services, including providing services to 595 additional people.</p> <hr/> <p>\$ 17,167 <i>Appropriation Increase</i></p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	\$ 64,896	\$ 67,135	\$ 70,933	\$ 70,933	\$ 70,933	\$ 70,933	\$ 70,933
County Child Welfare.....	838,526	880,831	947,814	1,014,161	1,085,152	1,161,113	1,242,391
Child Welfare - TANF Transition	45,000	45,000	15,000	0	0	0	0
Behavioral Health Services Transition.....	8,771	14,859	8,052	8,052	8,052	8,052	8,052
Domestic Violence.....	11,542	11,772	13,325	13,325	13,325	13,325	13,325
Rape Crisis.....	5,879	5,997	6,177	6,177	6,177	6,177	6,177
Breast Cancer Screening	1,526	1,556	1,603	1,603	1,603	1,603	1,603
Human Services Development Fund.....	36,285	36,285	33,785	33,785	33,785	33,785	33,785
Legal Services.....	2,519	2,569	2,646	2,646	2,646	2,646	2,646
Homeless Assistance	25,536	26,701	25,700	25,700	25,700	25,700	25,700
Services to Persons with Disabilities	44,474	52,203	68,964	68,964	68,964	68,964	68,964
Attendant Care	60,751	67,586	84,753	84,753	84,753	84,753	84,753
TOTAL GENERAL FUND	\$ 1,145,705	\$ 1,212,494	\$ 1,278,752	\$ 1,330,099	\$ 1,401,090	\$ 1,477,051	\$ 1,558,329

PROGRAM OBJECTIVE: To promote opportunities for all Pennsylvania children and families by building systems and providing supports that help ensure access to high quality child and family services.

Program: Child Development

The Department of Public Welfare promotes opportunities for all children and families by helping to ensure access to high quality child and family services. The focus on effective prevention strategies and high-quality early childhood programs will help Pennsylvania mitigate the social and education disparities of young children that influence their ability to attain economic independence and self-sufficiency as adult citizens.

Recognizing that child care is a consumer driven system, the department developed standards by which families can select high quality child care. Keystone STARS is the largest, most comprehensive, voluntary,

quality rating program in the nation. The department wants every child care setting to meet and exceed the STARS standards and offers technical assistance, financial incentives for staff development and additional staff compensation to enhance salaries for teachers who have achieved credentials in early childhood instruction. All child care facilities serving four or more children must meet health and safety standards and participate in the department's certification program.

The subsidized child care program allows children of TANF, former TANF and low income families to access child care while their parents are training or working. The subsidy program utilizes both State and Federal funds to supplement parental co-payments and encourages families to be self-supporting and self-sufficient. Families can select subsidized child care from various facilities including licensed centers, group child care homes, registered family child care homes and relatives or neighbors. Local Child Care Information Service (CCIS) Agencies offers families a choice of child care services and provides information/counseling on how to select quality early childhood services.

The Early Intervention program for children from birth to age three provides services and supports, including health care, skill development and social services. These services and supports are intended to minimize developmental delay, decrease the need for special education, and enhance the growth and development of children in the context of the child and families in natural environments so that children are well prepared for school and life success.

Child Care Funding (\$ in Thousands)	
	<u>2007-08</u>
Low-Income Working Families	
State Funds*	\$ 151,008
Federal Funds	<u>224,778</u>
Total	<u>\$ 375,786</u>
TANF Recipients / Former TANF Recipients	
State Funds**	\$ 209,305
Federal Funds	<u>168,203</u>
Total	<u>\$ 377,508</u>
Grand Total	<u><u>\$ 753,294</u></u>

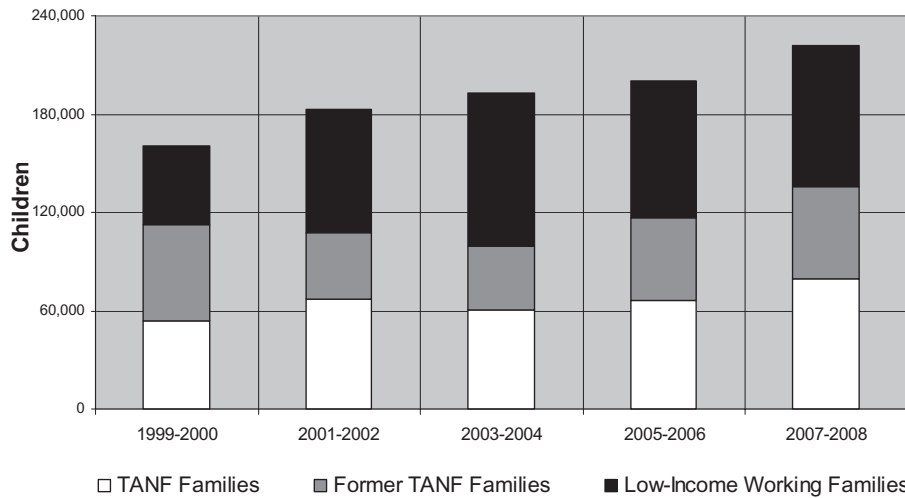
* Child Care Services appropriation.
** Child Care Assistance appropriation.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Child Development							
Children enrolled in Keystone STARS facilities.....	153,863	174,797	176,015	176,015	176,015	176,015	176,015
Number of Keystone STARS facilities	4,291	4,891	4,915	4,915	4,915	4,915	4,915
Percent of child care centers participating in Keystone STARS.....	69%	78%	79%	79%	79%	79%	79%
Children participating in subsidized child care (unduplicated).....	200,650	221,186	221,585	221,585	221,585	221,585	221,585
Children participating in subsidized child care (monthly average):							
Welfare/TANF families	39,224	43,930	43,930	43,930	43,930	43,930	43,930
Former TANF families	26,525	32,875	32,875	32,875	32,875	32,875	32,875
Low-income working families	52,769	53,550	53,800	53,800	53,800	53,800	53,800

Program: Child Development (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Percent of children participating in subsidized child care enrolled in DPW regulated setting:							
TANF families.....	33%	34%	35%	35%	35%	35%	35%
Former TANF families	59%	60%	61%	61%	61%	61%	61%
Low income working families	73%	73%	76%	76%	76%	76%	76%
Early Intervention							
Children participating in Early Intervention (EI) services.....	28,522	31,300	32,829	32,830	32,830	32,830	32,830
Children who met their individual goals and no longer needed EI services prior to their third birthday.....	1,954	2,135	2,235	2,235	2,235	2,235	2,235
Children who met their individual goals at their third birthday and no longer needed EI services	673	740	775	775	775	775	775
Percent of EI children served in typical early childhood educational settings (e.g. home, child care, Head Start).....	97%	98%	98%	98%	98%	98%	98%

Child Care



In 2007-08, the child care system will serve an estimated 37,736 more children of low-income working families than in 1999-2000, an increase of 79%.

Program: Child Development: (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	Early Intervention	\$ 156,578	Child Care Assistance
\$ 3,530	—to provide a three percent cost-of-living adjustment.		—to transfer TANF and Former TANF child care funding from Cash Grants.
2,756	—to annualize children added in 2006-07.	2,553	—to continue current program.
-284	—to continue current program.	17,275	—to provide for an increase in service costs.
157	—revision of Federal financial participation from 54.39% to 54.08%.	11,096	—to provide a three percent cost-of-living adjustment.
8,327	—Initiative—Strengthening Early Care and Learning. To provide early intervention services to 1,529 additional children from birth to age three.	11,017	—to offset reduction in available Federal funds.
10,786		10,786	—Initiative—Strengthening Early Care and Learning. To increase child care provider rates to ensure access to quality care.
<u>\$ 14,486</u>	<i>Appropriation Increase</i>	<u>\$ 209,305</u>	<i>Appropriation Increase</i>
	Community Based Family Centers		Nurse Family Partnership
\$ 3,415	—to offset reduction in available Federal funds, including Federal funds previously provided through County Child Welfare.	\$ 3,873	—to transfer program from County Child Welfare in order to consolidate funding.
		302	—to continue current program.
		587	—Initiative—Strengthening Early Care and Learning. To provide nurse family partnership services to 184 additional families in five additional counties.
	Child Care Services	<u>\$ 4,762</u>	<i>Appropriation Increase</i>
\$ 231	—to continue current program.		
10,071	—to provide for an increase in service costs.		Family and Children's Center
8,898	—to provide a three percent cost-of-living adjustment.	\$ -143	—nonrecurring projects.
5,091	—to annualize children added in 2006-07.		
19,046	—Initiatives—Strengthening Early Care and Learning. To provide subsidized child care services to 400 additional low-income children, to improve the quality and accountability of early learning experiences for children by increasing the investment in Keystone Stars, and to increase child care provider rates to ensure access to quality care.		
<u>\$ 43,337</u>	<i>Appropriation Increase</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Early Intervention.....	\$ 91,351	\$ 105,175	\$ 119,661	\$ 119,661	\$ 119,661	\$ 119,661	\$ 119,661
Community Based Family Centers.....	3,148	3,148	6,563	6,563	6,563	6,563	6,563
Child Care Services.....	80,209	107,671	151,008	151,008	151,008	151,008	151,008
Child Care Assistance	0	0	209,305	209,305	209,305	209,305	209,305
Nurse Family Partnership.....	0	2,500	7,262	7,262	7,262	7,262	7,262
Family and Children's Center	143	143	0	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 174,851</u>	<u>\$ 218,637</u>	<u>\$ 493,799</u>	<u>\$ 493,799</u>	<u>\$ 493,799</u>	<u>\$ 493,799</u>	<u>\$ 493,799</u>



DEPARTMENT OF REVENUE

The mission of the Department of Revenue is to administer the tax laws of the Commonwealth in a fair and equitable manner. The Department of Revenue also administers the State lottery which generates funds for programs that benefit older Pennsylvanians.

The Department of Revenue collects all tax levies as well as various fees, fines and other monies due the Commonwealth. The department also supervises the administration and collection of monies for the first and second class county sales tax and various special funds.

The department prepares the official estimates of the tax yield due the Commonwealth and analyzes the effect on revenues of proposed changes in either the laws or the tax structure of the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 136,424	\$ 136,898	\$ 143,347
(A)Cigarette Fines and Penalties.....	21	15	15
(A)Cigarette Tax Enforcement.....	797	800	831
(A)Services to Special Funds.....	8,685	10,546	11,136
(A)EDP and Staff Support.....	6,342	6,813	7,098
(A)Tax Information.....	256	230	272
(A)Private Letter Valuation Charges.....	1	3	3
(A)Local Sales Tax.....	5,479	4,500	5,541
(A)Small Games of Chance.....	222	230	232
(A)Reimbursed Costs from Other Agencies.....	1,219	1,500	1,511
(A)BTFT - Fines and Penalties.....	214	500	504
(A)RTT Local Collection.....	7	200	201
Commissions - Inheritance & Realty Transfer Taxes (EA).....	7,244	7,244	7,762
Revenue Enforcement.....	0	4,500	14,787
Subtotal - State Funds.....	\$ 143,668	\$ 148,642	\$ 165,896
Subtotal - Augmentations.....	23,243	25,337	27,344
Total - General Government.....	\$ 166,911	\$ 173,979	\$ 193,240
<i>Grants and Subsidies:</i>			
Distribution of Public Utility Realty Tax.....	\$ 29,387	\$ 31,222	\$ 32,882
STATE FUNDS.....	\$ 173,055	\$ 179,864	\$ 198,778
AUGMENTATIONS.....	23,243	25,337	27,344
GENERAL FUND TOTAL.....	\$ 196,298	\$ 205,201	\$ 226,122
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Collections - Liquid Fuels Tax.....	\$ 13,408	\$ 13,708	\$ 14,402
<i>Refunds:</i>			
Refunding Liquid Fuels Tax (EA).....	\$ 11,400	\$ 11,400	\$ 11,400
MOTOR LICENSE FUND TOTAL.....	\$ 24,808	\$ 25,108	\$ 25,802
LOTTERY FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 27,211	\$ 46,353	\$ 40,830
(A)License Fees.....	150	135	135
(A)Annuity Assignment Fees.....	3	25	25
(A)Sale of Automobiles.....	7	0	0
Lottery Advertising (EA).....	30,000	30,000	32,000
Expanded Sales (EA).....	24,736	24,736	30,876
On-Line Vendor Commissions (EA).....	57,000	52,545	58,687
Instant Vendor Commissions (EA).....	34,800	30,776	23,711
Auditor General's Audit Costs (EA).....	86	86	86
Payment of Prize Money (EA).....	372,114	274,439	352,209
Subtotal - State Funds.....	\$ 545,947	\$ 458,935	\$ 538,399
Subtotal - Augmentations.....	160	160	160
Total - General Government.....	\$ 546,107	\$ 459,095	\$ 538,559
<i>Grants and Subsidies:</i>			
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 124,200	\$ 130,000	\$ 324,912

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
STATE FUNDS.....	\$ 670,147	\$ 588,935	\$ 863,311
AUGMENTATIONS.....	160	160	160
LOTTERY FUND TOTAL.....	\$ 670,307	\$ 589,095	\$ 863,471
<u>RACING FUND:</u>			
General Government:			
Collections - State Racing (EA).....	\$ 235	\$ 235	\$ 239
<u>OTHER FUNDS:</u>			
STATE GAMING FUND:			
(R)General Operations.....	\$ 0	\$ 0	\$ 8,273
Transfer to the Compulsive & Problem Gambling Treatment Fund.....	0	0 ^a	0 ^a
Transfer to the Property Tax Relief Fund.....	0	0 ^b	0 ^b
Transfer to the Lottery Fund.....	0	0 ^c	0 ^c
Transfer to the General Fund.....	0	61,100	0
STATE GAMING FUND TOTAL.....	\$ 0	\$ 61,100	\$ 8,273
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 173,055	\$ 179,864	\$ 198,778
SPECIAL FUNDS.....	695,190	614,278	889,352
AUGMENTATIONS.....	23,403	25,497	27,504
OTHER FUNDS.....	0	61,100	8,273
TOTAL ALL FUNDS.....	\$ 891,648	\$ 880,739	\$ 1,123,907

^a Not added to the total to avoid double counting with the program expenditures from the Compulsive and Problem Gambling Treatment Fund shown in the Department of Health: 2006-07 Available is \$1,500,000 and 2007-08 Budget is \$1,500,000.

^b Not added to the total to avoid double counting with the program expenditures from the Property Tax Relief Fund shown in the Department of Education: 2006-07 Available is \$228,107,000 and 2007-08 Budget is \$570,009,000.

^c Not added to the total to avoid double counting with the program expenditures from the Lottery Fund: 2006-07 Available is \$100,000,000 and 2007-08 Budget is \$100,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND.....	\$ 143,668	\$ 148,642	\$ 165,896	\$ 165,896	\$ 165,896	\$ 165,896	\$ 165,896
SPECIAL FUNDS.....	570,990	484,278	564,440	570,104	576,434	583,246	590,393
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	23,403	86,597	35,777	135,777	35,777	330,277	449,377
SUBCATEGORY TOTAL.....	\$ 738,061	\$ 719,517	\$ 766,113	\$ 871,777	\$ 778,107	\$ 1,079,419	\$ 1,205,666
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND.....	\$ 29,387	\$ 31,222	\$ 32,882	\$ 34,526	\$ 36,252	\$ 38,065	\$ 39,968
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.....	\$ 29,387	\$ 31,222	\$ 32,882	\$ 34,526	\$ 36,252	\$ 38,065	\$ 39,968
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	124,200	130,000	324,912	325,180	382,664	384,365	385,582
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 124,200	\$ 130,000	\$ 324,912	\$ 325,180	\$ 382,664	\$ 384,365	\$ 385,582
ALL PROGRAMS:							
GENERAL FUND.....	\$ 173,055	\$ 179,864	\$ 198,778	\$ 200,422	\$ 202,148	\$ 203,961	\$ 205,864
SPECIAL FUNDS.....	695,190	614,278	889,352	895,284	959,098	967,611	975,975
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	23,403	86,597	35,777	135,777	35,777	330,277	449,377
DEPARTMENT TOTAL.....	\$ 891,648	\$ 880,739	\$ 1,123,907	\$ 1,231,483	\$ 1,197,023	\$ 1,501,849	\$ 1,631,216

PROGRAM OBJECTIVE: To assure the availability of resources for the Commonwealth's programs through the equitable and efficient administration of Pennsylvania's revenue system.

Program: Revenue Collection and Administration

This program administers the Commonwealth's revenue statutes by assessing and collecting various taxes. Major revenue sources for the General Fund include corporation, personal income, inheritance, sales and use, cigarette, beverage and realty transfer taxes. Tax revenue is also collected for the first and second class county sales taxes and for the Motor License and Racing Funds.

The department continues to expand the use of automated procedures thereby permitting quick deposit of funds and review of a tax return's accuracy. It has added automated processes that assist taxpayers in filing accurately and more efficiently. These include the Electronic Tax and Data Exchange System (E-TIDES), and an Internet system for filing business taxes such as sales tax, employer withholding tax, liquid fuels tax, fuel tax, corporation tax extensions and estimates. There are also three electronic systems for filing and payment of personal income tax: by Internet (PA Direct File); by Federal / State e-file which allows for the simultaneous filing of Federal

and State returns; and by telephone (Telefile). Revenue collection efforts are being enhanced to improve violation enforcement and improve business practices. This has permitted the department to keep the cost of collection at approximately \$1.00 for every \$323.25 in current taxes collected and \$1.00 for every \$15.05 of delinquent taxes collected.

To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the Commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians. Recent expansions include participation in the multi-state Powerball Game, midday drawings, and Player Activated Terminal installations.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Active accounts by tax type							
Corporation	295,324	305,000	315,000	325,000	335,000	345,000	345,000
Sales and Use	311,965	315,000	320,000	325,000	325,000	325,000	325,000
Employer	340,688	345,000	350,000	355,000	355,000	355,000	355,000
Personal Income Tax	5,943,356	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000
Liquid Fuels	741	760	760	760	760	760	760
Motor Carrier - IFTA	14,654	15,100	15,400	15,700	16,000	16,300	16,300
Motor Carrier - Pennsylvania only	12,598	13,400	13,600	13,900	14,200	14,500	14,500
Personal Income Tax:							
Returns processed	6,807,862	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000
Total - electronic	2,813,228	2,575,000	2,675,000	2,775,000	2,975,000	3,075,000	3,175,000
Total - paper	3,994,634	3,375,000	3,275,000	3,175,000	2,975,000	2,875,000	2,775,000
Corporation taxes average settlement time (in months)							
Group 1 (100% PA; total of Corporate Net Income (CNI); Capital Stock and Franchise Tax (CSFT); and Loans Tax < \$10,000)....	12	12	12	12	12	12	12
Group 2 (Apportioned, less than 100% PA; total of CNI; CSFT; and Loans Tax < \$10,000)	11	11	11	11	11	11	11
Group 3 (Total of CNI; CSFT; and Loans Tax < \$10,000)	11	11	11	11	11	11	11
Amounts due as a result of audit assessments (in millions)	\$248	\$193	\$196	\$199	\$201	\$204	\$207
Percentage of sales tax audits sustained through the Board of Finance and Revenue	81.74%	78.00%	79.00%	80.00%	81.00%	82.00%	82.00%

Program: Revenue Collection and Administration (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Pass Through Business (PTB) assessments							
Assessments as a result of PTB action (in millions).....	\$26	\$20	\$20	\$20	\$20	\$20	\$20
Assessment collections (in millions)	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Collections from delinquent accounts (in millions).....	\$799	\$697	\$702	\$707	\$712	\$717	\$722
Delinquent taxes collected per dollar spent	\$15.05	\$13.10	\$13.50	\$13.90	\$14.30	\$14.70	\$15.10
Appeals filed with the Board of Appeals (all tax types)	26,201	25,815	25,655	25,495	23,845	23,185	23,185
Average time to close Board of Appeals cases (in days)	66	67	66	65	64	63	63
Electronic business tax registrations as a percentage of the total.....	75%	79%	83%	86%	89%	90%	90%
Taxpayer Service and Information Center calls answered	381,220	430,000	448,000	459,000	467,000	488,000	488,000
Use and Cigarette Tax							
Use Tax Compliance Program Collections .	N/A	\$18,343,000	\$38,195,000	\$26,631,000	\$7,500,000	\$7,500,000	\$7,500,000
Expanded Cigarette Tax Inspections and Enforcement							
Increased annual direct collections from Cigarette Tax enforcement activity ...	N/A	\$3,750,000	\$7,500,000	\$5,000,000	\$2,500,000	\$2,500,000	\$1,250,000
Billings from Cigarette Tax enforcement activity.....	N/A	6,000	12,000	8,000	4,000	4,000	2,000
Abusive Tax Shelter Voluntary Disclosure							
Additional tax disclosed in excess of that originally reported to Pennsylvania....	N/A	N/A	\$15,000,000	\$750,000	\$750,000	\$750,000	\$750,000
Business License Information							
Increase in delinquent tax collections.....	N/A	\$3,200,000	\$6,300,000	\$8,800,000	\$6,300,000	\$6,300,000	\$6,300,000
Lottery Operations							
Lottery operating costs as a percentage of ticket sales (includes advertising, commissions, and sales expansion)	4.62%	4.28%	4.37%	4.35%	4.33%	4.30%	4.27%
Lottery operating costs as a percentage of ticket sales (includes cost of lottery administration only)	0.70%	0.80%	0.76%	0.75%	0.73%	0.72%	0.71%

Personal income tax returns processed, collections from delinquent accounts and delinquent taxes per dollar spent decrease compared to the 2005-06 year due to increased system efficiencies and the addressing of backlogs in the 2005-06 year.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		Revenue Enforcement
	General Government Operations		—to continue current program.
\$ 1,000	—Initiative—Information Technology Assessment. To conduct an assessment of information technology systems.	\$ 105	—Initiative—Abusive Tax Shelter Voluntary Compliance. To facilitate the disclosure of tax shelters and payments of corresponding personal income and corporate taxes.
5,449	—to continue current program.	1,100	—Initiative—Voluntary Compliance. To provide administrative and operational resources for enhanced voluntary compliance activities.
\$ 6,449	<i>Appropriation Increase</i>	9,082	
	Commissions - Inheritance & Realty Transfer Taxes (EA)		<i>Appropriation Increase</i>
\$ 518	—based on current revenue estimates.	\$ 10,287	

Program: Revenue Collection and Administration (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	MOTOR LICENSE FUND			On-Line Vendor Commissions (EA)
\$ 694	Collections - Liquid Fuels Tax	\$ 6,142		—based on the latest projection of program requirements.
	—to continue current program.			
	LOTTERY FUND	\$ -7,065		Instant Vendor Commissions (EA)
\$ -5,523	General Operations (EA)			—based on the latest projection of program requirements.
	—nonrecurring equipment and program expansion costs.			
	Lottery Advertising (EA)	\$ 77,770		Payment of Prize Money (EA)
\$ 2,000	—to increase player participation through expanded markets.			—based on the latest projection of program requirements.
	Expanded Sales (EA)	\$ 4		RACING FUND
\$ 6,140	—to increase player participation through expanded markets.			Collections - Racing (EA)
				—to continue current program.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 136,424	\$ 136,898	\$ 143,347	\$ 143,347	\$ 143,347	\$ 143,347	\$ 143,347
Commissions - Inheritance & Realty							
Transfer Taxes (EA)	7,244	7,244	7,762	7,762	7,762	7,762	7,762
Revenue Enforcement	0	4,500	14,787	14,787	14,787	14,787	14,787
TOTAL GENERAL FUND	\$ 143,668	\$ 148,642	\$ 165,896	\$ 165,896	\$ 165,896	\$ 165,896	\$ 165,896
MOTOR LICENSE FUND:							
Collections - Liquid Fuels Tax	\$ 13,408	\$ 13,708	\$ 14,402	\$ 14,402	\$ 14,402	\$ 14,402	\$ 14,402
Refunding Liquid Fuels Tax (EA)	11,400	11,400	11,400	11,400	11,400	11,400	11,400
TOTAL MOTOR LICENSE FUND	\$ 24,808	\$ 25,108	\$ 25,802	\$ 25,802	\$ 25,802	\$ 25,802	\$ 25,802
LOTTERY FUND:							
General Operations (EA)	\$ 27,211	\$ 46,353	\$ 40,830	\$ 40,830	\$ 40,830	\$ 40,830	\$ 40,830
Lottery Advertising (EA)	30,000	30,000	32,000	32,000	32,000	32,000	32,000
Expanded Sales (EA)	24,736	24,736	30,876	30,876	30,876	30,876	30,876
On-Line Vendor Commissions (EA)	57,000	52,545	58,687	59,532	60,424	61,417	62,487
Instant Vendor Commissions (EA)	34,800	30,776	23,711	24,299	24,978	25,714	26,479
Auditor General's Audit Costs (EA)	86	86	86	86	86	86	86
Payment of Prize Money (EA)	372,114	274,439	352,209	356,440	361,199	366,282	371,594
TOTAL LOTTERY FUND	\$ 545,947	\$ 458,935	\$ 538,399	\$ 544,063	\$ 550,393	\$ 557,205	\$ 564,352
RACING FUND:							
Collections - State Racing (EA)	\$ 235	\$ 235	\$ 239	\$ 239	\$ 239	\$ 239	\$ 239

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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Taxing authorities receiving funds	2,997	3,017	3,017	3,017	3,017	3,017	3,017

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 1,660 **Distribution of Public Utility Realty Tax**
 —reflects normal fluctuations in tax assessments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax	<u>\$ 29,387</u>	<u>\$ 31,222</u>	<u>\$ 32,882</u>	<u>\$ 34,526</u>	<u>\$ 36,252</u>	<u>\$ 38,065</u>	<u>\$ 39,968</u>

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 2005-06, the average tax assistance payment was \$375.13 and the average rent rebate was \$393.45.

Act 1 of Special Session No. 1 of 2006 dramatically expanded the current Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion includes increasing the household income limit from \$15,000 to \$35,000 and increasing the maximum rebate from \$500 to \$650. It is anticipated that these changes will increase the number of claimants by more than 420,000 Pennsylvanians.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Households provided property tax or rent assistance	316,602	321,000	740,000	740,000	740,000	740,000	740,000
Households applying by June 30.....	304,632	319,000	683,000	683,000	683,000	683,000	683,000
Rebates mailed by July 31	257,162	252,000	580,000	580,000	580,000	580,000	580,000

Households provided property tax or rent assistance, households applying by June 30, and Rebates mailed by July 31 all increase in 2007-08 and forward due to implementation of the expanded Property Tax and Rent Rebate program stipulated by Act 1 of Special Session No. 1 of 2006.

Program Recommendation: This budget recommends the following changes: (Dollar Amounts in Thousands)

Property Tax & Rent Assistance for Older Pennsylvanians (EA)
 \$ 194,912 —increased program needs based on current estimates and implementation of program expansion.

Appropriations within this Program: (Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 124,200	\$ 130,000	\$ 324,912	\$ 325,180	\$ 382,664	\$ 384,365	\$ 385,582



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)

2005-06 2006-07 2007-08
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 2,300	\$ 2,321	\$ 2,354
(A)Consumer Protection.....	6,929	6,410	6,953
Subtotal - State Funds.....	<u>\$ 2,300</u>	<u>\$ 2,321</u>	<u>\$ 2,354</u>
Subtotal - Augmentations.....	6,929	6,410	6,953
Total - General Government.....	<u>\$ 9,229</u>	<u>\$ 8,731</u>	<u>\$ 9,307</u>
STATE FUNDS.....	\$ 2,300	\$ 2,321	\$ 2,354
AUGMENTATIONS.....	6,929	6,410	6,953
GENERAL FUND TOTAL.....	<u>\$ 9,229</u>	<u>\$ 8,731</u>	<u>\$ 9,307</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
SECURITIES INDUSTRY REGULATION							
GENERAL FUND.....	\$ 2,300	\$ 2,321	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	6,929	6,410	6,953	6,953	6,953	6,953	6,953
SUBCATEGORY TOTAL.....	\$ 9,229	\$ 8,731	\$ 9,307	\$ 9,307	\$ 9,307	\$ 9,307	\$ 9,307
ALL PROGRAMS:							
GENERAL FUND.....	\$ 2,300	\$ 2,321	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	6,929	6,410	6,953	6,953	6,953	6,953	6,953
DEPARTMENT TOTAL.....	\$ 9,229	\$ 8,731	\$ 9,307	\$ 9,307	\$ 9,307	\$ 9,307	\$ 9,307

PROGRAM OBJECTIVE: To reduce fraud and to protect public investors involved in securities transactions as well as to facilitate legitimate capital formation in the State.

Program: Securities Industry Regulation

The primary function of the Pennsylvania Securities Commission is to encourage the financing of legitimate business and industry in the Commonwealth while protecting the investing public from fraudulent and unfair practices in the securities industry.

The commission protects the investing public through the registration and regulation of salespersons and companies dealing in securities. It also issues cease and desist orders to persons and corporations attempting to sell securities without approval, as well as pursuing prosecution of violators of the Pennsylvania Securities Act.

The commission works with other State, Federal and independent regulatory agencies and the various stock exchanges to develop uniform filing requirements to

eliminate duplicative State and Federal examination and registration requirements. The commission is increasing the use of information technology to monitor the offering and sale of securities via electronic means. Fees collected from the securities industry support compliance and enforcement activities, as well as a portion of ongoing operations of the commission.

Acts 125 through 132 (inclusive) of 2004 make changes to the Securities Code to clarify, expand and update language to be consistent with current Federal statutes and the practices of the U.S. Securities and Exchange Commission. The acts will also allow the Pennsylvania Securities Commission to enhance consumer protection operations and securities regulation.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Securities filings received.....	5,563	5,600	5,600	5,600	5,600	5,600	5,600
Securities filings cleared.....	5,422	5,450	5,450	5,450	5,450	5,450	5,450
Dollar amounts of securities cleared for sale (billions):.....	\$240,608	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Broker-dealers registered.....	2,520	2,595	2,670	2,750	2,800	2,920	3,000
Agents registered.....	150,014	154,500	159,135	163,900	168,800	173,850	179,000
Investment advisers registered.....	2,297	2,525	2,780	3,050	3,350	3,680	4,050
Investment adviser representatives registered.....	14,751	15,190	15,650	16,120	16,600	17,100	17,600
Formal investigations conducted.....	167	175	185	195	205	215	225
Compliance examinations conducted.....	70	80	85	90	95	100	105
Enforcement/compliance actions.....	174	180	185	190	195	200	205

Investment advisers and investment adviser representatives registered increased from the projections shown in last year's budget due to a greater number of broker-dealers, who by statute are excluded from the definition of an investment advisor, voluntarily seeking additional registration to provide investment advisory services as part of their plan of business.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ 33 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 2,300	\$ 2,321	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354	\$ 2,354



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 4,451	\$ 4,552	\$ 4,713
(F)Federal Election Reform.....	150,306	100,000	20,000
(A)Departmental Services.....	0 ^a	0 ^a	0 ^a
(R)Professional and Occupational Affairs.....	24,648 ^b	28,574 ^b	31,523 ^b
(R)State Board of Medicine.....	8,794 ^b	9,348 ^b	8,165 ^b
(R)State Board of Osteopathic Medicine.....	1,520 ^b	1,610 ^b	1,223 ^b
(R)State Board of Podiatry.....	333 ^b	350 ^b	252 ^b
(R)State Athletic Commission.....	416 ^b	423 ^b	446 ^b
(R)Corporation Bureau (EA).....	4,903 ^c	4,742 ^c	4,549 ^c
(R)Corporation Bureau - Transfer to General Fund (EA).....	0	2,000 ^c	0
Subtotal.....	<u>\$ 195,371</u>	<u>\$ 151,599</u>	<u>\$ 70,871</u>
Statewide Uniform Registry of Electors.....	0	6,500	14,000
Voter Registration.....	543	563	568
(F)Elections Assistance - Grants to Counties.....	1,247	1,652	500
Subtotal.....	<u>\$ 1,790</u>	<u>\$ 2,215</u>	<u>\$ 1,068</u>
Lobbying Disclosure.....	0	0	1,350
Subtotal - State Funds.....	\$ 4,994	\$ 11,615	\$ 20,631
Subtotal - Federal Funds.....	151,553	101,652	20,500
Subtotal - Restricted Revenues.....	40,614	47,047	46,158
Total - General Government.....	<u>\$ 197,161</u>	<u>\$ 160,314</u>	<u>\$ 87,289</u>
<i>Grants and Subsidies:</i>			
Voting of Citizens in Military Service.....	\$ 40	\$ 40	\$ 40
County Election Expenses (EA).....	400	400	400
Total - Grants and Subsidies.....	<u>\$ 440</u>	<u>\$ 440</u>	<u>\$ 440</u>
STATE FUNDS.....	\$ 5,434	\$ 12,055	\$ 21,071
FEDERAL FUNDS.....	151,553	101,652	20,500
RESTRICTED REVENUES.....	40,614	47,047	46,158
GENERAL FUND TOTAL.....	<u>\$ 197,601</u>	<u>\$ 160,754</u>	<u>\$ 87,729</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Lobbying Disclosure (R).....	\$ 0	\$ 467	\$ 50
PATIENT SAFETY TRUST FUND:			
General Operations (EA).....	\$ 5,000	\$ 5,000	\$ 5,000
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA).....	\$ 375	\$ 100	\$ 100

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 5,434	\$ 12,055	\$ 21,071
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	151,553	101,652	20,500
RESTRICTED.....	40,614	47,047	46,158
OTHER FUNDS.....	5,375	5,567	5,150
TOTAL ALL FUNDS.....	\$ 202,976	\$ 166,321	\$ 92,879

^a Not added to the total to avoid double counting: 2005-06 Actual is \$3,900,000, 2006-07 Available is \$3,866,000, 2007-08 Budget is \$4,176,000.

^b Appropriated from a restricted revenue account.

^c Executive Authorization from a restricted revenue account.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
CONSUMER PROTECTION							
GENERAL FUND.....	\$ 5,434	\$ 12,055	\$ 21,071	\$ 20,571	\$ 20,571	\$ 14,571	\$ 14,571
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	151,553	101,652	20,500	6,000	0	0	0
OTHER FUNDS.....	45,989	52,614	51,308	51,458	51,308	51,458	51,308
SUBCATEGORY TOTAL.....	\$ 202,976	\$ 166,321	\$ 92,879	\$ 78,029	\$ 71,879	\$ 66,029	\$ 65,879
ALL PROGRAMS:							
GENERAL FUND.....	\$ 5,434	\$ 12,055	\$ 21,071	\$ 20,571	\$ 20,571	\$ 14,571	\$ 14,571
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	151,553	101,652	20,500	6,000	0	0	0
OTHER FUNDS.....	45,989	52,614	51,308	51,458	51,308	51,458	51,308
DEPARTMENT TOTAL.....	\$ 202,976	\$ 166,321	\$ 92,879	\$ 78,029	\$ 71,879	\$ 66,029	\$ 65,879

PROGRAM OBJECTIVE: To protect the consumer from fraudulent solicitation and unqualified professional and occupational practitioners and establishments.

Program: Consumer Protection

The Department of State administers several program elements within the Consumer Protection Program.

Program Element: Protection of the Electoral Process

This program element is directed towards insuring efficiency, honesty and uniformity in the administration of the Election Code. Act 25 of 1995, the Pennsylvania Voter Registration Act, integrated voter registration into driver's license applications and made other voter registration changes to comply with the National Voter Registration Act. Nomination petitions for Statewide and legislative offices are reviewed for compliance with statutory standards and are processed for inclusion on the ballot. Campaign expense reports are filed and reviewed as required by the Election Code. The public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the Commonwealth's 9,424 election precincts.

Act 61 of 2001 amended the Pennsylvania Voter Registration Act and requires the department to develop a Statewide Uniform Registry of Electors (SURE) – an integrated voter registration database containing all electors in the Commonwealth. The act also created an advisory board to establish the requirements of a SURE system.

Other functions in this program include commissioning gubernatorial appointees to boards and commissions and preparing commissions for judges, magisterial district judges and notaries public as well as enforcement of the Notary Public Law. In addition, a record of all legislation passed by the General Assembly is maintained by docketing the bills and assigning act numbers.

Act 134 of 2006, Lobbying Disclosure Act, assigns registration and monitoring duties to the department. The act requires that the department receive filings and reports from lobbyists, make this information available to the public, have the information on a website, produce annual reports and a biennial directory, conduct audits and provide administrative assistance to the regulating committee.

Program Element: Protection of Professional Licensing

The focus of this program element is on assuring acceptable professional and technical services to the Commonwealth's residents. To accomplish this, twenty-seven boards of the Bureau of Professional and Occupational Affairs (BPOA) utilize licensing, enforcement

and administrative authority to regulate and service the various professions.

The department investigates complaints against licensees for legal or ethical violations that may result in disciplinary action by the boards.

Mechanisms utilized in controlling the quality of practitioners include regulating education; experience and degree of technical expertise demonstrated through applications and subsequent written examination and/or demonstrated practical ability. Requirements for continuing education also serve as a means of meeting the constantly changing developments in the various professions and occupations.

Act 124 of 1978 created a restricted Professional Licensure Augmentation Account (PLAA) enabling this program to be funded from fees and fines collected by the Bureau of Professional and Occupational Affairs. Thus, the bureau operates entirely out of restricted funds, considered for budgetary purposes as Other Funds, rather than from a General Fund appropriation.

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act further provides for medical malpractice liability insurance, tort reform, mandatory reporting by and to State licensing boards and continuing medical education. The Act established the Patient Safety Authority to review and recommend improvements in patient safety.

Fees are revised according to the specific enabling legislation for each board.

Program Element: Regulation of Consumer Products and Promotion of Fair Business Practices

This program element encompasses the activities of the Corporation Bureau, the Bureau of Charitable Organizations and the State Athletic Commission.

The Corporation Bureau is responsible for both profit and nonprofit business incorporation filings and submission of Uniform Commercial Code (UCC) filings. There are approximately 2.2 million corporate entities in the database and the bureau processes approximately 53,000 new corporations annually. It also registers approximately 36,000 trademarks and fictitious names as well as 125,000 UCC filings annually. The primary goals of the Corporation Bureau are to make the registration process as efficient as possible and to enhance public access in order to promote a more favorable business climate within the Commonwealth.

Act 198 of 1990 established a restricted account with funding levels to be executively authorized by the Governor to fund the Corporation Bureau.

Program: Consumer Protection (continued)

The Bureau of Charitable Organizations is responsible for the registration of charitable organizations, professional fundraisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The major objective of the bureau is to increase the awareness and understanding of the Charitable Solicitations Act among Pennsylvania consumers and charitable organizations.

Act 55 of 1997 increased the number of charities required to register with the Department of State and established a system of mandatory arbitration to resolve complaints of unfair competition filed by small businesses

against charities.

The State Athletic Commission monitors and regulates all professional and amateur boxing and kickboxing, amateur wrestling contests, and the licensing of all persons who participate in these events. There are eleven categories of licenses issued by the Athletic Commission. These categories include announcer, agent, boxer, judge, manager, matchmaker, physician, promoter (including those promoting professional wrestling), referee, timekeeper and trainer.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Electoral Process							
Voter registration transactions	898,382	990,000	990,000	1,400,000	990,000	990,000	990,000
Campaign finance reports filed online	3,345	3,400	3,500	3,600	3,700	3,800	3,900
Notary public commissions issued *	25,802	26,000	26,500	27,000	27,500	28,000	28,500
Professional Licensing							
Professional licenses and renewals issued	431,412	423,000	400,000	423,000	400,000	423,000	400,000
Cases opened	11,363	12,500	12,900	14,600	16,500	18,600	21,000
Cases closed	11,725	12,835	13,800	16,300	19,200	22,600	26,700
Disciplinary actions	2,870	3,000	2,700	2,800	2,900	3,000	3,100
Enforcement and Investigation							
Inspections completed	16,033	15,000	15,000	15,000	15,000	15,000	15,000
Investigations opened	4,091	3,500	3,500	3,500	3,500	3,500	3,500
Investigations closed	3,769	4,200	4,200	4,200	4,200	4,200	4,200
Health Monitoring Program							
Cases opened	1,125	1,295	1,586	1,903	2,332	2,820	2,918
Cases closed	1,055	1,215	1,489	1,785	2,186	2,644	2,735
Patient Safety Authority							
Medical facilities filing patient safety data...	457	465	470	475	480	485	490
Corporation Bureau							
Uniform Commercial Code financing statement filings and information requests fulfilled	168,434	171,900	175,343	178,850	182,427	186,075	189,797
Reviews of fictitious names, business corporations and trademark applications..	135,687	138,000	141,169	143,992	146,872	149,809	152,806
Corporation information requests processed	172,363	175,810	179,326	182,913	186,571	190,303	194,109
Charitable Organizations							
Charity registrations	8,900	9,600	9,700	9,800	9,900	10,000	10,100
Investigations opened	269	300	300	300	310	310	310
Investigations closed	300	300	300	300	300	300	300
State Athletic Commission							
Professionals licensed *	1,120	1,125	1,130	1,135	1,135	1,135	1,135
Boxing events (professional, amateur and kickboxing) *	125	130	130	130	130	130	130
Wrestling events *	335	340	340	340	340	345	345

*New program measure.

Program: Consumer Protection (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND General Government Operations \$ 161 —to continue current program.</p> <p>Statewide Registry of Electors \$ 7,500 —Initiative — SURE system. To provide resources for the continued development and upgrade of the Statewide Uniform Registry of Electors (SURE) system.</p> <p>Voter Registration \$ 5 —to continue current program.</p> <p>Lobbying Disclosure \$ 1,350 —to establish lobbying disclosure program.</p> <p>All other appropriations are funded at the current levels.</p>	<p>State Board of Medicine \$ -1,183 — nonrecurring projects.</p> <p>State Board of Osteopathic Medicine \$ -387 — nonrecurring projects.</p> <p>State Board of Podiatry \$ -98 — nonrecurring projects.</p> <p>State Athletic Commission \$ 23 —to continue current program.</p> <p>Corporation Bureau (EA) \$ -193 — nonrecurring projects.</p> <p>Corporation Bureau- Transfer to General Fund (EA) \$ -2,000 —nonrecurring transfer from the Corporation Bureau Account.</p>
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This budget also recommends the following changes in appropriations and executive authorizations from restricted accounts:

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

<p>Professional and Occupational Affairs \$ 2,949 —to continue current program.</p>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 4,451	\$ 4,552	\$ 4,713	\$ 4,713	\$ 4,713	\$ 4,713	\$ 4,713
Statewide Uniform Registry of Electors	0	6,500	14,000	14,000	14,000	6,500	6,500
Voter Registration	543	563	568	568	568	568	568
Lobbying Disclosure	0	0	1,350	850	850	850	850
Publishing State Reapportionment Maps ..	0	0	0	0	0	1,200	1,200
Publishing Federal Reapportionment Maps	0	0	0	0	0	300	300
Voting of Citizens in Military Service	40	40	40	40	40	40	40
County Election Expenses (EA)	400	400	400	400	400	400	400
TOTAL GENERAL FUND	\$ 5,434	\$ 12,055	\$ 21,071	\$ 20,571	\$ 20,571	\$ 14,571	\$ 14,571



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)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>GENERAL FUND:</u>			
<i>Grants and Subsidies:</i>			
National Guard - Employer Contribution.....	\$ 4	\$ 4	\$ 4
	<u>4</u>	<u>4</u>	<u>4</u>
<u>OTHER FUNDS:</u>			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration.....	\$ 24,187	\$ 24,925	\$ 26,568
Directed Commissions.....	0	1,000	1,000
STATE EMPLOYEES' RETIREMENT FUND TOTAL.....	<u>\$ 24,187</u>	<u>\$ 25,925</u>	<u>\$ 27,568</u>
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 4	\$ 4	\$ 4
SPECIAL FUNDS.....	0	0	0
OTHER FUNDS.....	24,187	25,925	27,568
TOTAL ALL FUNDS.....	<u><u>\$ 24,191</u></u>	<u><u>\$ 25,929</u></u>	<u><u>\$ 27,572</u></u>

State Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
STATE EMPLOYEES' RETIREMENT							
GENERAL FUND.....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,187	25,925	27,568	27,568	27,568	27,568	27,568
SUBCATEGORY TOTAL.....	\$ 24,191	\$ 25,929	\$ 27,572	\$ 27,572	\$ 27,572	\$ 27,572	\$ 27,572
ALL PROGRAMS:							
GENERAL FUND.....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,187	25,925	27,568	27,568	27,568	27,568	27,568
DEPARTMENT TOTAL.....	\$ 24,191	\$ 25,929	\$ 27,572	\$ 27,572	\$ 27,572	\$ 27,572	\$ 27,572

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 \$26 billion dollars. The system is funded in accordance with generally accepted actuarial standards; the funding is reviewed annually by a contracted actuarial firm and an experience review is completed every five years.

The three major sources of current income to the system are earnings from investments, and employer and member contributions. The employer contribution rate is established annually by the board upon the recommendation of the actuary. Employer contribution rates differ in accordance with the class of employees for which they are contributing. There is additional cost for employees in safety positions,

the Legislature and the Judiciary. As a result of Act 9 of 2001, effective January 2002, most system members contribute six and one-quarter percent of pay to the system, depending upon individual employee election of membership. Normal retirement from the system is at age 60, age 50 for safety employees and members of the Legislature, or at any age with 35 years of service. Retirement before those times is possible after five years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement. Act 40 of 2003 changed the funding period for most of system's actuarial liabilities from ten years to thirty years, effectively spreading out the payment of its costs and liabilities.

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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Retirement counseling sessions.....	38,592	39,900	40,900	41,900	42,900	44,400	45,800
Total number of retired employees	101,533	103,968	106,226	108,565	110,684	112,695	114,519
Total benefits payments (in billions)*	\$2.05	\$2.26	\$2.48	\$2.68	\$2.92	\$3.22	\$3.49

Retirement counseling sessions is based upon a number of factors including membership demographics and pending or actual legislative changes. These estimates can be subject to significant fluctuation based on the interest level of the membership.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE EMPLOYEES' RETIREMENT FUND
State Employees' Retirement Administration

\$ 1,643 —to continue current program.

The National Guard-Employer Contribution appropriation is recommended at level funding

In addition to this appropriation, \$1,000,000 in Directed Commission expenditures are anticipated for the budget year.

State Employees' Retirement System

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
National Guard - Employer Contribution....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement							
Administration.....	\$ 24,187	\$ 24,925	\$ 26,568	\$ 26,568	\$ 26,568	\$ 26,568	\$ 26,568
Directed Commissions.....	0	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL STATE EMPLOYEES' RETIREMENT FUND.....	\$ 24,187	\$ 25,925	\$ 27,568	\$ 27,568	\$ 27,568	\$ 27,568	\$ 27,568



STATE POLICE

The mission of the State Police is to promote traffic safety, effectively investigate crime and reduce criminal activity and to provide investigative assistance and support services to all law enforcement agencies within the Commonwealth. In addition, the State Police maintains and provides to criminal justice agencies, up-to-date law enforcement information, continually evaluates the competence level of law enforcement within the Commonwealth and provides prompt, competent service in emergency situations. The State Police ensures personal protection and security for the Governor and other persons designated by proper authority and enforces all other State statutes as directed by proper authority.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
 2005-06 2006-07 2007-08
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

	\$ 137,393	\$ 165,472	\$ 167,391
General Government Operations.....	\$	\$	\$
(F) Drug Enforcement.....	400	750	500
(F) Bulletproof Vests.....	1,473	1,473	0
(F) Marijuana Eradication.....	100	100	0
(F) Motor Carrier Safety.....	13,502	17,592	11,244
(F) Computer Crime Prevention.....	500	500	0
(F) Speed Timing Equipment.....	500	500	0
(F) Intelligent Transportation System.....	250	0	0
(F) Drug Recognition Expert Program.....	25	25	0
(F) Domestic Terrorism Training.....	380	380	0
(F) 2005 Homeland Security Grant.....	1,000	1,000	0
(F) Terrorism Prevention Program.....	500	500	0
(F) Cold Case DNA.....	408	733	0
(F) DNA Personnel.....	70	70	0
(F) Area Computer Crime.....	0	0	7,443
(F) Radiation Emergency Response Fund.....	10	10	0
(F) Megan's Law Improvements.....	40	0	0
(F) DNA Backlog Reduction.....	342	360	0
(F) Innovative Occupant Protection.....	23	500	0
(F) Child Passenger Fitting Station.....	570	670	0
(F) DNA Capacity Enhancement.....	1,000	1,000	0
(F) Human Trafficking.....	50	450	0
(F) Private Sector Outreach.....	0	100	0
(F) NW Regional Meth Task Force.....	0	250	0
(F) Forensic Casework Backlog.....	0	137	0
(F) Forensic Cameras.....	0	500	0
(F) Critical Infrastructure Upgrade.....	0	17,350	0
(F) Anti-Gang Initiative.....	0	100	0
(F) Law Enforcement Preparedness (EA).....	0	0	5,155
(F) DUI Enforcement(EA).....	875	700	0
(F) Safety Education(EA).....	50	50	0
(F) Interstate Highway Enforcement(EA).....	600	600	0
(F) Construction Zone Patrolling(EA).....	10,000	10,000	10,000
(F) Sobriety Test Training(EA).....	20	20	0
(F) Corridor Safety(EA).....	200	200	0
(F) Crash Reduction(EA).....	0	150	0
(F) Occupant Protection(EA).....	500	500	0
(F) Combat Underage Drinking(EA).....	105	215	105
(F) Homeland Security Equipment (EA).....	472	0	0
(F) DCSI-Triggerlock (EA).....	350	454	0
(F) DCSI-PA Criminal Intelligence Center(EA).....	144	0	0
(F) Amber Alert (EA).....	40	40	0
(F) Public Health Preparedness (EA).....	50	0	0
(F) Impaired Driving Visibility Enforcement (EA).....	0	175	0
(F) ATF-PSP Partnership (EA).....	60	60	0
(F) DNA Chemistry Technicians (EA).....	0	100	0
(F) Checkpoint Strikeforce (EA).....	0	250	0
(F) Avian Influenza- Point of Dispensing (EA).....	0	155	0
(F) Scientific Lab Equipment (EA).....	0	125	0
(F) Disaster and Storm Relief - 2006-07 (EA).....	0	750	0
(A) Turnpike Commission.....	29,243	32,000	33,500
(A) Sale of Automobiles.....	162	100	150
(A) Criminal History Record Checks.....	8,844	9,200	9,000
(A) Training Fees.....	3	35	5
(A) Reimbursement for Services.....	1,836	2,435	2,141
(A) Criminal History Fees - DPW.....	0	10	0
(A) Bank Alarm Fees.....	0	10	0
(A) Reimbursement from Municipalities.....	0	1	0
(A) Fingerprint Record Checks.....	221	190	1,250

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(A)Registry of Protection.....	102	130	120
(A)Purchasing Card Rebates.....	83	70	95
(A)Littering Fines.....	6	25	25
(A)Credit Card Receipts.....	1,957	1,200	2,200
(A)Photographic Services.....	25	25	25
(A)Delaware River Toll Bridge.....	1,312	1,375	1,540
Subtotal.....	<u>\$ 215,796</u>	<u>\$ 271,872</u>	<u>\$ 251,889</u>
Additional State Troopers.....	3,066	6,347	0
Civilianization.....	0	650	0
Law Enforcement Information Technology.....	11,885	8,375	8,375
Incident Information Management System.....	0	3,510	1,782
Municipal Police Training.....	3,846	3,846	4,269
Automated Fingerprint Identification System.....	1,226	1,226	1,226
(F)DCSI - Palm Readers (EA).....	500	500	0
Subtotal.....	<u>\$ 1,726</u>	<u>\$ 1,726</u>	<u>\$ 1,226</u>
Gun Checks.....	0	900	0
(R)Firearm Records Check.....	4,572	3,400	5,528
Subtotal.....	<u>\$ 4,572</u>	<u>\$ 4,300</u>	<u>\$ 5,528</u>
Subtotal - State Funds.....	\$ 157,416	\$ 190,326	\$ 183,043
Subtotal - Federal Funds.....	35,109	60,094	34,447
Subtotal - Augmentations.....	43,794	46,806	50,051
Subtotal - Restricted Revenues.....	4,572	3,400	5,528
Total - General Government.....	<u>\$ 240,891</u>	<u>\$ 300,626</u>	<u>\$ 273,069</u>
STATE FUNDS.....	\$ 157,416	\$ 190,326	\$ 183,043
FEDERAL FUNDS.....	35,109	60,094	34,447
AUGMENTATIONS.....	43,794	46,806	50,051
RESTRICTED REVENUES.....	4,572	3,400	5,528
GENERAL FUND TOTAL.....	<u>\$ 240,891</u>	<u>\$ 300,626</u>	<u>\$ 273,069</u>
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 372,110	\$ 442,531	\$ 450,581
Additional State Troopers.....	8,289	17,161	0
Civilianization.....	0	1,755	0
Law Enforcement Information Technology.....	32,135	22,645	22,645
Incident Information Management System.....	0	9,490	4,818
Municipal Police Training.....	3,846	3,846	4,269
Patrol Vehicles.....	10,478	12,786	10,825
(A)Automobile Sales.....	1,615	2,011	1,675
Automated Fingerprint Identification System.....	121	121	121
Commercial Vehicles Inspection.....	3,773	3,773	5,924
Subtotal.....	<u>\$ 432,367</u>	<u>\$ 516,119</u>	<u>\$ 500,858</u>
Subtotal - State Funds.....	\$ 430,752	\$ 514,108	\$ 499,183
Subtotal - Augmentations.....	1,615	2,011	1,675
Total - General Government.....	<u>\$ 432,367</u>	<u>\$ 516,119</u>	<u>\$ 500,858</u>
STATE FUNDS.....	\$ 430,752	\$ 514,108	\$ 499,183
AUGMENTATIONS.....	1,615	2,011	1,675
MOTOR LICENSE FUND TOTAL.....	<u>\$ 432,367</u>	<u>\$ 516,119</u>	<u>\$ 500,858</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Seized/Forfeited Property - Federal.....	\$ 261	\$ 300	\$ 300
State Drug Act Forfeiture Funds.....	914	350	400
State Criminal Enforcement Forfeiture Funds.....	12	50	50
Crime Lab User Fees.....	1,363	300	300
Auto Theft and Arson Fund.....	1,651	1,500	1,500
Insurance Fraud Prevention.....	0	250	250
GENERAL FUND TOTAL.....	<u>\$ 4,201</u>	<u>\$ 2,750</u>	<u>\$ 2,800</u>
DNA DETECTION FUND:			
DNA Detection of Offenders(EA).....	\$ 363	\$ 674	\$ 1,498
STATE GAMING FUND:			
(R)Gaming Enforcement.....	\$ 0	\$ 0	\$ 13,629
STATE STORES FUND:			
Liquor Control Enforcement.....	\$ 20,958	\$ 23,322	\$ 23,665
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 157,416	\$ 190,326	\$ 183,043
SPECIAL FUNDS.....	430,752	514,108	499,183
FEDERAL FUNDS.....	35,109	60,094	34,447
AUGMENTATIONS.....	45,409	48,817	51,726
RESTRICTED.....	4,572	3,400	5,528
OTHER FUNDS.....	25,522	26,746	41,592
TOTAL ALL FUNDS.....	<u>\$ 698,780</u>	<u>\$ 843,491</u>	<u>\$ 815,519</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 157,416	\$ 190,326	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043
SPECIAL FUNDS.....	430,752	514,108	499,183	499,183	499,183	499,183	499,183
FEDERAL FUNDS.....	35,109	60,094	34,447	34,447	34,447	34,447	34,447
OTHER FUNDS.....	75,503	78,963	98,846	99,391	99,958	100,548	101,161
SUBCATEGORY TOTAL.....	\$ 698,780	\$ 843,491	\$ 815,519	\$ 816,064	\$ 816,631	\$ 817,221	\$ 817,834
ALL PROGRAMS:							
GENERAL FUND.....	\$ 157,416	\$ 190,326	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043
SPECIAL FUNDS.....	430,752	514,108	499,183	499,183	499,183	499,183	499,183
FEDERAL FUNDS.....	35,109	60,094	34,447	34,447	34,447	34,447	34,447
OTHER FUNDS.....	75,503	78,963	98,846	99,391	99,958	100,548	101,161
DEPARTMENT TOTAL.....	\$ 698,780	\$ 843,491	\$ 815,519	\$ 816,064	\$ 816,631	\$ 817,221	\$ 817,834

PROGRAM OBJECTIVE: The State Police enforce the law and preserve the peace through detection of crime and apprehension of criminals, patrol of highways, and enforcement of the vehicle and liquor codes.

Program: Public Protection and Law Enforcement

Program Element: Management

This program element provides direction and coordination for all line and staff activities of the State Police, including administrative and overhead systems for the operation of various law enforcement programs. Protection for the Governor and visiting dignitaries, security of the executive residence and background investigations on State job applicants are components of this program.

State-of-the-art technology is automating a full range of State Police functions. The Incident Information Management System (IIMS) is currently being implemented. Data terminals have been installed in patrol vehicles, and bar-coding capabilities are being developed to process evidence. Dispatching services will be improved through the use of global positioning systems and mapping programs to identify and assign the nearest available patrol unit to any incident, significantly reducing response times. When fully implemented, the IIMS will enhance the effectiveness and efficiency of troopers patrolling the highways by supplying critical crime and traffic information directly to their vehicles thus reducing the time they spend on paperwork.

In 2003, the Pennsylvania Criminal Intelligence Center (PaCIC) was implemented. The PaCIC provides analytical assistance to Pennsylvania law enforcement agencies. Trained, professional Intelligence Analysts supply law enforcement agencies with various intelligence/information products needed for tactical and strategic planning. Intelligence Analysts also offer access to archived public information, investigative information and intelligence information from a multitude of Statewide and national databases.

The State Police operational resources are coordinated through the Problem Specific Policing (PSP) initiative. The PSP is an incident analysis and police management tool that utilizes case data mapping with the goal of reducing traffic crashes and criminal activity. Its aim is to improve the quality of life of citizens. The PSP is built on the principles of accurate and timely statistical data, effective tactics, rapid deployments of existing resources and follow-up assessments.

Program Element: Vehicle Standards Control

The vehicle inspection program within the Commonwealth is conducted jointly by the Department of Transportation and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the Commonwealth's highways. The administrative supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers was transferred to the Department of Transportation on January 1, 1998. State Police continue to administer the

school bus and mass transit vehicle inspection function; investigate complaints of improper practices by official inspection stations and motor vehicle dealers.

Program Element: Traffic Supervision

Enforcing the Commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic crashes and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. Traffic patrol and enforcement is provided by the State Police in those municipalities where there are no full-time police departments and on interstate highways. Traffic assistance is also provided, upon request, to municipalities with full-time police departments.

The State Police utilize various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic crashes. In this regard, the State Police attempt to allocate patrol activities to those areas and locations with high traffic and crash volume. Supplemental patrolling is provided in construction zones for the safety of motorists and construction workers. Aircraft piloted by State Police troopers routinely monitor the speeds of vehicles on interstate and secondary highways. This method of speed enforcement is especially effective against commercial vehicles and other vehicles equipped with citizen band radios and radar detecting devices. Enforcement efforts continue to be concentrated in areas identified by the PSP initiative.

The department continues the use of DUI Sobriety Checkpoints to combat drunk driving. Operation Nighthawk was initiated as a Statewide training and enforcement program providing legal updates, development strategies and operational tactics combined with saturation DUI enforcement teams.

The Commonwealth Commercial Vehicle Enforcement Program is a responsibility of the Pennsylvania State Police. One permanent facility along Interstate 80 and 26 mobile weight teams throughout the State enforce the Commonwealth's vehicle weight and size limitations. The State Police also conducts the Federal Motor Carrier Safety Assistance Program (MCSAP). MCSAP consists of troopers and civilian enforcement officers throughout the State enforcing Federal Motor Carrier Safety Regulations. These regulations pertain to drivers, equipment, documents, loads and hazardous materials transportation. Federal regulations are applicable to both interstate and intrastate motor carrier vehicles. Beginning in 2004, the State Police became the primary MSCAP agency, with the transfer of program personnel and resources from the Department of Transportation. In addition, the State Police aggressively conduct a program to reduce the number

Program: Public Protection and Law Enforcement (continued)

of truck crashes occurring in Pennsylvania through the Troop Truck Crash Prevention Initiative (TTCPI). TTCPI concentrates on the detection and enforcement of moving traffic violations committed by commercial motor vehicle drivers. The operations are directed toward reducing crashes on specific highways and areas that have been identified as having a high number of commercial vehicle crashes.

In a program sponsored by the National Highway Traffic Safety Administration, 232 Pennsylvania State Troopers are currently certified as child passenger safety technicians. The State Police maintain permanent child safety fitting stations. Each station conducts inspections on a designated date at posted times at least once a month.

Program Element: Crime Prevention

Combating crime is not the responsibility of police alone. It requires the active, organized involvement of the public if any significant results are to be realized. The State Police crime prevention mission is to reduce the incidence of crime through citizen involvement and educational crime prevention techniques. This includes programs such as neighborhood crime watch groups, block parents, and crime stoppers.

The State Police provides assistance to municipalities in suppression of violent crime through the Operation Triggerlock Program. Under this program, the State Police work hand-in-hand with Federal and local law enforcement officials to purge violent crime from urban neighborhoods. Community involvement, intelligence gathering, and saturation patrols are essential components of this operation.

The Citizens' Police Academy Program offers a 10-12 week seminar providing members of the public with an opportunity to learn about various law enforcement issues and resources. Speakers from the Pennsylvania State Police, Federal and local agencies discuss a wide range of law enforcement topics.

Program Element: Criminal Law Enforcement

The majority of State Police efforts in criminal law enforcement are performed at the station level and consist of investigations of violence and property crimes. At the Statewide level, there are special investigations involving drugs and narcotics, organized crime, terrorism, white-collar crime, public corruption, arson, computer crime, and criminal personality profiling.

State Police troopers, along with local, State and Federal agencies, target major drug trafficking organizations utilizing a comprehensive strategy that involves intelligence gathering, financial background information, criminal investigation and asset forfeiture proceedings.

On February 20, 2002, the Pennsylvania State Police instituted a non-family child abduction alert notification system called the Pennsylvania Amber Alert Plan. This utilizes the Emergency Alert System to inform the public of an abduction of a child under the age of 16 or under the age of 18 with a proven mental or physical disability; and

in certain instances, which the police believe the child is in danger of serious bodily harm or death.

A Computer Crime Unit provides investigative assistance to all local, State, and Federal law enforcement agencies in cases where a computer has been utilized for a criminal purpose. The unit is equipped with the newest technology and is comprised of several full-time and part-time computer crime investigators assigned at strategic locations throughout the state. The Computer Crime Unit also provides educational information for local law enforcement agencies and prosecutors.

Program Element: Emergency Assistance

The State Police are normally called upon whenever any emergency situation occurs within the Commonwealth. The department has primary police jurisdiction in 83% of the Commonwealth's land area, comprising 27% of its population, and also provides assistance to a variety of local and State agencies, particularly law enforcement agencies. The department classifies emergency assistance into two separate categories: civil disorder and emergency management.

Civil disorders are incidents that may become criminal in nature in such categories as prison disturbances, labor disorders, strikes, campus-school disorders, youth group disorders, terrorism and hostage situations. Emergency management deals with prevention, mitigation and response to natural and/or man-made hazards to prevent loss of life or property, economic loss and disruption of normal living conditions.

The Office of Domestic Security (ODS) was formed in October, 2002 to administer and coordinate numerous homeland and domestic security responsibilities. ODS has four primary missions: emergency planning and preparedness, liaison to the Governor's Office of Homeland Security, facility security for department installations, and risk and vulnerability assessments for facilities and critical infrastructures.

The Special Emergency Response Team (SERT) is comprised of carefully selected, uniquely trained, and specially equipped troopers responsible for an incident-specific approach to high-risk and special emergency situations. Specially trained K-9 Dog Teams provide drug, arson, and explosive detection during emergency incidents. The department's fleet of eight helicopters and seven airplanes are frequently called upon to provide assistance during emergencies. The State Police has also established a Hazardous Device and Explosive Section as a response to bomb threats and similar security issues.

Program Element: Liquor Control and Gaming Enforcement

The Bureau of Liquor Control Enforcement directs and controls a coordinated enforcement effort toward violations of the Pennsylvania Liquor Code and related sections of the Crimes Code. Operations include covert and overt investigations, assisting municipal police agencies, conducting routine license investigations and performing establishment audits and border patrols. The State Police

Program: Public Protection and Law Enforcement (continued)

have implemented a high school and middle school education program to deter minors from using alcoholic beverages. The State Police also conduct the Enforcing the Underage Drinking Laws Program to effect a change in the culture of college students to reduce binge drinking and deglamorize underage drinking. The project consists of establishing partnerships with college administrators, college students, the alcohol industry and community members to determine and implement effective measures to reduce the harmful consequences caused by underage

and binge drinking. Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Gaming Control Board to regulate and oversee the implementation and operation of limited gaming activities within the Commonwealth. The Pennsylvania State Police responsibilities under the act include investigating and prosecuting criminal infractions, conducting various background checks, and, with the Gaming Control Board, enforcing Gaming laws.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Operations							
Sworn complement.....	4,428	4,660	4,660	4,660	4,660	4,660	4,660
Civilian complement.....	1,707	1,767	1,767	1,767	1,767	1,767	1,767
Number of troopers assigned to law enforcement activities.....	4,131	4,363	4,363	4,363	4,363	4,363	4,363
Vehicle Standards Control							
School bus inspections.....	32,197	32,358	32,520	32,682	32,846	33,010	33,173
Motor Carrier Safety Inspections (MCSAP)	83,194	84,858	86,555	88,286	90,052	91,853	93,690
Percentage of MCSAP inspections that placed commercial vehicles out-of-service	33%	33%	33%	33%	33%	33%	33%
Vehicle Traffic Supervision							
Percentage of Commonwealth highways patrolled by the State Police.....	63%	63%	63%	63%	63%	63%	64%
Vehicle accidents.....	78,558	77,381	75,708	73,894	72,030	70,144	68,249
Vehicle accident fatalities.....	750	714	679	644	609	577	544
Traffic citations issued.....	479,086	470,889	466,145	462,635	459,639	456,883	454,249
DUI arrests - individuals arrested.....	13,791	14,204	14,630	15,068	15,520	15,985	16,464
Criminal Law Enforcement and Crime Prevention							
Percentage of Commonwealth population covered by the State Police*.....	27.0%	27.1%	27.2%	27.3%	27.4%	27.5%	27.6%
Crimes per 100,000 population in State Police jurisdiction areas:							
Against persons.....	164	158	155	150	148	144	141
Criminal arrests.....	3,570	3,688	3,863	4,060	4,265	4,474	4,685
Percentage of cleared offenses in which person was identified.....	65.9%	65.6%	65.2%	64.9%	64.6%	64.2%	63.9%
Percentage of those arrested who are convicted.....	59.5%	61.7%	62.5%	63.7%	65.5%	66.9%	68.2%
Crimes per 100,000 population in State Police jurisdiction areas:							
Against property.....	1,624	1,623	1,628	1,636	1,645	1,654	1,664
Persons arrested.....	10,434	10,748	11,028	11,314	11,603	11,894	12,184
Percentage of cleared offenses in which person was identified.....	25.9%	26.4%	26.9%	27.3%	27.7%	28.1%	28.5%
Percentage of those arrested who are convicted.....	71.6%	69.5%	67.6%	66.8%	66.0%	64.6%	63.4%
Methamphetamine lab responses*.....	79	101	116	130	143	157	170
Critical incident responses by the Special Emergency Response Team *.....	129	135	141	148	155	162	170
Incident responses by the Hazardous Device and Explosives Section *.....	211	217	223	229	235	242	249
Megan's Law: number of registered sex offenders.....	8,339	11,921	18,024	25,765	29,629	32,591	34,220
CLEAN/NCIC transactions.....	491,618	580,109	684,528	807,743	953,136	1,124,700	1,327,146

Program: Public Protection and Law Enforcement (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Crime Lab							
Specimens submitted for DNA analysis.....	52,087	45,000	45,000	45,000	45,000	45,000	45,000
No-suspect DNA positive identifications.....	203	400	400	400	400	400	400
Fingerprint cards submitted.....	334,524	335,118	351,874	369,468	387,941	407,338	427,705
Cases solved through identification of latent prints.....	956	1,004	1,050	1,103	1,158	1,216	1,276
Background Checks							
Firearms Checks: checks conducted for the purchase of a firearm and to carry a concealed weapon.....	512,686	517,813	520,402	523,004	525,619	528,247	530,888
Firearm purchase and concealed weapon applications denied from criminal history checks.....	9,378	10,134	10,640	10,746	10,853	10,961	11,070
Criminal history checks for employment purposes.....	1,183,426	1,242,597	1,304,726	1,369,962	1,438,460	1,510,383	1,585,902
Crime Tip Line							
Terrorism Hotline calls with possible intelligence.....	324	531	547	563	580	597	615
Terrorism tips received.....	525	852	895	940	987	1,036	1,088
Drug tips received.....	223	241	246	251	256	261	266
Liquor Control Enforcement							
Enforcement investigations.....	51,423	51,320	51,217	51,114	51,011	50,909	50,807
Complaints received.....	16,195	16,437	16,683	16,933	17,186	17,443	17,704
Inspections of open liquor establishments..	3,692	3,802	3,916	4,033	4,154	4,278	4,406
Administrative Warning Letters issued due to Liquor Code violations.....	2,782	2,865	2,950	3,038	3,129	3,222	3,318
Administrative Citation Letters issued for Liquor Code violations.....	3,105	3,151	3,198	3,245	3,293	3,342	3,392

* New program measure.

Significant increases projected for the number of sex offenders under Megan's Law due to changes that increased the number of offenses that require registration.

CLEAN/NCIC transactions projected to increase based on actual data from last three years.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND AND MOTOR LICENSE FUND COMBINED</p> <p>General Government Operations</p> <p>\$ 9,969 —to continue current program.</p> <p>Additional State Troopers</p> <p>\$ -23,508 —nonrecurring appropriation.</p> <p>Civilianization</p> <p>\$ -2,405 —nonrecurring appropriation.</p> <p>Incident Information Management System</p> <p>\$ -6,400 —nonrecurring projects.</p> <p>Municipal Police Training</p> <p>\$ 846 —to continue current program.</p>	<p>Patrol Vehicles</p> <p>\$ -1,961 —nonrecurring purchases.</p> <p>Commercial Vehicles Inspection</p> <p>\$ 2,151 —to continue current program.</p> <p>Gun Checks</p> <p>\$ -900 —Initiative — Pennsylvania Instant Check System (PICS). Savings from establishing self-funding of gun checks program while providing for system upgrade.*</p> <p>STATE STORES FUND</p> <p>Liquor Control Enforcement</p> <p>\$ 343 —to continue current program.</p>
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* In addition, the Pennsylvania Instant Check System initiative recommends \$5,528,497 from the Firearms Records Check restricted account to fully fund the gun checks program.

Program: Public Protection and Law Enforcement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 137,393	\$ 165,472	\$ 167,391	\$ 167,391	\$ 167,391	\$ 167,391	\$ 167,391
Additional State Troopers	3,066	6,347	0	0	0	0	0
Civilianization.....	0	650	0	0	0	0	0
Law Enforcement Information Technology	11,885	8,375	8,375	8,375	8,375	8,375	8,375
Incident Information Management System	0	3,510	1,782	1,782	1,782	1,782	1,782
Municipal Police Training.....	3,846	3,846	4,269	4,269	4,269	4,269	4,269
Automated Fingerprint Identification							
System.....	1,226	1,226	1,226	1,226	1,226	1,226	1,226
Gun Checks.....	0	900	0	0	0	0	0
TOTAL GENERAL FUND	\$ 157,416	\$ 190,326	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043	\$ 183,043
MOTOR LICENSE FUND:							
General Government Operations	\$ 372,110	\$ 442,531	\$ 450,581	\$ 450,581	\$ 450,581	\$ 450,581	\$ 450,581
Additional State Troopers	8,289	17,161	0	0	0	0	0
Civilianization.....	0	1,755	0	0	0	0	0
Law Enforcement Information Technology	32,135	22,645	22,645	22,645	22,645	22,645	22,645
Incident Information Management System	0	9,490	4,818	4,818	4,818	4,818	4,818
Municipal Police Training.....	3,846	3,846	4,269	4,269	4,269	4,269	4,269
Patrol Vehicles.....	10,478	12,786	10,825	10,825	10,825	10,825	10,825
Automated Fingerprint Identification							
System.....	121	121	121	121	121	121	121
Commercial Vehicles Inspection.....	3,773	3,773	5,924	5,924	5,924	5,924	5,924
TOTAL MOTOR LICENSE FUND.....	\$ 430,752	\$ 514,108	\$ 499,183	\$ 499,183	\$ 499,183	\$ 499,183	\$ 499,183
STATE STORES FUND:							
Liquor Control Enforcement.....	\$ 20,958	\$ 23,322	\$ 23,665	\$ 23,665	\$ 23,665	\$ 23,665	\$ 23,665



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)

2005-06 2006-07 2007-08
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$	1,330	\$	1,338	\$	1,409
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Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 1,330	\$ 1,338	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409
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.....	\$ 1,330	\$ 1,338	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,330	\$ 1,338	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409
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.....	\$ 1,330	\$ 1,338	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409

PROGRAM OBJECTIVE: To provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Program: Education Support Services

The Tax Equalization Board is an independent administrative board created to ensure equitable distribution of tax funds among the State's school districts. The board, in accordance with Act 147 of 1947, determines annually the aggregate market value of taxable real property in each of the more than 2,500 municipalities and 501 school districts in the Commonwealth and certifies the market value to the Secretary of Education. The results are used in determining distribution of State subsidies to

school districts and local libraries, limitations on real estate taxes in school districts lying in more than one county, tax limitations in financing community colleges, and overall tax limitations for political subdivisions and school districts. The program includes holding hearings and analyzing real estate values and transactions. Act 267 of 1982 requires the board to establish annually a common level ratio of assessed value to market value in each county for the prior calendar year.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 71 **State Tax Equalization Board**
 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
General Government Operations	\$ 1,330	\$ 1,338	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409	\$ 1,409



DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide, through the active involvement of customers, employes and partners, an intermodal transportation system and services that exceed the expectation of those who use them.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
GENERAL FUND:			
General Government:			
General Operations	\$ 1,752	\$ 1,932	\$ 1,932
(F)FTA - Technical Studies Grants.....	3,915	4,465	4,465
(F)Capital Assistance.....	153	385	450
(F)Surface Transportation Assistance.....	920	920	2,000
(F)FTA - Capital Improvement Grants.....	4,300	5,700	6,000
(F)Title IV Rail Assistance.....	36	36	36
(F)Maglev.....	5,000	5,000	5,000
(R)Project Management Oversight - PTAF (EA).....	1,787	1,000	1,000
(A)Local Contribution - Rail Freight.....	0	10	0
(A)PTAF- Oversight.....	0 ^a	0 ^a	0 ^a
Rail Safety Inspection	284	434	434
Vehicle Sales Tax Collections	1,498	1,253	1,253
Voter Registration	410	377	377
Subtotal - State Funds.....	\$ 3,944	\$ 3,996	\$ 3,996
Subtotal - Federal Funds.....	14,324	16,506	17,951
Subtotal - Augmentations.....	0	10	0
Subtotal - Restricted Revenues.....	1,787	1,000	1,000
Total - General Government.....	\$ 20,055	\$ 21,512	\$ 22,947
Grants and Subsidies:			
Mass Transportation Assistance	\$ 293,571	\$ 299,442	\$ 299,442
(R)New Public Transportation Program (EA).....	0	0	760,000
Rural Transportation Assistance	1,000	1,000	1,000
(F)TEA 21 - Access to Jobs.....	0	2,000	3,000
Fixed Route Transit	10,754	7,200	3,900
Shared Ride Transit for Persons with Disabilities	0	4,800	4,800
Intercity Transportation	7,413	7,413	7,413
(F)Surface Transportation - Operating.....	14,100	14,100	16,000
(F)Surface Transportation Assistance Capital.....	4,000	4,000	5,000
(F)FTA - Capital Improvements.....	25,000	25,000	25,000
(F)FTA - Intelligent Vehicles - Public Transit.....	4,635	2,645	2,645
(F)FTA - Intelligent Transit System Deployment.....	14,214	14,214	14,214
(R)Technical Assistance - PTAF (EA).....	6,015	6,641	1,462
(R)Community Transportation Equipment Grants - PTAF (EA).....	3,323	3,280	2,300
(R)Mass Transit Grants (EA).....	69,666	69,666	69,666
(R)Rural Transit Grants (EA).....	4,134	4,134	4,134
(R)Community Transportation (EA).....	1,712	2,149	1,200
Rail Freight Assistance	8,500	10,500	10,500
(A)Reimbursement - Rail Freight Assistance.....	156	0	0
Subtotal - State Funds.....	\$ 321,238	\$ 330,355	\$ 327,055
Subtotal - Federal Funds.....	61,949	61,959	65,859
Subtotal - Augmentations.....	156	0	0
Subtotal - Restricted Revenues.....	84,850	85,870	838,762
Total - Grants and Subsidies.....	\$ 468,193	\$ 478,184	\$ 1,231,676
STATE FUNDS.....	\$ 325,182	\$ 334,351	\$ 331,051
FEDERAL FUNDS.....	76,273	78,465	83,810
AUGMENTATIONS.....	156	10	0
RESTRICTED REVENUES.....	86,637	86,870	839,762
GENERAL FUND TOTAL	\$ 488,248	\$ 499,696	\$ 1,254,623

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06	2006-07	2007-08
	ACTUAL	AVAILABLE	BUDGET
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 45,822	\$ 52,998	\$ 53,878
(F)Federal Aid - Intelligent Transportation System.....	2,639	1,600	1,350
(A)Reimbursement - Other Agencies.....	117	80	80
(A)Mass Transportation.....	73	135	135
(A)Duplicating Services.....	143	114	114
(A)Aviation Restricted Revenue.....	0	161	161
(A)Administrative Hearings.....	32	40	40
(A)Litter Fine Receipts.....	9	9	9
(A)Reimb Drug & Alcohol Testing.....	0	60	60
Welcome Centers.....	2,616	2,845	2,974
Highway Systems Technology.....	22,100	22,100	22,100
Subtotal.....	\$ 73,551	\$ 80,142	\$ 80,901
Highway and Safety Improvements.....	150,000	150,000	150,000
Security Wall Pilot Program.....	5,000	18,000	5,000
Highway Capital Projects (EA).....	221,577	216,000	216,000
(F)Highway Research, Planning and Construction.....	831,573	1,000,000	893,000
(F)Highway Safety - Construction (EA).....	100	100	0
(A)Highway Construction Contributions.....	5,828	9,964	7,000
(A)Joint Use Leases.....	226	0	0
(A)Intern Program - PHEAA Reimbursement.....	134	36	0
(A)Reimbursement - Other Agencies.....	237	0	0
(A)Proceeds from sale of R/W.....	408	0	0
(A)Reimb-Accident Damage Claims.....	2	0	0
(R)Highway Capital Projects - Excise Tax (EA).....	75,439	85,996	76,059
(R)Highway Bridge Projects (EA).....	90,000	90,000	90,000
(R)Bridges - Excise Tax (EA).....	52,201	65,763	58,163
(F)Federal Aid - Highway Bridge Projects.....	189,776	220,000	220,000
(A)Bridge Construction Contributions.....	676	2,800	2,800
(A)Bridge Reimbursement from Local Governments.....	138	200	200
Subtotal.....	\$ 1,623,315	\$ 1,858,859	\$ 1,718,222
Highway Maintenance.....	770,500	770,500	770,500
Secondary Road - Maintenance and Resurfacing (EA).....	65,230	65,230	65,230
Highway Maintenance Safety Projects.....	10,000	15,000	10,000
Smoother Roads and Priority Bridges.....	50,000	150,000	12,000
Disaster Recovery.....	50,000	0	0
Bridge Preservation.....	28,000	48,000	18,000
Emergency Highway and Bridge Repair.....	5,433	35,000	5,000
Reinvestment - Facilities.....	16,540	16,540	16,540
(F)Highway Research, Planning and Construction.....	173,740	210,000	221,673
(F)Highway Safety - Maintenance (EA).....	4,000	4,000	4,000
(F)Federal Disaster Reimbursement - FHWA.....	18,497	27,000	13,500
(R)Highway Maintenance - Excise Tax (EA).....	188,651	192,462	190,912
(R)Highway Maintenance Enhancement (EA).....	277,366	282,357	285,823
(A)Highway Maintenance Contributions.....	9,361	20,000	20,000
(F)Disaster Recovery - FEMA.....	0	0	13,500
(A)Sale of Gas, Oil and Antifreeze.....	29	0	0
(A)Sale of Right-of-Way - Hwy Maint.....	1	0	0
(A)Sale of Equipment.....	5,184	5,000	5,000
(A)Heavy Hauling - Bonded Roads.....	360	0	0
(A)Sale of Signs.....	85	0	0
(A)Accident Damage Claims.....	5,111	0	0
(A)Intern Program - PHEAA Reimbursement.....	342	0	0
Subtotal.....	\$ 1,678,430	\$ 1,841,089	\$ 1,651,678
Homeland Security - Personal ID.....	0	8,800	11,500
Safety Administration and Licensing.....	125,958	129,459	132,028
(F)State and Community Highway Safety.....	1,348	3,440	671

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
(F)Highway Safety - Safety Administration (EA).....	3,500	300	300
(A)Administrative Support.....	94	0	0
(A)Computer Support.....	0	100	100
(A)Photo ID Program.....	15,288	15,925	17,600
(A)Emission Mechanic Training Courses.....	52	130	130
(A)Vehicle Sales Tax Collections.....	0 ^b	0 ^b	0 ^b
(A)Reimbursement - Special Plates Administrative Costs.....	0	15	0
(A)Reimbursement - Data Line Charges.....	195	300	300
(A)Postage.....	233	492	492
Subtotal.....	\$ 146,668	\$ 158,961	\$ 163,121
(R)Aviation Operations.....	4,966	4,966	4,689
(F)Aviation Planning (EA).....	13	480	480
(F)Reimbursement - Statewide Program.....	55	0	0
(F)Airport Inspections (EA).....	12	30	30
(A)Reimbursement - Flight Operations.....	952	840	840
(A)Airport Inspections and Licensing.....	45	7	7
(A)Reimbursement - Statewide Program.....	57	60	60
Subtotal.....	\$ 6,100	\$ 6,383	\$ 6,106
New Highway and Bridge Program.....	0	0	965,000
Subtotal.....	\$ 0	\$ 0	\$ 965,000
Subtotal - State Funds.....	\$ 1,568,776	\$ 1,700,472	\$ 2,455,750
Subtotal - Federal Funds.....	1,225,253	1,466,950	1,368,504
Subtotal - Augmentations.....	45,412	56,468	55,128
Subtotal - Restricted Revenues.....	688,623	721,544	705,646
Total - General Government.....	\$ 3,528,064	\$ 3,945,434	\$ 4,585,028
Grants and Subsidies:			
Local Road Maintenance and Construction Payments.....	\$ 190,639	\$ 204,576	\$ 205,751
Supplemental Local Road Maintenance & Construction Payments.....	5,000	5,000	5,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
(R)Local Road Payments - Excise Tax (EA).....	55,185	53,705	53,689
(R)Payments to Municipalities (EA).....	38,733	37,594	37,478
(R)Local Grants for Bridge Projects (EA).....	25,000	25,000	25,000
(R)County Bridges - Excise Tax (EA).....	10,922	8,055	4,348
(F)Federal Aid - Local Grants for Bridge Projects.....	1,199	1,200	1,100
(F)Federal Aid - County Bridges.....	(264)	200	200
(A)Local Governments.....	55	0	100
(R)Toll Roads - Excise Tax (EA).....	55,749	70,003	65,294
(R)Annual Maintenance Payments - Highway Transfer (EA).....	11,401	18,352	18,648
(R)Restoration Projects - Highway Transfer (EA).....	4,900	15,794	6,900
(R)Airport Development.....	8,000	8,000	9,000
(F)Airport Development (EA).....	18,000	18,000	18,000
(R)Real Estate Tax Rebate.....	250	250	250
Subtotal.....	\$ 452,769	\$ 493,729	\$ 478,758
Subtotal - State Funds.....	\$ 223,639	\$ 237,576	\$ 238,751
Subtotal - Federal Funds.....	18,935	19,400	19,300
Subtotal - Augmentations.....	55	0	100
Subtotal - Restricted Revenues.....	210,140	236,753	220,607
Total - Grants and Subsidies.....	\$ 452,769	\$ 493,729	\$ 478,758
Refunds:			
Refunding Collected Monies (EA).....	\$ 2,250	\$ 4,000	\$ 4,000
Subtotal.....	\$ 2,250	\$ 4,000	\$ 4,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
STATE FUNDS.....	\$ 1,794,665	\$ 1,942,048	\$ 2,698,501
FEDERAL FUNDS.....	1,244,188	1,486,350	1,387,804
AUGMENTATIONS.....	45,467	56,468	55,228
RESTRICTED REVENUES.....	898,763	958,297	926,253
MOTOR LICENSE FUND TOTAL.....	\$ 3,983,083	\$ 4,443,163	\$ 5,067,786
 LOTTERY FUND:			
<i>Grants and Subsidies:</i>			
Older Pennsylvanians Shared Rides (EA).....	\$ 72,356	\$ 72,256	\$ 76,900
Older Pennsylvanians Free Transit (EA).....	51,579	59,536	56,220
Fixed Route Transportation.....	16,500	20,500	23,800
Total - Grants and Subsidies.....	\$ 140,435	\$ 152,292	\$ 156,920
LOTTERY FUND TOTAL.....	\$ 140,435	\$ 152,292	\$ 156,920
 OTHER FUNDS:			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation.....	\$ 912	\$ 1,000	\$ 1,000
Child Passenger Restraint Fund.....	76	100	100
GENERAL FUND TOTAL.....	\$ 988	\$ 1,100	\$ 1,100
 MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program.....	\$ 9,789	\$ 9,000	\$ 9,000
Reimbursements to Municipalities - Vehicle Code Fines.....	12,381	18,000	18,000
Federal Reimbursements - Flood Related Costs.....	0	2,000	2,000
Reimbursements to Other States- Apportioned Registration Plan.....	33,283	39,000	39,000
Federal Reimbursements - Bridge Projects.....	43,331	40,000	40,000
Motorcycle Safety Education.....	3,871	5,500	5,500
Equipment Rental Security Deposits.....	0	1,000	1,000
Payments to Blind/Visually Handicapped.....	0	1,600	1,600
Federal Reimbursements - Political Subdivisions.....	116,015	75,000	100,000
License and Registration Pickups.....	0	15	15
Engineering Software Maintenance.....	0	200	200
CDL- Hazadous Material Fees.....	478	700	700
MOTOR LICENSE FUND TOTAL.....	\$ 219,148	\$ 192,015	\$ 217,015
 HIGHWAY BEAUTIFICATION FUND:			
Control of Junkyards (EA).....	\$ 15	\$ 15	\$ 15
Control of Outdoor Advertising (EA).....	700	700	700
HIGHWAY BEAUTIFICATION FUND TOTAL.....	\$ 715	\$ 715	\$ 715
 INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA).....	\$ 20,000	\$ 20,003	\$ 17,003
 LIQUID FUELS TAX FUND:			
Payments to Counties.....	\$ 31,351	\$ 38,094	\$ 32,950
Auditor General's Audit Costs (EA).....	500	500	500
LIQUID FUELS TAX FUND TOTAL.....	\$ 31,851	\$ 38,594	\$ 33,450
 MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation.....	\$ 0	\$ 170	\$ 170

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Mass Transit Grants (EA).....	\$ 170,351	\$ 171,611	\$ 175,974
Transfer to General Fund (EA).....	0 ^c	0 ^c	0 ^c
Rural Transit Grants (EA).....	4,001	4,038	4,164
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL.....	<u>\$ 174,352</u>	<u>\$ 175,649</u>	<u>\$ 180,138</u>
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 325,182	\$ 334,351	\$ 331,051
SPECIAL FUNDS.....	1,935,100	2,094,340	2,855,421
FEDERAL FUNDS.....	1,320,461	1,564,815	1,471,614
AUGMENTATIONS.....	45,623	56,478	55,228
RESTRICTED.....	985,400	1,045,167	1,766,015
OTHER FUNDS.....	447,054	428,246	449,591
TOTAL ALL FUNDS.....	<u>\$ 5,058,820</u>	<u>\$ 5,523,397</u>	<u>\$ 6,928,920</u>

^a Not added to the total to avoid double counting: 2005-06 Actual is \$0, 2006-07 Available is \$10,000, and 2007-08 Budget is \$10,000.

^b Not added to the total to avoid double counting: 2005-06 Actual is \$1,498,000, 2006-07 Available is \$1,253,000, and 2007-08 Budget is \$1,253,000.

^c Not added to the total to avoid double counting: 2005-06 Actual is \$4,748,000, 2006-07 Available is \$4,751,000, and 2007-08 Budget is \$4,762,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 1,752	\$ 1,932	\$ 1,932	\$ 1,932	\$ 1,932	\$ 1,932	\$ 1,932
SPECIAL FUNDS.....	70,172	79,098	79,978	79,978	79,978	79,978	79,978
FEDERAL FUNDS.....	11,963	13,106	14,301	14,301	14,301	14,301	14,301
OTHER FUNDS.....	2,715	2,399	2,399	2,399	2,399	2,399	2,399
SUBCATEGORY TOTAL.....	\$ 86,602	\$ 96,535	\$ 98,610	\$ 98,610	\$ 98,610	\$ 98,610	\$ 98,610
STATE HIGHWAY AND BRIDGE CONSTRUCTION/RECONSTRUCTION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	404,577	412,000	1,364,000	1,364,000	1,364,000	1,364,000	1,364,000
FEDERAL FUNDS.....	1,021,449	1,220,100	1,113,000	1,113,000	1,113,000	1,113,000	1,113,000
OTHER FUNDS.....	259,341	288,917	268,271	268,271	268,271	268,271	268,271
SUBCATEGORY TOTAL.....	\$ 1,685,367	\$ 1,921,017	\$ 2,745,271	\$ 2,745,271	\$ 2,745,271	\$ 2,745,271	\$ 2,745,271
STATE HIGHWAY AND BRIDGE MAINTENANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	998,319	1,103,115	900,244	891,244	885,244	910,244	925,244
FEDERAL FUNDS.....	196,237	241,000	252,673	252,673	252,673	252,673	252,673
OTHER FUNDS.....	538,691	570,182	564,498	574,528	579,279	584,043	588,873
SUBCATEGORY TOTAL.....	\$ 1,733,247	\$ 1,914,297	\$ 1,717,415	\$ 1,718,445	\$ 1,717,196	\$ 1,746,960	\$ 1,766,790
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	195,639	209,576	210,751	210,751	210,751	210,751	210,751
FEDERAL FUNDS.....	935	1,400	1,300	1,300	1,300	1,300	1,300
OTHER FUNDS.....	349,774	330,094	337,613	337,613	337,613	337,613	337,613
SUBCATEGORY TOTAL.....	\$ 546,348	\$ 541,070	\$ 549,664	\$ 549,664	\$ 549,664	\$ 549,664	\$ 549,664
MASS TRANSPORTATION							
GENERAL FUND.....	\$ 294,855	\$ 305,676	\$ 305,676	\$ 305,676	\$ 305,676	\$ 305,676	\$ 305,676
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	2,000	3,000	3,000	3,000	3,000	3,000
OTHER FUNDS.....	244,018	245,315	1,009,804	1,014,566	1,014,566	1,014,566	1,014,566
SUBCATEGORY TOTAL.....	\$ 538,873	\$ 552,991	\$ 1,318,480	\$ 1,323,242	\$ 1,323,242	\$ 1,323,242	\$ 1,323,242
INTERCITY TRANSPORTATION							
GENERAL FUND.....	\$ 15,913	\$ 17,913	\$ 17,913	\$ 17,913	\$ 17,913	\$ 17,913	\$ 17,913
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	61,949	59,959	62,859	62,859	62,859	62,859	62,859
OTHER FUNDS.....	11,217	11,785	6,596	6,596	6,596	6,596	6,596
SUBCATEGORY TOTAL.....	\$ 89,079	\$ 89,657	\$ 87,368	\$ 87,368	\$ 87,368	\$ 87,368	\$ 87,368

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
AIR TRANSPORTATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	18,080	18,510	18,510	18,510	18,510	18,510	18,510
OTHER FUNDS.....	14,270	14,123	14,846	14,846	14,846	14,846	14,846
SUBCATEGORY TOTAL.....	\$ 32,350	\$ 32,633	\$ 33,356	\$ 33,356	\$ 33,356	\$ 33,356	\$ 33,356
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND.....	\$ 1,908	\$ 1,630	\$ 1,630	\$ 1,630	\$ 1,630	\$ 1,630	\$ 1,630
SPECIAL FUNDS.....	125,958	138,259	143,528	143,528	143,528	143,528	143,528
FEDERAL FUNDS.....	4,848	3,740	971	971	971	971	971
OTHER FUNDS.....	53,016	61,647	63,307	63,307	63,307	63,307	63,307
SUBCATEGORY TOTAL.....	\$ 185,730	\$ 205,276	\$ 209,436	\$ 209,436	\$ 209,436	\$ 209,436	\$ 209,436
OLDER PENNSYLVANIANS TRANSIT							
GENERAL FUND.....	\$ 10,754	\$ 7,200	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900
SPECIAL FUNDS.....	140,435	152,292	156,920	156,920	156,920	156,920	156,920
FEDERAL FUNDS.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000
OTHER FUNDS.....	5,035	5,429	3,500	3,500	3,500	3,500	3,500
SUBCATEGORY TOTAL.....	\$ 161,224	\$ 169,921	\$ 169,320	\$ 169,320	\$ 169,320	\$ 169,320	\$ 169,320
ALL PROGRAMS:							
GENERAL FUND.....	\$ 325,182	\$ 334,351	\$ 331,051	\$ 331,051	\$ 331,051	\$ 331,051	\$ 331,051
SPECIAL FUNDS.....	1,935,100	2,094,340	2,855,421	2,846,421	2,840,421	2,865,421	2,880,421
FEDERAL FUNDS.....	1,320,461	1,564,815	1,471,614	1,471,614	1,471,614	1,471,614	1,471,614
OTHER FUNDS.....	1,478,077	1,529,891	2,270,834	2,285,626	2,290,377	2,295,141	2,299,971
DEPARTMENT TOTAL.....	\$ 5,058,820	\$ 5,523,397	\$ 6,928,920	\$ 6,934,712	\$ 6,933,463	\$ 6,963,227	\$ 6,983,057

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 which supports the operation of programs necessary for the achievement of Commonwealth objectives and strategic focus areas.

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 reviews of local operating subsidy and capital grant projects. Activities designed to continue and improve rail and bus service between Pennsylvania's urbanized areas and bus service in rural areas include: preparing and coordinating needs studies, analyzing existing and proposed service levels, and evaluating the overall effectiveness of the program.

The highway related activities include developing basic guidelines for all highway programs. This part of the program directs and coordinates specific construction, maintenance, and safety and licensing activities. Support is also provided in legal, budgetary, policy, personnel, procurement, information systems and public relations matters. The work of the Inspector General's Office, of the State Transportation Commission, and of the Transportation Advisory Committee are also included here.

Also funded within this program are various initiatives to pilot and test new technologies, material, and equipment to achieve a broad range of goals including improved traffic congestion and safety, longer life cycles for pavements and road markings, and improved efficiency in winter maintenance operations. The Agility Program, which forges new, innovative ways for interaction between the department and local governments to improve roads, is also in this program. This is now being expanded to include metropolitan and rural road networks.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012
Overhead costs as a percentage of department budget.....	1.43%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

MOTOR LICENSE FUND
General Government Operations
 \$ 880 —to continue current program
 All other appropriations are recommended at the current year funding level.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-2012 Estimated
GENERAL FUND:							
General Operations	\$ 1,752	\$ 1,932	\$ 1,932	\$ 1,932	\$ 1,932	\$ 1,932	\$ 1,932
MOTOR LICENSE FUND:							
General Government Operations	\$ 45,822	\$ 52,998	\$ 53,878	\$ 53,878	\$ 53,878	\$ 53,878	\$ 53,878
Highway Systems Technology	22,100	22,100	22,100	22,100	22,100	22,100	22,100
Refunding Collected Monies (EA)	2,250	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL MOTOR LICENSE FUND.....	\$ 70,172	79,098	79,978	79,978	79,978	79,978	79,978

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.

This program also involves improvements to those State-owned bridges enumerated in the Highway Bridge

Capital Act of 1982 and subsequent amendments. Currently, the Commonwealth maintains approximately 26,000 State-owned bridges larger than 8 feet. These improvements are funded through a portion of the annual registration fees for Commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and through a 55 mill Oil Company Franchise Tax. 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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012
Miles of new highway construction							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	25	25	25	25	25	25	25
			28	31	31	31	31
Miles of Interstate reconstruction or restoration							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	99	75	75	75	75	75	75
			77	78.8	78.8	78.8	78.8
Miles of non-Interstate reconstruction or restoration							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	94	55	75	75	75	75	75
			114.4	148.9	148.9	148.9	148.9
Interstate highway system in good or excellent condition							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	68.9%	71.8%	74.6%	74.6%	74.6%	74.6%	74.6%
			74.6%	76.8%	79.0%	81.2%	83.4%
Interstate highway system in poor condition							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	5.9%	5.2%	4.8%	4.8%	4.8%	4.8%	4.8%
			4.8%	4.0%	3.2%	2.4%	1.6%
NHS non-Interstate highway system in good or excellent condition							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	63.9%	65.5%	65.5%	65.5%	65.5%	65.5%	65.5%
			65.5%	66.7%	67.3%	68.0%	70.2%
NHS non-Interstate highway system in poor condition							
Without New Highway and Bridge Program							
With New Highway and Bridge Program* .	9.2%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%
			9.4%	7.8%	6.3%	4.7%	3.1%

Program: State Highway and Bridge Construction/Reconstruction (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Bridges replaced/repaired							
Without New Highway and Bridge Program	233	230	232	240	245	245	245
With New Highway and Bridge Program* .			270	283	304	316	316
Structurally deficient bridges by deck area (%)							
Without New Highway and Bridge Program	21.5%	20.9%	20.8%	20.8%	20.6%	20.4%	20.4%
With New Highway and Bridge Program* .			20.5%	19.9%	19.2%	18.4%	17.6%
Variance of final cost of construction versus original contract amount	-0.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Number of Bridges Preserved**							
Without New Highway and Bridge Program	N/A	N/A	400	400	400	400	400
With New Highway and Bridge Program* .			700	700	520	400	400

*Figures reflect estimated changes if new funding is received.

**New measure

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Highway and Safety Improvement

This funding is in combination with Act 26 of 1991 revenues for 2007-08 (17 percent of 55 mills) and Highway Capital Projects authorized in Act 3 of 1997. New highway construction and reconstruction focuses on projects that will spur economic development. Key projects expected to be under construction in 2007-08 include the reconstruction of PA 309, Fort Washington Interchange in Montgomery County; widening of US 15 in Cumberland County; reconstruction of RT 22 from the intersection of RT 982 to the intersection with Auction Barn Road in Westmoreland County; reconstruction of RT 219 Bradford Bypass in McKean County; widening of RT 982 to the intersection with Auction Barn Road in Westmoreland County; restoration of Lock Haven Bypass in Clinton County; relocation of US 19 at the West End Bridge south approach; divided relocation of US 22 and US 322 at the Lewistown Bypass in Juanita County; and intersection improvement at US 30 and RT 981 in Westmoreland County.

\$ -13,000

Another priority is the preservation of the Interstate Highway System. During 2007-08, key projects in this area will include the construction of two new ramps at the I-79 / I-279 Interchange; reconstruction of 11.95 miles of I-79 from the Ohio River north to I-279 in Allegheny County; restoration of 33.45 miles of I-90 in Erie County; and restoration and resurfacing of 34.57 miles of I-80 in Clearfield County.

New construction will continue on portions of I-99 in Centre County.

Security Wall Pilot Program

—nonrecurring projects.

Bridge Restricted Revenue

Major bridge projects to be started or continued during 2007-08 include the Church Street Bridge in Wayne County, SR 6-B06 Bridge in Warren County, I-80 County Line Bridge in Monroe County, US 6/ Allegheny River Bridge in McKean County, JFK Blvd. over Schuylkill in Philadelphia County, Million Dollar Bridge in Huntington County, Dillerville Road Bridge in Lancaster County, 31st Street Bridge in Allegheny County.

Highway and Safety Improvements, Highway Capital Projects, and Payment to the Turnpike Commission are recommended at the current year funding levels.

Program: State Highway and Bridge Construction/Reconstruction (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 965,000</p>	<p>New Highway and Bridge Program —Annual additional funding recommended by the Transportation Funding and Reform Commission to accomplish the following objectives:</p> <p>Highway System Preservation: Eliminate poor ride quality in 5 years for all highways carrying over 2,000 vehicles per day and for 50 percent of highways carrying less than 2,000 vehicles per day.</p> <p>Bridge System Preservation: Reduce the percentage of structurally deficient bridges to the national average in 17 years.</p> <p>Capacity Management: Build a statewide Traffic Management Center in Harrisburg with upgraded regional centers in Philadelphia and Pittsburgh over 5 years. Deploy additional ITS</p>	<p>devices in Harrisburg, key locations and gaps on interstates and expressways in Philadelphia and Pittsburgh, and key interstate/interstate and interstate/expressway junctions in rural locations over 10 years. Optimize/modernize 900 signals per year.</p> <p>Safety Enhancement: Enhance safety features on our roadways. 500 miles of shoulder rumble strips, 150 miles of enhanced delineation, 1,150 miles of centerline rumble strips, 125 sites of guide rail improvements, and the addition of turning lanes at 5 sites.</p> <p>Capacity Expansion: Construct new highways or add lanes to existing highways. Approximately 1 new interchange, 3 miles of new four-lane, and 5 miles of widened expressway annually.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
MOTOR LICENSE FUND:							
Highway and Safety Improvements.....	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Security Wall Pilot Program.....	5,000	18,000	5,000	5,000	5,000	5,000	5,000
Highway Capital Projects (EA)	221,577	216,000	216,000	216,000	216,000	216,000	216,000
New Highway and Bridge Program	0	0	965,000	965,000	965,000	965,000	965,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND.....	\$ 404,577	\$ 412,000	\$ 1,364,000	\$ 1,364,000	\$ 1,364,000	\$ 1,364,000	\$ 1,364,000

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 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:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Miles of State maintained highways	39,890	39,841	39,816	39,791	39,766	39,741	39,716
Miles of State maintained highways improved:							
Without New Highway and Bridge Program							
Structural restoration.....	384	631	309	256	244	235	225
Maintenance resurfacing.....	2,769	3,153	2,234	2,163	2,055	1,950	1,850
Surface repairs.....	<u>3,732</u>	<u>3,934</u>	<u>3,833</u>	<u>3,558</u>	<u>3,489</u>	<u>3,400</u>	<u>3,300</u>
Total	6,885	7,718	6,376	5,977	5,788	5,585	5,375
With New Highway and Bridge Program*							
Structural restoration.....			388	388	388	388	388
Maintenance resurfacing.....			2,756	2,756	2,756	2,756	2,756
Surface repairs.....			<u>3,833</u>	<u>3,558</u>	<u>3,489</u>	<u>3,400</u>	<u>3,300</u>
Total			6,977	6,702	6,633	6,544	6,444

Additional Smoother Roads funding was made available in FY2006-07 resulting in a significant increase in total projected surface improvement mileage. Projections for FY2007-08 and Planning Years reflect a return to previous funding levels.

*Figures reflect estimated changes if new funding is received.

Program: State Highway and Bridge Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	MOTOR LICENSE FUND		Bridge Preservation
	Welcome Centers	\$ -30,000	—nonrecurring projects.
\$ 129	—to continue current program.		
	Highway Maintenance Safety Projects	\$ -30,000	Emergency Highway and Bridge Repair
\$ -5,000	—nonrecurring projects.		—nonrecurring projects.
	Smoother Roads and Priority Bridges		
\$ -138,000	—nonrecurring projects.		

All other appropriations are funded at current levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
MOTOR LICENSE FUND:							
Welcome Centers	\$ 2,616	\$ 2,845	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974
Highway Maintenance	770,500	770,500	770,500	770,500	770,500	770,500	770,500
Secondary Road - Maintenance and Resurfacing (EA)	65,230	65,230	65,230	65,230	65,230	65,230	65,230
Highway Maintenance Safety Projects	10,000	15,000	10,000	10,000	10,000	10,000	10,000
Smoother Roads and Priority Bridges	50,000	150,000	12,000	10,000	5,000	18,000	25,000
Disaster Recovery	50,000	0	0	0	0	0	0
Bridge Preservation	28,000	48,000	18,000	11,000	10,000	22,000	30,000
Emergency Highway and Bridge Repair....	5,433	35,000	5,000	5,000	5,000	5,000	5,000
Reinvestment - Facilities	16,540	16,540	16,540	16,540	16,540	16,540	16,540
TOTAL MOTOR LICENSE FUND.....	\$ 998,319	\$ 1,103,115	\$ 900,244	\$ 891,244	\$ 885,244	\$ 910,244	\$ 925,244

PROGRAM OBJECTIVE: To assist local governments in the maintenance and construction of their portion of the total highway and bridge system.

Program: Local Highway and Bridge Assistance

The Commonwealth provides a number of programs to assist municipalities in the maintenance and construction of their highway and bridge systems.

Legislatively mandated programs earmark a portion of Pennsylvania's liquid fuels tax and oil franchise tax for local governments to use on their roads. These include:

Liquid Fuels Tax

- The first one-half cent of the twelve-cent per gallon liquid fuels tax is deposited directly into the Liquid Fuels Tax Fund and apportioned to the 67 counties.
- Of the remaining eleven and one-half cents fuels tax, 20 percent is distributed from the Motor License Fund to 2,566 municipalities.

Oil Franchise Tax

- In addition to the distribution of 20 percent of the remaining eleven and one-half cent liquid fuels tax, the 2,566 municipalities also receive:
 - 20 percent of the first 35 mills of the 60 mill oil franchise tax.
 - 12 percent of an additional 55 mill portion of the oil franchise tax as provided for in Act 26 of 1991.
 - Another 12 percent of an additional 38.5 mill oil franchise tax created by Act 3 of 1997.

Motor License Fund

- In 1980, the General Assembly established an annual appropriation of \$5 million to be returned to local governments for further highway improvements.

Act 32 of 1983 established a local highway turnback program by authorizing the establishment of a separate restricted revenue account within the Motor License Fund. Funding for this program currently consists of three mills of the oil franchise tax. Funds deposited into this account are used for restoration work to upgrade State designated roads that function as local roads to acceptable standards and to provide annual maintenance payments in the amount of \$4,000 per mile. Since inception of the program in 1983, more than 4,588 miles of these roads have been returned to the Commonwealth's municipalities.

The General Assembly authorized improvements to local bridges through the Highway Bridge Capital Act of 1982 and subsequent amendments. Currently, there are over 6,300 local bridges larger than 20 feet maintained in the Commonwealth. As with the State bridges contained in these capital budget acts, the improvements are funded through annual registration fees for Commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and a 55 mill oil company franchise tax. Act 26 of 1991 also provides additional local bridge assistance funds through one percent of the 55 mill oil company franchise tax.

A local bridge inspection program, funded from the Highway Maintenance appropriation included in the State Highway and Bridge Maintenance Subcategory, is being administered by the department to assist local governments in meeting the requirements of National Bridge Inspection Standards as mandated by Federal law. This action prevents the potential loss of Federal aid for noncompliance of standards as well as minimizing future tort liability in this area. Because of the benefits of this program to local governments, the General Assembly has authorized that the cost of the inspections be deducted from the municipalities' liquid fuels tax allocation.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Miles of highway locally administered:							
Total	76,210	76,494	76,754	77,024	77,294	77,574	77,854
Percent of all locally maintained highways in the Commonwealth	65.6%	65.8%	65.8%	65.9%	66.0%	66.1%	66.2%
Local bridges:							
Total (greater than 20 feet)	6,324	6,324	6,324	6,324	6,324	6,324	6,324
Brought up to standard through State Bridge Program.....	47	48	48	48	48	48	48

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

\$ 1,175 —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)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments.....	190,639	204,576	205,751	205,751	205,751	205,751	205,751
Supplemental Local Road Maintenance & Construction Payments	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND.....	\$ 195,639	\$ 209,576	\$ 210,751	\$ 210,751	\$ 210,751	\$ 210,751	\$ 210,751

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-four urban transit systems. Many transit agencies in the Commonwealth, including the State's two largest agencies –SEPTA and PAAC – face deficits because revenues are insufficient to meet expenditures. Proposals to develop a stable and reliable funding source for mass transportation have been proposed and will be considered through the legislative process.

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.

In addition to the funding shown in the Governor's Budget, urban mass transportation agencies receive about \$500 million in direct subsidies from the federal government. This is procedurally different from highway programs in which all Federal Highway Administration grants – whether to the state or to a local entity – must pass through the Department of Transportation. The Federal Transit Administration (FTA) is directed by Congressional legislation to provide grants directly to urban transit operators. These funds are not handled by Pennsylvania's State Treasurer, which, in effect, puts them outside the Commonwealth's budget. Included in the grants provided for mass transportation by FTA are those funds that are made available through Federal Highway Trust transfers that are commonly referred to as "flex" funds.

In 43 counties, persons with disabilities who are not eligible for other public funded transportation are receiving discounted fares on shared ride transportation services, making that service affordable. In 2003-04, persons with disabilities made over 110,000 shared ride trips at discounted fares. In 2004-05, trips increased to nearly 140,000 and, as anticipated, nearly exceeded 150,000 in 2005-06. It is estimated that 175,000 trips will occur in 2006-07.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Passengers carried by State-assisted operators (millions annually)							
Without New Public Transportation							
Program	400.8	411.8	348.8	339.2	326.1	314.2	304.5
With New Public Transportation							
Program*			414.0	417.0	425.0	435.0	440.0
Passengers per vehicle hour							
Without New Public Transportation							
Program	33.5	33.9	32.1	32.2	32.3	32.1	32.0
With New Public Transportation							
Program*			34.0	34.5	35.5	36.6	37.3

Program: Mass Transportation (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Percentage share of average income of mass transit trips:							
From passenger							
Without New Public Transportation Program	34.2	36.8	39.4	40.3	41.2	41.9	42.3
With New Public Transportation Program*			40.4	40.4	40.4	40.4	40.4
From Commonwealth							
Without New Public Transportation Program	40.8	44.3	47.4	46.8	46.1	45.6	45.5
With New Public Transportation Program*			51.6	51.6	51.6	51.6	51.6
From Federal Government							
Without New Public Transportation Program	17.2	12.4	4.8	4.7	4.7	4.7	4.6
With New Public Transportation Program*			1.0	0.9	0.9	0.9	0.9
From local government							
Without New Public Transportation Program	7.9	6.5	8.4	8.2	8.1	7.8	7.6
With New Public Transportation Program*			7.1	7.1	7.1	7.1	7.1

Percentage share of income from Federal Government: In 2005-06 and 2006-07, federal flex funds were used in addition to regular operating subsidy. In 2007-08 and future years, projections are based on revised data from transit agencies on funding eligibility and availability.

*Figures reflect estimated changes if new funding is received.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

New Public Transportation Program

Annual additional funding in the amount of \$760 million (\$502 million for capital needs and \$258 million for operating expenses) recommended by the Transportation Funding and Reform Commission to accomplish the following objectives:

1. Stabilize transit services across Pennsylvania so that citizens can rely on transit as a customer-focused, affordable, cost-effective means of transportation.
2. Establish a Service Stabilization Program for community transportation systems.
3. Bring all transit systems to a state of good repair within 12 years through a planned capital program.
4. Expand service in targeted areas and provide some fixed guideway expansion.
5. Expand the rural Persons with Disabilities Fare Reimbursement Program to the remaining 22 counties.
6. Replace funding for redirected federal dollars for the Job Access Reverse Commute (JARC), Welfare to Work (W2W) and Transportation Management Association (TMA) programs.
7. Provide increasing support for intercity passenger rail and continuing support for intercity bus services.

Existing appropriations within this program are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Rail Safety Inspection	\$ 284	\$ 434	\$ 434	\$ 434	\$ 434	\$ 434	\$ 434
Mass Transportation Assistance	293,571	299,442	299,442	299,442	299,442	299,442	299,442
Rural Transportation Assistance	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Shared Ride Transit for Persons with Disabilities	0	4,800	4,800	4,800	4,800	4,800	4,800
TOTAL GENERAL FUND	\$ 294,855	\$ 305,676	\$ 305,676	\$ 305,676	\$ 305,676	\$ 305,676	\$ 305,676

PROGRAM OBJECTIVE: To facilitate the development of improved rail, cargo service and intercity bus service between major urban areas of the Commonwealth, thereby providing relief for over utilized intercity highway and air systems.

Program: Intercity Transportation

Commonwealth activities involve four separate intercity transportation programs: intercity bus service such as that operated by Greyhound and Trailways, Commonwealth flight services, intercity rail passenger service operated by Amtrak, and rail freight service of importance to local shippers on the State's Rail Branchline System.

The Commonwealth's intercity bus program supports systems where, without operating assistance, essential service would be terminated. It is estimated that about 450,000 passengers will utilize Commonwealth subsidized intercity bus services in 2006-07. As private operators propose termination of such services, the Department of Transportation will continue to evaluate the economic and social impacts of service termination and the merits of public subsidy. Federal funds are also used to support intercity bus operations and supplement the existing State-sponsored program.

Intercity rail passenger service in Pennsylvania, as distinguished from local or regional commuter service, is presently provided by the National Railroad Passenger Corporation (Amtrak). The majority of the service is operated as part of Amtrak's national system without financial assistance from the Commonwealth. To provide additional service, the department has contracted with Amtrak to supplement Amtrak's national system schedule. This supplemental service, is provided on the Philadelphia/Harrisburg corridor and consists of 44 one-way trains per week.

The Commonwealth has played a dynamic and important role in delivery of intermodal transportation services over the years. This program was initiated with the passage of the Rail Freight Preservation and Improvement

Act (Act 119 of 1984) which were enacted at a time when rail-lines considered unprofitable were being divested. Many smaller communities in the state would have lacked rail service had these lines been abandoned. As a result, short line railroad corporations were formed to acquire and continue operations of these lines. The Act provided funds to these entities for acquisition, accelerated maintenance and new construction. Because of this, the Commonwealth has the largest number of short lines, about 65.

In the mid 1980's, many rail-lines throughout the Commonwealth were in a state of disrepair from lack of maintenance and investment by owners over the years. Two rail programs have been actively used over the years to serve these needs, the Rail Freight Assistance Program (RFAP) and the Transportation Assistance Program (TAP) funded in the Capital Budget. These funds have been accessible to private railroads, companies utilizing rail in their shipping process, and public authorities and municipalities that are conduits for rail activities.

The RFAP and TAP Programs been put to excellent use by improving track, making acquisitions, and constructing new rail facilities. Since 2003, the two programs have created 9,858 new jobs, retained 175,240 existing jobs, and eliminated 5,843,000 truck trips from the roadways. The benefits from these programs are profound. They include: improved economic development (more investment by companies and increased jobs), improved environmental quality through what is probably the most fuel efficient transportation mode with significantly less emissions, less congestion on the highways, and improved land use opportunities.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Intercity Bus:							
Passengers handled.....	429,989	450,000	450,000	450,000	450,000	450,000	450,000
Subsidy per bus mile.....	\$0.47	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48
Rail Freight:							
Miles of rail lines:							
State assisted.....	299	250	250	250	250	250	250
Jobs created by state-supported rail freight improvements.....	2,375	2,100	2,100	2,100	2,100	2,100	2,100
Additional trucks that would be needed without rail freight bulk cargo service....	918,839	825,000	825,000	825,000	825,000	825,000	825,000

Program: Intercity Transportation (continued)

Program Measures: (continued)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Intercity Rail:							
Passengers handled Without New Public Transportation Program	274,639	1,070,648	877,931	834,035	792,333	752,716	715,081
With New Public Transportation Program*			1,104,482	1,121,182	1,137,480	1,152,651	1,167,385
Subsidy per passenger mile							
Without New Public Transportation Program	\$0.10	\$0.11	\$0.11	\$0.11	\$0.12	\$0.13	\$0.13
With New Public Transportation Program*			\$0.10	\$0.10	\$0.10	\$0.10	\$0.10

Available Year, Budget Year and Planning Years adjusted to reflect 2005-06 data trends.

*Figures reflect estimated changes if new funding is received.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

New Public Transportation Program

Annual additional funding in the amount of \$760 million (\$502 million for capital needs and \$258 million for operating expenses) recommended by the Transportation Funding and Reform Commission to accomplish the following objectives:

1. Stabilize transit services across Pennsylvania so that citizens can rely on transit as a customer-focused, affordable, cost-effective means of transportation.
2. Establish a Service Stabilization Program for community transportation systems.
3. Bring all transit systems to a state of good repair within 12 years through a planned capital program.
4. Expand service in targeted areas and provide some fixed guideway expansion.
5. Expand the rural Persons with Disabilities Fare Reimbursement Program to the remaining 22 counties.
6. Replace funding for redirected federal dollars for the Job Access Reverse Commute (JARC), Welfare to Work (W2W) and Transportation Management Association (TMA) programs.
7. Provide increasing support for intercity passenger rail and continuing support for intercity bus services.

All programs recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Intercity Transportation	\$ 7,413	\$ 7,413	\$ 7,413	\$ 7,413	\$ 7,413	\$ 7,413	\$ 7,413
Rail Freight Assistance	8,500	10,500	10,500	10,500	10,500	10,500	10,500
TOTAL GENERAL FUND	\$ 15,913	\$ 17,913	\$ 17,913	\$ 17,913	\$ 17,913	\$ 17,913	\$ 17,913

PROGRAM OBJECTIVE: To promote the development of a system of airport facilities adequate to meet the passenger and cargo needs of the Commonwealth's citizens.

Program: Air Transportation

Aviation plays a major role in the movement of passengers and cargo throughout the Commonwealth. With over 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. All airline-served airports in Pennsylvania are operated by local governments or authorities.

The department provides programs to improve the safety and effectiveness of the Commonwealth's aviation network, including an airport inspection and licensing program.

The department administers grant programs that are funded from the Aviation Restricted Revenue Account. These grant programs include:

- An airport development grant program for public use airports based on the site and economic viability of the project.
- A real estate tax rebate program for public airports that is funded exclusively from the Statewide aviation fuel tax.

The Commonwealth is one of only nine states chosen as a Federal block grant state. The Commonwealth, through the Department of Transportation, is receiving approximately \$18 million each year from the Federal Aviation Administration (FAA) to distribute to qualifying airports throughout the Commonwealth.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Airport development grants	55	60	60	60	60	60	60
Percentage of projects receiving federal priority*	85%	93%	95%	97%	97%	97%	97%
Percentage of runways with a pavement condition index of fair or better*	92%	93%	93%	92%	92%	91%	91%

* New program measure.

Program Recommendations:

The budget recommends the Airport Development Grants Program at the \$9 million level. It is funded from the Aviation Restricted Revenue Account.

PROGRAM OBJECTIVE: To minimize traffic accidents attributable to driver error and mechanically defective vehicles and to promote highway safety programs.

Program: Safety Administration and Licensing

The Safety Administration and Licensing Program is responsible for a number of front-line customer services that affect most of Pennsylvania's adult population such as the issuance of vehicle registrations and driver's licenses. The department is responsible for processing applications and collecting fees for all vehicle registrations, titles and operator licenses. Last year, over 11.1 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 192,000 heavy trucks greater than 17,000 pounds and more than 145,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained consistent over the past few years at 8.4 million, including 400,000 commercial drivers. The four-year driver's license expiration cycle is staggered so that about two million renewals are processed each year. The testing, inspection and revocation aspects of operator and vehicular licensing activities fall within the Safety Administration and Licensing Program. The driver's testing program is designed to screen out applicants with insufficient driving knowledge or skills as well as identify applicants with mental or physical disabilities. The department also operates the Driver's License Examination Program. Almost 900,000 driving knowledge and skills tests were conducted in fiscal year 2005-06 so those applicants can be certified to operate passenger and commercial vehicles and motorcycles. A Statewide network of facilities is utilized to conduct written, oral and skills tests. Generally, around 350,000 new drivers are licensed each year, either as first time drivers, or drivers from other states.

The safety inspection program for the Commonwealth's more than 11 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. As required by the Federal Clean Air Act Amendments of 1990, the Commonwealth operates an annual Vehicle Emissions Inspection Program in twenty-five counties affecting approximately 6.6 million vehicles. These counties are Allegheny, Beaver, Berks, Blair, Bucks, Cambria, Centre, Chester, Cumberland, Dauphin, Delaware, Erie, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, Mercer, Montgomery, Northampton, Philadelphia, Washington, Westmoreland and York. In the remaining 42 counties not required to participate in the emissions inspection program, the annual safety inspection program incorporates a visual anti-tampering check for the presence of Federally-required emission control components that were installed on the vehicle by the manufacturer. Pennsylvania enforcement officials are responsible for the issuance of citations for vehicle code violations. Over one-half of the 1.9 million citations

issued annually result in the department having to take some action against a driver or vehicle record. In addition to assigning points for driver infractions, the department suspends or 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. In fiscal year 2005-06, 2.5 million customers visited driver license centers and over 3 million customers came to get their pictures taken for their photo license and ID cards. A customer Service Index (CSI) is used to measure customer satisfaction and last year's rating was 4.2 on a scale of 1 to 5. The computerized on-line messenger program, which connects the private business with the Department of Transportation, has been the cornerstone of the decentralization effort. Currently there are 220 messenger sites, processing 1.6 million customer inquiries. Other efforts to improve service include more efficient linkage between the department and automobile dealers, leasing and rental agencies and fleet owners for the immediate processing of registration and titling transactions. On May 16, 2001, PENNDOT

Program: Safety Administration and Licensing (continued)

successfully implemented its Internet renewal system for use by the general public. This program gives customers the ability to renew their non-commercial driver's license, photo identification card or vehicle registration via the Internet. As of August 2006, over 7.1 million driver license and vehicle registrations renewals have been completed using the Internet renewal service. Over 20.5% of those eligible for on-line driver license and vehicle registration renewals chose the Internet in August 2006. Online driver history requests for individuals and businesses were implemented in May 2002. As of August 2006, over 185,000 individual driver histories have been provided on-line and 1,671 business accounts have been issued. Over

358,000 business requests for driver histories have been conducted on-line. An Internet change of address service was implemented in August 2002. To date, over 1 million vehicle registration and driver license address changes have been completed through the on-line services. Online exam scheduling was implemented in November 2002. Over 727,000 driver license skill tests have been scheduled by customers via the Internet. An on-line survey is used to measure our customer's satisfaction with these Internet services. The survey provides customers the opportunity to rate Internet services; the site is being rated at over 4.7 (on a scale of 1 to 5) for both ease-of-use and overall performance.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012
Vehicles inspected:							
Safety inspections.....	10,973,000	10,850,000	10,910,000	10,960,000	11,070,000	11,183,000	11,290,000
Emission inspections	6,415,858	6,600,000	6,630,000	6,660,000	6,730,000	6,800,000	6,868,000
Registrations							
New.....	1,381,600	1,395,416	1,409,370	1,423,463	1,437,698	1,452,075	1,466,596
Renewed.....	8,482,861	8,486,890	8,571,758	8,657,476	8,744,051	8,831,491	8,919,806
Licensed drivers:							
New.....	321,352	300,000	300,000	300,000	300,000	300,000	300,000
Renewed.....	2,023,959	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
New commercial drivers licensed	14,706	13,600	13,600	13,600	13,600	13,600	13,600
Photo identification cards issued (non-driver photos)							
	334,438	320,000	320,000	320,000	320,000	320,000	320,000
Service center customers served within 30 minutes							
	92.8%	99%	99%	99%	99%	99%	99%
Access rate of driver and vehicle services call center							
	94.4%	95%	95%	95%	95%	95%	95%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

—Vehicle Sales Tax Collections and Voter Registration are recommended at the current year funding level.

\$ 2,700

MOTOR LICENSE FUND

Homeland Security - Personal ID
—to continue current program.

\$ 2,569

Safety Administration and Licensing

—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-2012 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections.....	\$ 1,498	\$ 1,253	\$ 1,253	\$ 1,253	\$ 1,253	\$ 1,253	\$ 1,253
Voter Registration.....	410	377	377	377	377	377	377
TOTAL GENERAL FUND	\$ 1,908	\$ 1,630	\$ 1,630	\$ 1,630	\$ 1,630	\$ 1,630	\$ 1,630
MOTOR LICENSE FUND:							
Homeland Security - Personal ID	\$ 0	\$ 8,800	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Safety Administration and Licensing.....	125,958	129,459	132,028	132,028	132,028	132,028	132,028
TOTAL MOTOR LICENSE FUND.....	\$ 125,958	\$ 138,259	\$ 143,528	\$ 143,528	\$ 143,528	\$ 143,528	\$ 143,528

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 certain 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.

Program Measures:	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Free transit trips.....	37,256,415	38,203,260	38,967,328	39,746,672	40,541,605	41,352,438	42,179,487
Trips on State assisted shared ride vehicles.....	5,327,964	5,414,207	5,502,830	5,612,887	5,725,144	5,839,677	5,956,470
Cost to the Commonwealth per trip:							
Free Transit	\$1.87	\$1.88	\$2.08	\$2.08	\$2.08	\$2.08	\$2.08
State assisted shared ride vehicles.....	\$12.67	\$13.23	\$13.97	\$14.67	\$15.40	\$16.17	\$16.98

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	Fixed Route Transit		Older Pennsylvanians Free Transit
\$ -3,300	—to transfer a portion of the program to the Lottery Fund		—to continue current program based on transit system projections.
	LOTTERY FUND		Fixed Route Transportation
\$ 4,644	Older Pennsylvanians Shared Rides	\$ 3,300	—to transfer a portion of the program from the General Fund.
	—to continue current program based on transit system projections.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL FUND:							
Fixed Route Transit	\$ 10,754	\$ 7,200	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	\$ 72,356	\$ 72,256	\$ 76,900	\$ 76,900	\$ 76,900	\$ 76,900	\$ 76,900
Older Pennsylvanians Free Transit (EA) ...	51,579	59,536	56,220	56,220	56,220	56,220	56,220
Fixed Route Transportation	16,500	20,500	23,800	23,800	23,800	23,800	23,800
TOTAL LOTTERY FUND.....	\$ 140,435	\$ 152,292	\$ 156,920	\$ 156,920	\$ 156,920	\$ 156,920	\$ 156,920



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)
 2005-06 2006-07 2007-08
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Senate:

Fifty Senators.....	\$ 6,700	\$ 5,700	\$ 5,700
Senate President - Personnel Expenses.....	315	340	340
Employees of Chief Clerk.....	6,000	6,000	6,000
Salaried Officers and Employees.....	9,000	9,000	9,000
Incidental Expenses.....	3,226	3,226	3,226
Postage - Chief Clerk and Legislative Journal.....	1,465	1,465	1,465
President.....	5	0	0
President Pro Tempore.....	20	0	0
President and President Pro Tempore.....	0	25	25
Expenses - Senators.....	1,329	1,329	1,329
Legislative Printing and Expenses.....	20,592	16,400	16,400
Computer Services (R).....	5,350	0	0
Computer Services (D).....	5,350	0	0
Computer Services (R) and (D).....	0	10,700	10,700
Committee on Appropriations (R).....	4,900	0	0
Committee on Appropriations (D).....	4,900	0	0
Committee on Appropriations (R) and (D).....	0	9,800	9,800
Caucus Operations (R) and (D).....	0	38,500	38,500
Caucus Operations (R).....	19,250	0	0
Caucus Operations (D).....	19,250	0	0
Committee and Contingent Expenses (R) and (D).....	0	658	658
Committee and Contingent (R).....	329	0	0
Committee and Contingent (D).....	329	0	0
Senate Flag Purchase.....	24	24	24
Subtotal.....	\$ 108,334	\$ 103,167	\$ 103,167

House of Representatives:

Members' Salaries, Speaker's Extra Compensation.....	\$ 19,222	\$ 19,222	\$ 19,222
House Employees (R).....	20,225	0	0
House Employees (D).....	20,225	0	0
House Employees (R) and (D).....	0	36,450	36,450
Speaker's Office.....	897	897	897
Bi-Partisan Committee, Chief Clerk, Comptroller & EMS.....	12,814	12,814	12,814
Mileage - Representatives, Officers and Employees.....	400	400	400
Chief Clerk and Legislative Journal.....	3,000	3,000	3,000
Speaker.....	20	0	0
Chief Clerk.....	643	0	0
Floor Leader (R).....	7	0	0
Floor Leader (D).....	7	0	0
Whip (R).....	6	0	0
Whip (D).....	6	0	0
Chairman - Caucus (R).....	3	0	0
Chairman - Caucus (D).....	3	0	0
Secretary - Caucus (R).....	3	0	0
Secretary - Caucus (D).....	3	0	0
Chairman - Appropriations Committee (R).....	6	0	0
Chairman - Appropriations Committee (D).....	6	0	0
Chairman - Policy Committee (R).....	2	0	0
Chairman - Policy Committee (D).....	2	0	0
Caucus Administrator (R).....	2	0	0
Caucus Administrator (D).....	2	0	0
Administrator for Staff (R).....	20	0	0
Administrator for Staff (D).....	20	0	0
Contingent Expenses (R) and (D).....	0	761	761
Legislative Office for Research Liaison.....	756	786	786

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Incidental Expenses.....	8,845	8,845	8,845
Expenses - Representatives.....	5,133	5,133	5,133
Legislative Printing and Expenses.....	18,000	15,329	15,329
National Legislative Conference - Expenses.....	527	527	527
Committee on Appropriations (R).....	5,730	0	0
Committee on Appropriations (D).....	5,730	0	0
Committee on Appropriations (R) and (D).....	0	11,460	11,460
Special Leadership Account (R).....	13,329	0	0
Special Leadership Account (D).....	13,329	0	0
Special Leadership Account (R) and (D).....	0	23,329	23,329
Legislative Management Committee (R).....	21,657	0	0
Legislative Management Committee (D).....	20,657	0	0
Legislative Management Committee (R) and (D).....	0	42,314	42,314
House Flag Purchase.....	24	24	24
Information Technology.....	13,000	13,000	13,000
School for New Members.....	15	15	15
Subtotal.....	\$ 204,276	\$ 194,306	\$ 194,306
Legislative Reference Bureau:			
Legislative Reference Bureau - Salaries & Expenses.....	\$ 7,598	\$ 7,598	\$ 7,598
Legislative Drafting System.....	0	8,000	0
Contingent Expenses.....	20	20	20
Printing of PA Bulletin and PA Code.....	795	795	795
Subtotal.....	\$ 8,413	\$ 16,413	\$ 8,413
Legislative Budget and Finance Committee.....	\$ 2,250	\$ 2,250	\$ 2,250
Commonwealth Mail Processing Center.....	1,300	1,300	1,300
Legislative Miscellaneous and Commissions:			
Legislative Data Processing Center.....	\$ 3,751	\$ 3,751	\$ 3,751
Joint State Government Commission.....	1,795	1,795	1,795
Local Government Commission.....	1,159	1,159	1,159
Local Government Codes.....	28	28	28
(A)Municipal Codes.....	1	0	0
Joint Legislative Air and Water Pollution Control Committee.....	498	498	498
Legislative Audit Advisory Commission.....	178	178	178
Independent Regulatory Review Commission.....	1,850	2,050	2,050
Capitol Preservation Committee.....	900	900	900
Capitol Restoration.....	4,150	4,150	4,150
Flag Conservation.....	60	60	60
Colonial History.....	197	197	197
Capitol Centennial.....	250	250	250
Rare Books Conservation.....	400	400	400
Commission on Sentencing.....	1,120	1,120	1,120
(F)NCHIP - Criminal Identification Technology (EA).....	462	322	0
(F)DCSI - JNET Information Technology (EA).....	210	0	0
(F)DCSI - Research and Data Management (EA).....	900	817	1,308
Center For Rural Pennsylvania.....	1,100	1,100	1,100
Host State Committee Expenses CSG.....	200	200	0
Pennsylvania Policy Database.....	160	220	220
Health Care Cost Containment Council.....	4,019	4,019	4,412
Rx for PA - Hospital-Acquired Infections.....	0	0	2,000
State Ethics Commission.....	1,805	2,005	2,096
Subtotal.....	\$ 25,193	\$ 25,219	\$ 27,672

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Subtotal - State Funds.....	\$ 348,193	\$ 341,516	\$ 335,800
Subtotal - Federal Funds.....	1,572	1,139	1,308
Subtotal - Augmentations.....	1	0	0
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 349,766	\$ 342,655	\$ 337,108
	<hr/>	<hr/>	<hr/>
STATE FUNDS.....	\$ 348,193	\$ 341,516	\$ 335,800
FEDERAL FUNDS.....	1,572	1,139	1,308
AUGMENTATIONS.....	1	0	0
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 349,766	\$ 342,655	\$ 337,108

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
LEGISLATURE							
GENERAL FUND.....	\$ 348,193	\$ 341,516	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,572	1,139	1,308	1,308	1,308	1,308	1,308
OTHER FUNDS.....	1	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 349,766	\$ 342,655	\$ 337,108	\$ 337,108	\$ 337,108	\$ 337,108	\$ 337,108
ALL PROGRAMS:							
GENERAL FUND.....	\$ 348,193	\$ 341,516	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,572	1,139	1,308	1,308	1,308	1,308	1,308
OTHER FUNDS.....	1	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 349,766	\$ 342,655	\$ 337,108	\$ 337,108	\$ 337,108	\$ 337,108	\$ 337,108

PROGRAM OBJECTIVE: To formulate and enact the public policy of the Commonwealth, to define the functions of State Government, to provide revenue for the Commonwealth and to appropriate money for the operation of State agencies and for other purposes.

Program: Legislature

This program provides for the operation of the General Assembly, which consists of a 50 member Senate and a 203 member House of Representatives, funded by numerous

General Fund appropriations. These appropriations are detailed in the Summary by Fund and Appropriation portion of this presentation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			
	Legislative Drafting System		Rx for PA - Hospital-Acquired Infections
\$ -8,000	—nonrecurring project.	\$ 2,000	—Initiative — Reducing Hospital-Acquired Infections. For contracted services to standardize identification and reporting of hospital-acquired infections by hospitals.
	Host State Committee Expenses CSG		
\$ -200	—nonrecurring project.		
	Health Care Cost Containment Council		State Ethics Commission
\$ 393	—to continue current program.	\$ 91	—to continue current program.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
TOTAL GENERAL FUND	\$ 348,193	\$ 341,516	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800	\$ 335,800



JUDICIARY

The objective of the judicial system of the Commonwealth is to provide citizens with prompt and equitable justice under the law.

The court system includes the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas and Community Courts including Magisterial District Judges, Philadelphia Municipal Court, Philadelphia Traffic Court and the Pittsburgh Municipal Court.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
 2005-06 2006-07 2007-08
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:*General Government:***Supreme Court:**

Supreme Court.....	\$ 13,801	\$ 14,801	\$ 15,097
(A) Filing Fees.....	422	422	422
Justices Expenses.....	180	180	184
Interbranch Commission.....	0	0	269
Judicial Council.....	406	406	145
County Court Administrators.....	16,400	17,670	18,023
Court Management Education.....	157	157	160
(A) Court Management Program.....	3	5	5
Civil Procedural Rules Committee.....	423	423	431
Appellate/Orphans Rules Committee.....	180	204	208
Rules of Evidence Committee.....	169	191	195
Minor Court Rules Committee.....	178	198	202
Criminal Procedural Rules Committee.....	430	463	472
Domestic Relations Committee.....	203	203	207
Juvenile Court Rules Committee.....	198	215	219
Court Administrator.....	9,220	10,000	10,200
(F) Court Improvement Project.....	430	863	1,370
(A) Miscellaneous.....	6	6	6
Integrated Criminal Justice System.....	2,095	2,467	2,516
(R) Judicial Computer System.....	41,727	41,727	49,587
(A) Public Access Fees.....	95	0	0
(A) Miscellaneous.....	72	0	0
Unified Judicial System Security.....	1,058	2,058	2,099
Subtotal.....	\$ 87,853	\$ 92,659	\$ 102,017

Superior Court:

Superior Court.....	\$ 26,679	\$ 27,379	\$ 27,927
(A) Filing Fees.....	228	265	265
Judges Expenses.....	237	237	242
Subtotal.....	\$ 27,144	\$ 27,881	\$ 28,434

Commonwealth Court:

Commonwealth Court.....	\$ 16,060	\$ 16,638	\$ 16,971
(A) Filing Fees.....	173	180	180
Judges Expenses.....	143	143	146
Subtotal.....	\$ 16,376	\$ 16,961	\$ 17,297

Courts of Common Pleas:

Courts of Common Pleas.....	\$ 76,027	\$ 74,436	\$ 75,925
Senior Judge Reimbursement.....	4,217	4,217	4,301
Judicial Education.....	1,346	1,346	1,373
Ethics Committee.....	40	58	59
Subtotal.....	\$ 81,630	\$ 80,057	\$ 81,658

Magisterial District Judges:

Magisterial District Judges.....	\$ 56,303	\$ 60,303	\$ 61,509
Magisterial District Judge Education.....	2,832	707	721
(A) Registration Fees.....	35	36	36
Subtotal.....	\$ 59,170	\$ 61,046	\$ 62,266

Philadelphia Courts:

Traffic Court.....	\$ 924	\$ 924	\$ 942
Municipal Court.....	5,842	5,842	5,959

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2005-06 ACTUAL	2006-07 AVAILABLE	2007-08 BUDGET
Law Clerks	39	39	40
Domestic Violence Services	204	230	235
Subtotal.....	\$ 7,009	\$ 7,035	\$ 7,176
Judicial Conduct Board	\$ 1,202	\$ 1,202	\$ 1,226
Court of Judicial Discipline	451	476	486
Subtotal - State Funds.....	\$ 237,644	\$ 243,813	\$ 248,689
Subtotal - Federal Funds.....	430	863	1,370
Subtotal - Augmentations.....	1,034	914	914
Subtotal - Restricted Revenues.....	41,727	41,727	49,587
Total - General Government.....	\$ 280,835	\$ 287,317	\$ 300,560
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors	\$ 1,369	\$ 1,369	\$ 1,396
County Courts	33,036	33,036	33,697
Senior Judge	2,000	2,000	2,040
Gun Court Reimbursements	125	700	714
Court Consolidation	949	2,000	2,040
Subtotal.....	\$ 37,479	\$ 39,105	\$ 39,887
Total - Grants and Subsidies.....	\$ 37,479	\$ 39,105	\$ 39,887
STATE FUNDS.....	\$ 275,123	\$ 282,918	\$ 288,576
FEDERAL FUNDS.....	430	863	1,370
AUGMENTATIONS.....	1,034	914	914
RESTRICTED REVENUES.....	41,727	41,727	49,587
GENERAL FUND TOTAL	\$ 318,314	\$ 326,422	\$ 340,447

Program Funding Summary

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND.....	\$ 275,123	\$ 282,918	\$ 288,576	\$ 288,576	\$ 288,576	\$ 288,576	\$ 288,576
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	430	863	1,370	1,370	1,370	1,370	1,370
OTHER FUNDS.....	42,761	42,641	50,501	50,501	50,501	50,501	50,501
SUBCATEGORY TOTAL.....	\$ 318,314	\$ 326,422	\$ 340,447	\$ 340,447	\$ 340,447	\$ 340,447	\$ 340,447
ALL PROGRAMS:							
GENERAL FUND.....	\$ 275,123	\$ 282,918	\$ 288,576	\$ 288,576	\$ 288,576	\$ 288,576	\$ 288,576
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	430	863	1,370	1,370	1,370	1,370	1,370
OTHER FUNDS.....	42,761	42,641	50,501	50,501	50,501	50,501	50,501
DEPARTMENT TOTAL.....	\$ 318,314	\$ 326,422	\$ 340,447	\$ 340,447	\$ 340,447	\$ 340,447	\$ 340,447

PROGRAM OBJECTIVE: To provide the citizens of the Commonwealth with prompt and equitable justice.

Program: State Judicial System

The judicial power of the Commonwealth is vested in a court system consisting of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court, Pittsburgh Municipal Court, Traffic Court of Philadelphia and Magisterial District Judges (formerly termed "District Justices").

At the first level in the court system are the special courts. In counties other than Philadelphia, these courts are presided over by Magisterial District Judges who have jurisdiction over summary criminal cases, landlord-tenant matters and other civil actions where the amount claimed does not exceed \$8,000. They also have jurisdiction to issue warrants, hold arraignments and preliminary hearings in all criminal cases, and to accept guilty pleas under certain circumstances.

Although Magisterial District Judges need not be lawyers, they must complete an educational course and pass a qualifying examination administered by the Minor Judiciary Education Board in order to be certified. They must also participate in one week of continuing education each year.

In Philadelphia, the special courts are the Municipal Court and the Traffic Court. Municipal Court is a court of record whose 25 judges must be lawyers. Its limited jurisdiction is analogous to that of the Magisterial District Judges. The Philadelphia Traffic Court, composed of seven judges, has jurisdiction over all summary offenses under the Motor Vehicle Code and related city ordinances.

The Supreme Court of Pennsylvania established by Order an administrative judicial unit within the Fifth Judicial District (Allegheny County) known as "Pittsburgh Municipal Court". Most matters that were previously assigned to Pittsburgh Magistrates Court have been assigned to this court. The Pittsburgh Municipal Court will be staffed by Magisterial District judges from districts within the City of Pittsburgh and throughout Allegheny County and will be assigned to sit on the court by the president judge of the Fifth Judicial District.

The Courts of Common Pleas are the courts of general trial jurisdiction. They have original jurisdiction over all cases that are not exclusively assigned to another court. Appellate jurisdiction extends to appeals from final orders of the lower courts and appeals from certain State and most local government agencies.

There are two levels of appellate courts in Pennsylvania. The lower level consists of the Superior Court with fifteen judges and the Commonwealth Court with nine judges. At the higher level, Pennsylvania's court of last resort is the Supreme Court with seven justices.

In general, appeals from the Courts of Common Pleas are taken to one of the two 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.

In accordance with the State Constitution and statute, there is a two-tiered judicial disciplinary system. The role of the first tier, the Judicial Conduct Board, is to investigate complaints regarding judicial conduct. Hearings are conducted by the second tier, the Court of Judicial Discipline, to determine whether a sanction should be imposed upon a member of the Judiciary.

As defined by the State Constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) is the administrative arm of the Supreme Court, assisting that Court in its oversight responsibility of the Commonwealth's Unified Judicial System. The AOPC provides services for approximately 2,100 members of the Judiciary and staff, including budgeting, accounting, benefits and retirement counseling, legal representation, policy guidance, technical advice, education, research, legislative affairs, communications, administration and development of the judicial computer project and data processing.

The Supreme Court has initiated a number of programs in recent years to facilitate the administration of justice within the Commonwealth. Among the more recent of these is the creation within AOPC of the Office for Children and Families in the Court, which assists courts statewide in providing neglected and abused children with safe and permanent homes in as brief a time as possible; the court interpreter program; an assistance program for judicial districts engaged in the process of starting, expanding or maintaining special problem-solving courts, such as drug courts; and an expanded education program for judges. Responsibility for these programs is vested in the AOPC.

The Judicial Computer System has the ultimate goal of computerization of the entire judiciary. Automated systems presently in place are the Magisterial District Judges System (MDJS) which serves the 548 Magisterial District Judge offices; the Pennsylvania Appellate Courts Case Management System (PACMS), which is the integrated, automated case management system that serves the three appellate courts; and the Administrative Services Application Program (ASAP) which serves the court's administrative needs, including accounting, budgeting, payroll and human resources functions. The Common Pleas Criminal Case Management System (CPCMS),

CAPITAL BUDGET Program Summary

This section contains the 2007-08 Capital Budget and Five Year Capital Program. The proposed funding sources and amounts needed to support capital programs are projected for five fiscal years.

All projects are grouped by categories regardless of the source of funding. The categories, as explained below, are consistently used for projects which are to be funded by Commonwealth debt obligations, current revenues and funds received from other jurisdictions. Funding source distinctions are clearly noted throughout the section which itemizes the recommended capital program.

Public Improvement Projects — This category includes various types of new buildings and renovation projects. Also included are nonstructural improvements and the acquisition of land. The design and construction for the majority of these projects is administered by the Department of General Services. However, Keystone Recreation, Park and Conservation and the Environmental Stewardship Projects are administered by the Department of Conservation and Natural Resources.

Public Improvement—Original Furniture and Equipment Projects — This category provides for the equipping of newly completed public improvement projects by purchasing original movable furniture and equipment through the Department of General Services. Replacement furniture and equipment to be used in existing buildings are purchased as fixed assets through agency operating budgets.

Transportation Assistance Projects — These projects include: (a) the purchase of rolling stock and construction or improvement of facilities operated by mass transportation agencies throughout the Commonwealth; (b) the acquisition, construction and equipping of rural and intercity common carrier surface transportation systems or any components thereof; and (c) air transportation systems. These projects are administered by the Department of Transportation.

Redevelopment Assistance Projects — This category provides grants for the acquisition of land and the construction of buildings and other property appurtenances for municipal agencies and authorities for economic development and the prevention and elimination of blight.

Flood Control Projects — This category provides the State's share of Federal flood control works and improvements to prevent floods and to preserve, control and regulate the flow of rivers and streams in the Commonwealth. These projects are administered by the Department of Environmental Protection.

Highway Projects — This category includes the design, purchase of rights-of-way, construction, reconstruction and other improvements to highways and bridges on the State highway system. These projects are designed and constructed by the Department of Transportation.

Capital Budget Financing — As is indicated wherever necessary, many capital projects are financed by current revenues either from dedicated sources or appropriations through operating budgets. However, most of the authorizations recommended in the capital budget are debt financed for varying terms by General Obligation Bonds. See the Public Debt Section (Section G) for further discussion of Debt Policy.

The Capital Budget section consists of the following subsections.

2007-08 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2007-08 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 2008-09 through 2011-12. 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 2007-08 and projects which will be authorized in the future (2008-12).

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)

	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds					
Public Improvement Projects - Buildings and Structures.....	\$ 320,000	\$ 780,000	\$ 835,000	\$ 735,000	\$ 650,000
Public Improvement Projects - Furniture and Equipment.....	25,000	80,000	11,000	1,000	1,000
Redevelopment Assistance Projects.....	250,000	315,000	375,000	230,000	50,000
Flood Control Projects.....	7,000	5,000	2,000	3,000	6,000
Transportation Assistance Projects.....	150,000	150,000	150,000	150,000	150,000
Less: Costs of Issue.....	-11,280	-19,950	-20,595	-16,785	-8,570
Miscellaneous Revenue.....	32,334	10,961	10,608	10,601	10,810
Change in Available Cash.....	79,314	48,869	7,412	123	-4,387
Total.....	<u>\$ 852,368</u>	<u>\$ 1,369,880</u>	<u>\$ 1,370,425</u>	<u>\$ 1,112,939</u>	<u>\$ 854,853</u>
Expenditures					
Capital Facilities Fund					
Public Improvement Projects - Buildings and Structures.....	\$ 449,932	\$ 784,130	\$ 839,341	\$ 723,466	\$ 631,516
Public Improvement Projects - Furniture and Equipment.....	25,881	77,216	11,723	908	765
Redevelopment Assistance Projects.....	218,040	352,910	367,797	234,923	66,440
Flood Control Projects.....	8,515	5,624	1,564	3,642	6,132
Transportation Assistance Projects.....	150,000	150,000	150,000	150,000	150,000
Total - General Obligation Bonds.....	<u>\$ 852,368</u>	<u>\$ 1,369,880</u>	<u>\$ 1,370,425</u>	<u>\$ 1,112,939</u>	<u>\$ 854,853</u>
FROM CURRENT REVENUES					
Public Improvement Projects - Fish and Boat Fund.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund.....	17,677	17,599	18,244	18,244	18,244
Acquisition, Rehabilitation and Development Project					
Environmental Stewardship Fund.....	7,739	11,514	11,917	12,334	12,766
Highway Projects - Motor License Fund.....	396,385	399,773	400,467	401,163	401,866
Total Current Revenues.....	<u>\$ 422,551</u>	<u>\$ 429,636</u>	<u>\$ 431,378</u>	<u>\$ 432,491</u>	<u>\$ 433,626</u>
TOTAL - ALL FUNDS	<u><u>\$ 1,274,919</u></u>	<u><u>\$ 1,799,515</u></u>	<u><u>\$ 1,801,803</u></u>	<u><u>\$ 1,545,430</u></u>	<u><u>\$ 1,288,478</u></u>

Totals may not add due to rounding.

FORECAST OF NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the budget recommendations and potential future authorizations by department.

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12
Agriculture.....	\$ 33,500	\$ 0	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	268,433	124,300	110,000	110,000	111,000
Corrections.....	640,820	30,000	30,000	30,000	30,000
Education.....	91,385	115,450	115,150	142,800	118,200
Emergency Management Agency.....	0	0	0	0	0
Environmental Protection.....	9,150	24,600	19,400	7,200	13,400
Executive Offices.....	57,100	0	0	0	0
Fish and Boat Commission.....	0	2,000	1,500	1,000	1,000
Game Commission.....	0	2,000	1,000	1,000	1,000
General Services.....	50,413	0	0	0	0
Historical and Museum Commission.....	13,080	13,060	9,190	0	0
Liquor Control Board.....	0	0	0	0	0
Military and Veterans Affairs.....	0	0	0	0	0
Public Welfare.....	25,820	25,880	25,740	26,350	0
State Police.....	10,800	0	0	0	0
Transportation.....	817,884	450,000	450,000	450,000	450,000
TOTAL.....	\$ 2,018,385	\$ 787,290	\$ 761,980	\$ 768,350	\$ 724,600

Capital Budget

RECOMMENDED 2007-08 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.....	\$ 33,500	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	81,284	6,131	0	0
Corrections.....	613,820	19,500	0	0
Education.....	79,560	11,825	0	0
Emergency Management.....	0	0	0	0
Environmental Protection.....	4,800	0	0	4,350
Executive Offices.....	36,100	21,000	0	0
Fish and Boat Commission.....	0	0	0	0
Game Commission.....	0	0	0	0
General Services.....	50,413	0	0	0
Historical and Museum Commission.....	6,240	6,240	0	0
Liquor Control Board.....	0	0	0	0
Military and Veterans Affairs.....	0	0	0	0
Public Welfare.....	25,820	0	0	0
State Police.....	10,800	0	0	0
Transportation.....	111,400	0	47,148	0
TOTAL.....	\$ 1,053,737	\$ 64,696	\$ 47,148	\$ 4,350

	Current Revenues		All Funds
	Highway Projects	Public Improvement Projects	
Agriculture.....	\$ 0	\$ 0	\$ 33,500
Conservation and Natural Resources.....	0	181,018	268,433
Corrections.....	0	7,500	640,820
Education.....	0	0	91,385
Emergency Management.....	0	0	0
Environmental Protection.....	0	0	9,150
Executive Offices.....	0	0	57,100
Fish and Boat Commission.....	0	0	0
Game Commission.....	0	0	0
General Services.....	0	0	50,413
Historical and Museum Commission.....	0	600	13,080
Liquor Control Board.....	0	0	0
Military and Veterans Affairs.....	0	0	0
Public Welfare.....	0	0	25,820
State Police.....	0	0	10,800
Transportation.....	659,336	0	817,884
TOTAL.....	\$ 659,336	\$ 189,118	\$ 2,018,385

DEPARTMENT OF AGRICULTURE

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Protection and Development of Agricultural Industries.....	\$ 0	\$ 0	\$ 33,500	\$ 33,500
TOTAL PROJECTS.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,500</u>	<u>\$ 33,500</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 0	\$ 0	\$ 33,500	\$ 33,500
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,500</u>	<u>\$ 33,500</u>

Capital Budget

Department of Agriculture 2007-08 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Protection and Development of Agricultural Industries				
Health Diagnostic Laboratory	\$ 0	\$ 0	\$ 33,000	\$ 33,000
CONSTRUCT BIO-SAFETY LEVEL-3 DIAGNOSTIC LABORATORY: This project will construct a new Pennsylvania Animal Health Diagnostic Laboratory (PADLS) with Bio-Safety Level-3 Capabilities to support PADLS. When completed, this project is not expected to increase operating costs as it would be operated by the Pennsylvania State University.				
State Dairy Farm	0	0	500	500
REHABILITATION OF STATE DAIRY FARM: This project will provide for the rehabilitation and construction of several support facilities for the state dairy farm to complement the existing dairy operation. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,500</u>	<u>\$ 33,500</u>

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Parks and Forest Management.....	\$ 231,833	\$ 23,500	\$ 13,100	\$ 268,433
TOTAL PROJECTS.....	\$ 231,833	\$ 23,500	\$ 13,100	\$ 268,433

SOURCE OF FUNDS

General Obligation Bond Issues

Capital Facilities Fund - Buildings and Structures.....	\$ 64,684	\$ 3,500	\$ 13,100	\$ 81,284
Capital Facilities Fund - Furniture and Equipment.....	6,131	0	0	6,131
Subtotal General Obligation Bond Issues.....	\$ 70,815	\$ 3,500	\$ 13,100	\$ 87,415

Current Revenues

Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation.....	\$ 18,613	\$ 10,000	\$ 0	\$ 28,613
Environmental Stewardship Fund - Acquisition, Improvements and Rehabilitation.....	134,105	10,000	0	144,105
State Forestry Bridge - Parks and Forest Management.....	8,300	0	0	8,300
Subtotal Current Revenues.....	\$ 161,018	\$ 20,000	\$ 0	\$ 181,018
TOTAL.....	\$ 231,833	\$ 23,500	\$ 13,100	\$ 268,433

Department of Conservation and Natural Resources 2007-08 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: Parks and Forest Management				
Forest District # 3, Franklin County	\$ 5,600	\$ 0	\$ 1,400	\$ 7,000
REHABILITATE GUNTER VALLEY DAM: This project will rehabilitate and improve the dam to return it to a safe condition and compliance with current requirements. When completed, this project is not expected to increase operating costs.				
Erie Bluffs State Park, Erie County	8,000	0	2,000	10,000
PARK INFRASTRUCTURE: This project will provide for the construction of the initial development of 540 acre area including infrastructure, roads, trails, parking lots, and boating facilities. When completed, this project is not expected to increase operating costs.				
Quehanna Wild Area, Clearfield County	2,500	0	0	2,500
REMEDIATION OF LAND: This project will provide for the remediation of radioactive materials within the Quehanna wild area at the former nuclear reactor site. When completed, this project is not expected to increase operating costs.				
Shikellamy State Park, Northumberland County	1,200	0	300	1,500
REHABILITATE MARINA: This project will provide for the rehabilitation of a marina damaged by flood waters in 2005 and 2006 including new docks, railings, concrete bulkheads and courtesy docks. When completed, this project is expected to increase operating costs by \$10,000 annually.				
Promised Land State Park, Pike County	2,800	0	700	3,500
REHABILITATE LOWER LAKE DAM: This project will rehabilitate and improve the dam to return it to a safe condition and in compliance with current requirements. When completed, this project is not expected to increase operating costs.				
Forest District # 4, Westmoreland County	4,000	0	1,000	5,000
PARK INFRASTRUCTURE: This project will provide for the repair and repavement of roads including returning a portion back to a gravel road. When completed, this project is not expected to increase operating costs.				
Gouldsboro State Park, Monroe County	2,000	0	500	2,500
REHABILITATE DAY USE AREA: This project will provide for the replacement of lifeguard building, bathhouse, boat rental building and comfort station including infrastructure. When completed, this project is expected to increase operating costs by \$40,000 annually.				
Forest District # 20, Columbia County	2,000	0	500	2,500
REHABILITATE FACILITIES: This project will provide for the rehabilitation of rest facilities, parking lots, and multiple use trails, refurbish living quarters as a departmental training facility with necessary equipment. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2007-08 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>				
Cook Forest State Park, Clarion County	\$ 2,000	\$ 0	\$ 500	\$ 2,500
REPLACE OFFICE/VISITORS' CENTER: This project will provide for the replacement of the office/visitors center to upgrade facilities to accommodate increased personnel and equipment. When completed, this project is not expected to increase operating costs.				
Bald Eagle State Park, Center County	2,000	0	0	2,000
REHABILITATE FACILITIES: This project will provide for the rehabilitation and development of a family campground at the state park including infrastructure. When completed, this project is expected to increase operating costs by \$215,000 annually.				
Clear Creek State Park, Forest County	1,800	0	0	1,800
CONSTRUCT NEW MAINTENANCE FACILITIES: This project will provide for the construction of a new maintenance facility including infrastructure. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	114	0	0	114
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.				
Presque Isle State Park, Erie County	400	0	0	400
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.				
Delaware Canal State Park, Bucks County	200	0	0	200
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.				
Pine Grove Furnace State Park, Cumberland County	200	0	0	200
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.				
Benjamin Rush State Park, Philadelphia County	217	0	0	217
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.				

Department of Conservation and Natural Resources 2007-08 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>				
Nescopeck State Park, Luzerne County	\$ 150	\$ 0	\$ 0	\$ 150
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.				
Nescopeck State Park, Luzerne County	2,500	0	500	3,000
DEVELOP DAY USE AREA: This project will provide for the development of recreational and educational facilities for day use. When completed, this project is expected to increase operating cost by \$370,000 annually.				
Lehigh Gorge State Park, Centre County	0	3,500	0	3,500
LAND ACQUISITION: This project will provide for the acquisition of land necessary to complete the scheme for the park in conformance with the statewide recreation plan. When completed, this project is not expected to increase operating costs.				
Ricketts Glen State Park, Centre County	2,800	0	700	3,500
PARK INFRASTRUCTURE: This project will provide for the repair and repavement of roads including returning a portion back to a gravel road. When completed, this project is not expected to increase operating costs.				
Forest District # 7, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Forest District # 9, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Forest District # 10, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Forest District # 12, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2007-08 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>				
Forest District # 13, Various Counties	\$ 2,400	\$ 0	\$ 600	\$ 3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Forest District # 15, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Forest District # 16, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Forest District # 20, Various Counties	2,400	0	600	3,000
REHABILITATE ROADWAYS: This project will provide for the rehabilitation of roadways throughout the forest to ensure safety and to provide public access for outdoor activities. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	800	0	200	1,000
REPLACE PIT LATRINES: This project will provide for the replacement of the pit latrines with modern flush facilities including infrastructure. When completed, this project is expected to increase operating costs by \$40,000 annually.				
S.B. Elliott State Park, Clearfield County	3,500	0	0	3,500
ADDITIONAL FUNDING: This project will provide for additional funding to complete the visitors' center and overnight lodging including furnishings and equipment. When completed, this project is expected to increase operating costs by \$7,000 annually.				
Quehanna Wild Area, Clearfield County	1,834	0	0	1,834
RECLAMATION REACTOR SITE: This project will facilitate the clean up of the Quehanna reactor site at Moshannon State Forest. When completed, this project is not expected to increase operating costs.				
Sinnemahoning State Park, Cameron/Potter Counties	2,000	0	0	2,000
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures w not increase operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2007-08 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)

Kinzua Bridge State Park, McKean County	\$ 3,000	\$ 0	\$ 0	\$ 3,000
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ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs.

PROGRAM TOTAL.....	\$ 70,815	\$ 3,500	\$ 13,100	\$ 87,415
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Capital Budget

Department of Conservation and Natural Resources 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Black Moshannon State Park, Centre County	\$ 400	\$ 0	\$ 0	\$ 400
REHABILITATE DAM SPILLWAY AND BOAT LAUNCH: This project will rehabilitate the spillway and boat launch. When completed, this project is not expected to increase operating costs.				
Blue Knob State Park, Bedford County	900	0	0	900
REHABILITATE PARK FACILITIES: This project will rehabilitate the park facilities. When completed, this project is not expected to increase operating costs.				
Blue Knob State Park, Bedford County	1,000	0	0	1,000
REHABILITATE DAY USE AREA: This project will rehabilitate the day use area. When completed, this project is not expected to increase operating costs.				
Caledonia State Park, Franklin County	600	0	0	600
REPLACE TWO BRIDGES - MAIN PARK ROAD: This project will replace two bridges on the main park road. When completed, this project is not expected to increase operating costs.				
Caledonia State Park, Franklin County	1,100	0	0	1,100
REHABILITATE CAMPGROUNDS: This project will rehabilitate the park campgrounds. When completed, this project is not expected to increase operating costs.				
Codorus State Park, York County	350	0	0	350
PARK PAVING: This project will provide paving in the park. When completed, this project is not expected to increase operating costs.				
Denton Hill State Park, Potter County	400	0	0	400
REPLACE MAIN PARK ROAD/PARKING: This project will replace main park road/parking. When completed, this project is not expected to increase operating costs.				
Forest District # 19, Pike County	750	0	0	750
REHABILITATE EGYPT MEADOWS DAM: This project will rehabilitate Egypt Meadows Dam. When completed, this project is not expected to increase operating costs.				
Forest District # 20, Sullivan County	4,000	0	0	4,000
NEW RESOURCE MANAGEMENT CENTER: This project will provide a new resource management center. When completed, this project is not expected to increase operating costs.				
Little Pine State Park, Lycoming County	300	0	0	300
RENOVATE RESTROOM-LOWER PICNIC AREA: This project will renovate restroom and lower picnic area. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Moshannon State Forest, Clearfield/Cameron Counties	\$ 2,400	\$ 0	\$ 0	\$ 2,400
QUEHANNA CLEANUP: This project will provide cleanup to Quehanna. When completed, this project is not expected to increase operating costs.				
Prince Gallitzin State Park, Cambria County	300	0	0	300
REPLACE TWO RESTROOMS: This project will replace two restrooms at the park. When completed, this project is not expected to increase operating costs.				
Prince Gallitzin State Park, Cambria County	350	0	0	350
PAVE PARK ROADS: This project will pave roads within the park. When completed, this project is not expected to increase operating costs.				
Reeds Gap State Park, Mifflin County	1,500	0	0	1,500
OFFICE BUILDING RELOCATE: This project will relocate park office building. When completed, this project is not expected to increase operating costs.				
Reeds Gap State Park, Mifflin County	1,000	0	0	1,000
REPLACE SWIMMING POOL: This project will replace the park's existing swimming pool. When completed, this project is not expected to increase operating costs.				
S. B. Elliott State Park, Clearfield County	1,250	0	0	1,250
ADA CABINS/RENOVATE WASHHOUSE: This project will provide ADA cabins and renovate washhouse. When completed, this project is not expected to increase operating costs.				
Shawnee State Park, Bedford County	300	0	0	300
REPAIR CONCRETE SPILLWAY: This project will repair joints in concrete spillway. When completed, this project is not expected to increase operating costs.				
Shikellamy State Park, Northumberland County	663	0	0	663
DOCK REHABILITATE TRANSIENT /LAUNCH AREAS: This project (PW 4182) will provide dock rehabilitation transient and launch areas. When completed, this project is not expected to increase operating costs.				
Shikellamy State Park, Northumberland County	400	0	0	400
RENOVATE OVERLOOK ROAD: This project will renovate overlook road in the park. When completed, this project is not expected to increase operating costs.				
Sinnemahoning State Park, Cameron County	650	0	0	650
REPAIR DAM SPILLWAY: This project will repair dam spillway. When completed, this project is not expected to increase operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				

PUBLIC IMPROVEMENT PROJECTS (continued)

Program: Parks and Forest Management

Various Parks & Forest Districts, Statewide	\$	0	\$	10,000	\$	0	\$	10,000
<p>LAND ACQUISITION: This project will acquire land to be incorporated within the park system according to the Commonwealth's master plan. When completed, this project is not expected to increase operating costs.</p>								
PROGRAM TOTAL.....	\$	18,613	\$	10,000	\$	0	\$	28,613

Capital Budget

Department of Conservation and Natural Resources 2007-08 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>				
Program: Parks and Forest Management				
Bald Eagle State Park, Centre County	\$ 1,600	\$ 0	\$ 0	\$ 1,600
REHABILITATE PARK ROADS: This project is to rehabilitate roads within the park. When completed, this project is not expected to increase operating costs.				
Bald Eagle State Park, Centre County	300	0	0	300
REPLACE COURTESY DOCKS: This project will replace courtesy docks at eight public boat launches. When completed, this project is not expected to increase operating costs.				
Bald Eagle State Park, Centre County	1,750	0	0	1,750
REHABILITATE OFFICE/VISITOR CENTER: This project will rehabilitate office and visitor center. When completed, this project is not expected to increase operating costs.				
Beltzville State Park, Carbon County	400	0	0	400
REHABILITATE SEWAGE TREATMENT PLANT: This project will rehabilitate sewage treatment plant and correct sewer line infiltration. When completed, this project is not expected to increase operating costs.				
Bendigo State Park, Elk County	1,000	0	0	1,000
REPLACE BATHHOUSE/LIFEGUARD STATION & DAY USE RESTROOMS: This project will replace bathhouse; lifeguard station; and day use restrooms in the park. When completed, this project is not expected to increase operating costs.				
Canoe Creek State Park, Blair County	300	0	0	300
REHABILITATE SEWAGE TREATMENT PLANT: This project will rehabilitate the sewage treatment plant. When completed, this project is not expected to increase operating costs.				
Chapman State Park, Warren County	1,900	0	0	1,900
REHABILITATE BEACH HOUSE AND COMFORT STATION: This project will rehabilitate beach house and comfort station. When completed, this project is not expected to increase operating costs.				
Cherry Springs State Park, Potter County	770	0	0	770
REPLACE PIT LATRINES: This project will replace pit latrines with flush restrooms and sewage. When completed, this project is not expected to increase operating costs.				
Clear Creek State Park, Jefferson County	2,000	0	0	2,000
REHABILITATE WATER SYSTEM/REPLACE PIT LATRINES: This project will rehabilitate the water system and replace pit latrines. When completed, this project is not expected to increase operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Clear Creek State Park, Jefferson County	\$ 1,500	\$ 0	\$ 0	\$ 1,500
REHABILITATE PARK ROADS AND BRIDGES: This project will rehabilitate park roads and bridges. When completed, this project is not expected to increase operating costs.				
Colonel Denning State Park, Cumberland County	350	0	0	350
DAY RESTROOM/SEWAGE/NEW SHOWER HOUSE: This project will provide a new day restroom/sewage/shower house. When completed, this project is not expected to increase operating costs.				
Colonel Denning State Park, Cumberland County	500	0	0	500
BATHHOUSE/CONCESSION/RESTROOM/SEWAGE: This project will provide a bathhouse/concession/restroom/sewage. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	250	0	0	250
REHABILITATE TRAIL, PHASE II: This project is phase II rehabilitation of trail. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	600	0	0	600
REHABILITATE FIVE CAMPGROUND WASHHOUSES: This project will rehabilitate five campground washhouses. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	2,000	0	0	2,000
REPLACE PARK OFFICE AND VISITOR CENTER: This project will replace park office and visitor center. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	2,200	0	0	2,200
REPLACE SIX RIVER CABINS: This project will replace six river cabins. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	750	0	0	750
REHABILITATE SEWAGE SYSTEM & REPAIRS: This project will rehabilitate sewage system & repairs. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	750	0	0	750
WATER SYSTEM REPAIRS: This project will provide repairs to the water system. When completed, this project is not expected to increase operating costs.				
Cook Forest State Park, Clarion County	1,100	0	0	1,100
REHABILITATE ROAD AND PARKING LOT: This project will rehabilitate road and parking lot. When completed, this project is not expected to increase operating costs.				

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	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Colton Point State Park, Tioga County	\$ 1,500	\$ 0	\$ 0	\$ 1,500
REPLACE PIT LATRINES/PLAYGROUND/PICNIC AREA/CAMPGROUND SHOWER HOUSE: This project will replace two pit latrines with composting restroom; playground; picnic area and campground shower house. When completed, this project is not expected to increase operating costs.				
Elk State Park, McKean County	150	0	0	150
REPLACE COMFORT STATION: This project will replace comfort station (compost). When completed, this project is not expected to increase operating costs.				
Erie Bluffs State Park, Erie County	300	0	0	300
ENTRANCE CONSTRUCTION: This project will construct an entrance to the park. When completed, this project is not expected to increase operating costs.				
Evansburg State Park, Montgomery County	335	0	0	335
ROAD PAVING: This project will provide road paving for the park. When completed, this project is not expected to increase operating costs.				
Evansburg State Park, Montgomery County	250	0	0	250
REPLACE SEWER LINES: This project is to replace sewer lines. When completed, this project is not expected to increase operating costs.				
Evansburg State Park, Montgomery County	250	0	0	250
REPLACE TEMPORARY RESTROOMS PHASE II: This project is phase II to replace temporary restrooms. When completed, this project is not expected to increase operating costs.				
Forest District # 2, Fulton County	3,500	0	0	3,500
CONSTRUCT RESOURCE MANAGEMENT CENTER: This project will construct a new resource management center. When completed, this project is not expected to increase operating costs.				
Forest District # 3, Perry/Juniata/Mifflin Counties	800	0	0	800
NEW MAINTENANCE HEADQUARTER BUILDINGS: This project will establish new maintenance headquarter buildings. When completed, this project is not expected to increase operating costs.				
Forest District # 3, Perry County	5,000	0	0	5,000
REHABILITATE GUNTER VALLEY DAM: This project will rehabilitate Gunter Valley Dam. When completed, this project is not expected to increase operating costs.				

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	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Forest District # 4, Westmoreland County	\$ 2,500	\$ 0	\$ 0	\$ 2,500
REHABILITATE LINN RUN ROAD: This project will rehabilitate Linn Run Road. When completed, this project is not expected to increase operating costs.				
Forest District # 5, Huntingdon County	1,500	0	0	1,500
REHABILITATE RESOURCE MANAGEMENT CENTER: This project will rehabilitate resource management center. When completed, this project is not expected to increase operating costs.				
Forest District # 8, Clarion County	1,500	0	0	1,500
REHABILITATE KITTANNING RESOURCE MANAGEMENT CENTER: This project will rehabilitate the Kittanning Resource Management Center. When completed, this project is not expected to increase operating costs.				
Forest District # 14, Warren County	250	0	0	250
REHABILITATE STONE HOUSE: This project will rehabilitate the historic stone house. When completed, this project is not expected to increase operating costs.				
Forest District # 18, Columbia County	500	0	0	500
COMFORT STATION AND PARKING: This project is for SR 54 comfort station and parking. When completed, this project is not expected to increase operating costs.				
Forest District # 18, Columbia County	3,500	0	0	3,500
NEW RESOURCE MANAGEMENT CENTER: This project is for a new resource management center. When completed, this project is not expected to increase operating costs.				
Forest District # 18, Columbia County	600	0	0	600
REHABILITATE ROARING CREEK TRACT FACILITIES: This project will rehabilitate Roaring Creek tract facilities. When completed, this project is not expected to increase operating costs.				
Forest District # 18, Columbia County	1,155	0	0	1,155
REHABILITATE ROARING CREEK TRACT TRAILS AND BRIDGES: This project will rehabilitate Roaring Creek tract trails and bridges. When completed, this project is not expected to increase operating costs.				
Forest District # 18, Dauphin County	300	0	0	300
HALDEMAN MAINTENANCE COMPLEX: This project is for maintenance to Haldeman complex. When completed, this project is not expected to increase operating costs.				

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FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Forest District # 19, Pike County	\$ 3,500	\$ 0	\$ 0	\$ 3,500
NEW RESOURCE MANAGEMENT CENTER: This project is for a new resource management center. When completed, this project is not expected to increase operating costs.				
Forest District # 19, Pike County	300	0	0	300
REHABILITATE LITTLE SUMMIT FIRE STATION MAINTENANCE COMPLEX: This project will rehabilitate Little Summit fire station maintenance complex. When completed, this project is not expected to increase operating costs.				
Forest District # 19, Pike County	200	0	0	200
PINE FLATS ROAD: This project is for Pine Flats Road. When completed, this project is not expected to increase operating costs.				
Forest District # 19, Pike County	200	0	0	200
FLAT RIDGE ROAD: This project is for Flat Ridge Road. When completed, this project is not expected to increase operating costs.				
Forest District # 20, Sullivan County	300	0	0	300
DRY RUN ROAD PAVING: This project is for Dry Run Road paving. When completed, this project is not expected to increase operating costs.				
Forest District # 20, Sullivan County	300	0	0	300
HILLSGROVE STORAGE BUILDING: This project is for a Hillsgrove storage building. When completed, this project is not expected to increase operating costs.				
Forest District # 20, Sullivan County	500	0	0	500
HIGH KNOB ROAD PAVING: This project is for High Knob Road paving. When completed, this project is not expected to increase operating costs.				
Frances Slocum State Park, Luzerne County	600	0	0	600
REHABILITATE SEWAGE TREATMENT PLANT: This project will rehabilitate sewage treatment plant and lines. When completed, this project is not expected to increase operating costs.				
French Creek State Park, Berks County	1,500	0	0	1,500
REHABILITATE SCOTTS RUN AREA: This project will rehabilitate the Scotts Run area. When completed, this project is not expected to increase operating costs.				
Gifford Pinchot State Park, York County	400	0	0	400
REHABILITATE CAMP AREA WASHHOUSE PHASE II: This project is phase II rehabilitation of camp area washhouse. When completed, this project is not expected to increase operating costs.				

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	(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>				
Program: Parks and Forest Management				
Gouldsboro State Park, Monroe County	\$ 750	\$ 0	\$ 0	\$ 750
REPAIR DAM: This project is to repair the dam at the park. When completed, this project is not expected to increase operating costs.				
Gouldsboro State Park, Monroe County	600	0	0	600
REPLACE PIT BATHHOUSE/COMFORT STATION/BOAT RENTAL: This project is to replace pit bathhouse; comfort station; and boat rental. When completed, this project is not expected to increase operating costs.				
Greenwood Furnace State Park, Huntingdon County	900	0	0	900
SEWAGE TREATMENT PLANT REPAIRS: This project is for repairs to the sewage treatment plant. When completed, this project is not expected to increase operating costs.				
Hickory Run State Park, Carbon County	1,800	0	0	1,800
REPLACE PIT LATRINES AND WATER TANK: This project will replace pit latrines and water tank. When completed, this project is not expected to increase operating costs.				
Hickory Run State Park, Carbon County	200	0	0	200
CAMP ROOF REPLACEMENT PHASE II: This project is phase II of group camp roof replacement. When completed, this project is not expected to increase operating costs.				
Hickory Run State Park, Carbon County	2,000	0	0	2,000
REPLACE OFFICE/VISITORS' CENTER: This project will replace office and visitors' center. When completed, this project is not expected to increase operating costs.				
Hickory Run State Park, Carbon County	1,250	0	0	1,250
REPLACE PIT TOILETS: This project will replace pit toilets and four buildings. When completed, this project is not expected to increase operating costs.				
Hills Creek State Park, Tioga County	600	0	0	600
SPILLWAY REHABILITATE: This project will rehabilitate spillway. When completed, this project is not expected to increase operating costs.				
Hills Creek State Park, Tioga County	2,100	0	0	2,100
OFFICE RENOVATION/VISITOR CENTER: This project will provide office renovation; addition and visitor center. When completed, this project is not expected to increase operating costs.				
Hyner Run State Park, Clinton County	600	0	0	600
REHABILITATE PARK BRIDGES/PAVE ROADWAY: This project will rehabilitate two park bridges and pave the roadway. When completed, this project is not expected to increase operating costs.				

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	(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>				
Program: Parks and Forest Management				
Hyner Run State Park, Clinton County	\$ 300	\$ 0	\$ 0	\$ 300
REPLACE DAY USE RESTROOMS: This project will replace two day use restrooms. When completed, this project is not expected to increase operating costs.				
Kettle Creek State Park, Clinton County	1,800	0	0	1,800
BATHHOUSE/SHOWER HOUSE/SEWAGE: This project will provide bathhouse; shower house and sewage. When completed, this project is not expected to increase operating costs.				
Kooser State Park, Somerset County	1,300	0	0	1,300
REHABILITATE ROADS AND BRIDGES: This project will rehabilitate park roads and bridges. When completed, this project is not expected to increase operating costs.				
Lackawanna State Park, Lackawanna County	1,500	0	0	1,500
REPLACE OFFICE: This project will replace park office. When completed, this project is not expected to increase operating costs.				
Lackawanna State Park, Lackawanna County	3,000	0	0	3,000
REHABILITATE POOL AND DAY USE AREA: This project will rehabilitate pool complex and day use area. When completed, this project is not expected to increase operating costs.				
Laurel Hill State Park, Somerset County	250	0	0	250
BREACH SPRUCE RUN DAM: This project will breach Spruce Run Dam. When completed, this project is not expected to increase operating costs.				
Laurel Hill State Park, Somerset County	250	0	0	250
DAM DREDGING: This project will provide Jones Mill Run Dam dredging. When completed, this project is not expected to increase operating costs.				
Laurel Hill State Park, Somerset County	250	0	0	250
REHABILITATE SEWAGE LINES: This project will rehabilitate group camp three sewage lines. When completed, this project is not expected to increase operating costs.				
Laurel Hill State Park, Somerset County	650	0	0	650
CAMPING COTTAGE SHOWER HOUSE: This project will provide a camping cottage shower house at the park. When completed, this project is not expected to increase operating costs.				
Laurel Hill State Park, Somerset County	500	0	0	500
REHABILITATE CONTACT STATION AND PARKING: This project will rehabilitate contact station and parking. When complete this project is not expected to increase operating costs.				

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	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Laurel Ridge State Park, Somerset County	\$ 1,200	\$ 0	\$ 0	\$ 1,200
REPLACE TRAIL BRIDGE SUPERSTRUCTURE: This project will replace the turnpike trail bridge superstructure. When completed, this project is not expected to increase operating costs.				
Little Pine State Park, Lycoming County	500	0	0	500
REHABILITATE DAM: This project will rehabilitate the dam. When completed, this project is not expected to increase operating costs.				
Lyman Run State Park, Potter County	500	0	0	500
SPILLWAY BRIDGE: This project will provide construction to the spillway bridge. When completed, this project is not expected to increase operating costs.				
Marsh Creek State Park, Chester County	325	0	0	325
PAVE PARKING LOTS: This project will pave all parking lots in the park. When completed, this project is not expected to increase operating costs.				
Marsh Creek State Park, Chester County	150	0	0	150
ADA OFFICE EXPANSION: This project will provide ADA office expansion. When completed, this project is not expected to increase operating costs.				
McConnells Mill State Park, Lawrence County	275	0	0	275
REHABILITATE PARK ROAD: This project will rehabilitate the park road. When completed, this project is not expected to increase operating costs.				
Moraine State Park, Butler County	1,200	0	0	1,200
BIKE TRAIL: This project will resurface the bike trail in the park. When completed, this project is not expected to increase operating costs.				
Moraine State Park, Butler County	1,000	0	0	1,000
REHABILITATE LAUNCH AND ROAD: This project will rehabilitate Old 422 launch and road. When completed, this project is not expected to increase operating costs.				
Neshaminy State Park, Bucks County	350	0	0	350
REHABILITATE JETTY: This project will rehabilitate the jetty. When completed, this project is not expected to increase operating costs.				
Nockamixon State Park, Bucks County	500	0	0	500
PAVING: This project will provide paving in the park. When completed, this project is not expected to increase operating costs.				

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CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Nockamixon State Park, Bucks County	\$ 1,000	\$ 0	\$ 0	\$ 1,000
REPLACE PIT TOILETS: This project will replace three pit toilets. When completed, this project is not expected to increase operating costs.				
Ohiopyle State Park, Fayette County	250	0	0	250
REHABILITATE RESIDENCE: This project will rehabilitate the residence. When completed, this project is not expected to increase operating costs.				
Ohiopyle State Park, Fayette County	300	0	0	300
REPLACE BRIDGE: This project will replace bridge 0902-CSX 2288. When completed, this project is not expected to increase operating costs.				
Ohiopyle State Park, Fayette County	900	0	0	900
CONSTRUCT PARKING: This project will construct parking above new office. When completed, this project is not expected to increase operating costs.				
Ohiopyle State Park, Fayette County	2,000	0	0	2,000
PARK OFFICE ACCESSIBILITY: This project will provide park office accessibility. When completed, this project is not expected to increase operating costs.				
Ohiopyle State Park, Fayette County	275	0	0	275
BATHHOUSE/SHOWER HOUSE/SEWAGE: This project will provide bathhouse; shower house and sewage. When completed, this project is not expected to increase operating costs.				
Oil Creek State Park, Venango County	400	0	0	400
REHABILITATE BRIDGE: This project will rehabilitate Boughton Bridge. When completed, this project is not expected to increase operating costs.				
Oil Creek State Park, Venango County	300	0	0	300
REPAIR TRAIL SLIPS PHASE I: This project is phase I to repair trail slips. When completed, this project is not expected to increase operating costs.				
Parker Dam State Park, Clearfield County	350	0	0	350
REHABILITATE DAM SPILLWAY: This project will rehabilitate dam spillway. When completed, this project is not expected to increase operating costs.				
Park Region 1, Cameron County	300	0	0	300
REHABILITATE WATER SYSTEMS/FILTER: This project will rehabilitate surface water systems/filter. When completed, this project is not expected to increase operating costs.				

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CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Park Region 1, Cameron County	\$ 1,500	\$ 0	\$ 0	\$ 1,500
REHABILITATE SURFACE AND WELL WATER SUPPLIES: This project will rehabilitate surface and well water supplies in Region 1 state parks. When completed, this project is not expected to increase operating costs.				
Park Region 2, Butler County	250	0	0	250
REHABILITATE RESIDENCE: This project will rehabilitate the residence. When completed, this project is not expected to increase operating costs.				
Pine Grove Furnace State Park, Cumberland County	2,000	0	0	2,000
REHABILITATE WATER TREATMENT PLANT: This project will rehabilitate the water treatment plant. When completed, this project is not expected to increase operating costs.				
Pine Grove Furnace State Park, Cumberland County	3,400	0	0	3,400
REHABILITATE BUILDINGS: This project will rehabilitate various buildings. When completed, this project is not expected to increase operating costs.				
Presque Isle State Park, Erie County	1,800	0	0	1,800
BIKE TRAIL: This project will provide a bike trail extension to the Tom Ridge Environmental Center. When completed, this project is not expected to increase operating costs.				
Prince Gallitzin State Park, Cambria County	800	0	0	800
REHABILITATE SEWAGE TREATMENT PLANT: This project will rehabilitate the sewage treatment plant. When completed, this project is not expected to increase operating costs.				
Prince Gallitzin State Park, Cambria County	2,900	0	0	2,900
REHABILITATE MARINA: This project will rehabilitate the Beaver Valley Marina. When completed, this project is not expected to increase operating costs.				
Promised Land State Park, Pike County	750	0	0	750
REHABILITATE SEWER LINE: This project will rehabilitate the sewer line. When completed, this project is not expected to increase operating costs.				
Promised Land State Park, Pike County	3,100	0	0	3,100
REPLACE BRIDGE AND SPILLWAY: This project will replace the bridge and spillway. When completed, this project is not expected to increase operating costs.				
Promised Land State Park, Pike County	3,000	0	0	3,000
REHABILITATE PICKEREL POINT/DEERFIELD CAMPGROUNDS: This project will rehabilitate Pickerel Point and Deerfield campgrounds. When completed, this project is not expected to increase operating costs.				

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FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Promised Land State Park, Pike County	\$ 500	\$ 0	\$ 0	\$ 500
REHABILITATE BOAT RENTAL AREA: This project will rehabilitate the boat rental area. When completed, this project is not expected to increase operating costs.				
Promised Land State Park, Pike County	300	0	0	300
REHABILITATE DUMP STATION: This project will rehabilitate the dump station. When completed, this project is not expected to increase operating costs.				
Promised Land State Park, Pike County	120	0	0	120
REHABILITATE BRIDGES: This project will rehabilitate the bridges. When completed, this project is not expected to increase operating costs.				
Pymatuning State Park, Crawford County	1,500	0	0	1,500
REHABILITATE SOUTH LAUNCH AND ENVIRONS: This project will rehabilitate Espyville south launch and environs. When completed, this project is not expected to increase operating costs.				
Pymatuning State Park, Crawford County	650	0	0	650
REHABILITATE BEACH HOUSE: This project will rehabilitate the Jamestown beach house. When completed, this project is not expected to increase operating costs.				
Pymatuning State Park, Crawford County	2,200	0	0	2,200
REHABILITATE SANITARY FACILITIES: This project will rehabilitate the sanitary facilities on the west side. When completed, this project is not expected to increase operating costs.				
Raccoon Creek State Park, Beaver County	800	0	0	800
ROADWAY SLIP REPAIRS: This project will provide roadway slip repairs. When completed, this project is not expected to increase operating costs.				
Raccoon Creek State Park, Beaver County	300	0	0	300
REHABILITATE ROADS PHASE II: This project is phase II rehabilitation of roads. When completed, this project is not expected to increase operating costs.				
Ralph Stover State Park, Bucks County	500	0	0	500
REPLACE PIT LATRINES AND SEWER: This project will replace pit latrines and sewer. When completed, this project is not expected to increase operating costs.				
Ricketts Glen State Park, Luzerne County	2,800	0	0	2,800
REHABILITATE BATHHOUSE AND COMFORT STATIONS: This project will rehabilitate the bathhouse and comfort stations. When completed, this project is not expected to increase operating costs.				

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	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Ricketts Glen State Park, Luzerne County	\$ 650	\$ 0	\$ 0	\$ 650
REHABILITATE ROADS AND PARKING LOTS: This project will rehabilitate roads and provide paving for parking lots. When completed, this project is not expected to increase operating costs.				
Ricketts Glen State Park, Luzerne County	400	0	0	400
REPLACE PIT LATRINE: This project will replace the pit latrine Route 118 picnic area. When completed, this project is not expected to increase operating costs.				
Ricketts Glen State Park, Luzerne County	550	0	0	550
REPAIR INFILTRATION, STP, WATER SYSTEM: This project will repair infiltration, sewage treatment plant, and water system. When completed, this project is not expected to increase operating costs.				
Ridley Creek State Park, Delaware County	400	0	0	400
REROOF MAINTENANCE BUILDING: This project will reroof the maintenance building. When completed, this project is not expected to increase operating costs.				
Ridley Creek State Park, Delaware County	300	0	0	300
PARKING LOT PAVING: This project will provide paving to parking lot. When completed, this project is not expected to increase operating costs.				
Salt Springs State Park, Susquehanna County	\$ 300	\$ 0	\$ 0	\$ 300
REPLACE LATRINE: This project will replace vault latrine. When completed, this project is not expected to increase operating costs.				
Samuel S. Lewis State Park, York County	750	0	0	750
NEW COMFORT STATIONS: This project will provide two new comfort stations with on-lot sewage. When completed, this project is not expected to increase operating costs.				
Shawnee State Park, Bedford County	1,200	0	0	1,200
REHABILITATE WATER TREATMENT PLANT: This project will rehabilitate the water treatment plant. When completed, this project is not expected to increase operating costs.				

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	(Dollar Amounts in Thousands)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Sinnemahoning State Park, Cameron/Potter Counties	1,000	0	0	1,000
REHABILITATE PARK ROAD/REPLACE BRIDGES: This project will rehabilitate main park road and replace bridges. When completed, this project is not expected to increase operating costs.				
Sizerville State Park, Cameron/Potter Counties	2,000	0	0	2,000
MODERNIZE PIT LATRINES AND BATHHOUSE: This project will modernize pit latrines and bathhouse. When completed, this project is not expected to increase operating costs.				
Sizerville State Park, Cameron/Potter Counties	1,800	0	0	1,800
NEW PARK OFFICE/VISITORS' CENTER: This project will provide a new park office and visitors' center. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Lycoming County	4,500	0	0	4,500
CONSTRUCT RESOURCE MANAGEMENT CENTER: This project is to construct the Tiadaghton Management Center. When completed, this project is not expected to increase operating costs.				
Tobyhanna State Park, Monroe County	2,500	0	0	2,500
REHABILITATE DAY USE AREA AND CAMPGROUND: This project will rehabilitate day use area and campground. When completed, this project is not expected to increase operating costs.				
Yellow Creek State Park, Indiana County	650	0	0	650
CAMPING COTTAGE SHOWER HOUSE: This project will provide a camping cottage shower house. When completed, this project is not expected to increase operating costs.				
Whipple Dam State Park, Huntingdon County	1,200	0	0	1,200
BEACH BUILDING: This project will provide a new multi-function beach building. When completed, this project is not expected to increase operating costs.				

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	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Yellow Creek State Park, Indiana County	\$ 650	\$ 0	\$ 0	\$ 650
CAMPING COTTAGE SHOWER HOUSE: This project will provide a camping cottage shower house. When completed, this project is not expected to increase operating costs.				
Whipple Dam State Park, Huntingdon County	1,200	0	0	1,200
BEACH BUILDING: This project will provide a new multi-function beach building. When completed, this project is not expected to increase operating costs.				
White Clay Creek Preserve, Chester County	150	0	0	150
REBUILD WALL: This project will rebuild London Tract wall. When completed, this project is not expected to increase operating costs.				
Worlds End State Park, Sullivan County	350	0	0	350
REHABILITATE CAMPGROUND/DAY USE AREA ROADS: This project will rehabilitate campground and day use area roads. When completed, this project is not expected to increase operating costs.				
Various Parks, Statewide	0	10,000	0	10,000
LAND ACQUISITION: This project will acquire land to be incorporated within the park system according to the Commonwealth's master plan. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	<u>\$ 134,105</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 144,105</u>

Capital Budget

Department of Conservation and Natural Resources 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Elk State Forest, Elk County	\$ 300	\$ 0	\$ 0	\$ 300
EAST HICKS ROAD OVER BARR HOLLOW: This project is for East Hicks Road over Barr Hollow. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Elk County	300	0	0	300
LITTLE DENTS RUN ROAD OVER DENTS RUN BRIDGE: This project is for Little Dents Road over Dents Run Bridge No. 13-0032. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Elk County	300	0	0	300
DENTS RUN ROAD OVER LITTLE BEAR RUN: This project is for Dents Run Road over Little Bear Run. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Elk County	300	0	0	300
DENTS RUN ROAD OVER WEATHERBOARD RUN: This project is for Dents Run Road over Weatherboard Run. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Elk County	300	0	0	300
BRIDGE OVER NORTH FORK: This project is for the bridge over North Fork. When completed, this project is not expected to increase operating costs.				
Forest District # 3, Perry County	300	0	0	300
SECOND NARROWS ROAD BRIDGE: This project is for the Second Narrows Road bridge. When completed, this project is not expected to increase operating costs.				
Forest District # 5, Huntingdon County	300	0	0	300
KRISE VALLEY ROAD BRIDGE: This project is for the Krise Valley Road bridge. When completed, this project is not expected to increase operating costs.				
Forest District # 7, Union County	300	0	0	300
REPLACE BRIDGE: This project is to replace Brandon Road bridge. When completed, this project is not expected to increase operating costs.				
Forest District # 7, Union County	300	0	0	300
COOPER MILL ROAD BRIDGE: This project is for Cooper Mill Road bridge. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Clearfield County	300	0	0	300
SHIRKS ROAD OVER BLACK MOSHANNON CREEK BRIDGE: This project is for Shirks Road over Black Moshannon Creek bridge No. 9-0028. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2007-08 Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Moshannon State Forest, Centre County	\$ 400	\$ 0	\$ 0	\$ 400
MEYERS RUN ROAD/BLACK MOSHANNON CREEK: This project is for Meyers Run Road and Black Moshannon Creek. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Centre County	300	0	0	300
NORTH RUN ROAD OVER SMAYS RUN: This project is for North Run Road over Smays Run. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Clearfield/Elk Counties	400	0	0	400
LITTLE MEDIX ROAD OVER LITTLE MEDIX RUN: This project is for three culverts on Little Medix Road over Little Medix Run. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Clearfield County	300	0	0	300
RESERVOIR ROAD OVER UPPER THREE RUN: This project is for Reservoir Road over Upper Three Run. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Clearfield County	300	0	0	300
LITTLE MEDIX ROAD OVER LITTLE MEDIX RUN: This project is for Little Medix Road over Little Medix Run, bridge No. 9-0012. When completed, this project is not expected to increase operating costs.				
Sproul State Forest, Clinton County	300	0	0	300
BEAVER DAM ROAD OVER BEAVER DAM RUN: This project is for Beaver Dam Road over Beaver Dam Run. When completed, this project is not expected to increase operating costs.				
Sproul State Forest, Clinton County	300	0	0	300
BIRCH ISLAND ROAD OVER AMOS BRANCH: This project is for Birch Island Road over Amos Branch, bridge No 10-0040. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Tioga County	300	0	0	300
FRANCES ROAD OVER UNNAMED TRIBUTARY AT PIPELINE ROAD: This project is for Frances Road over unnamed tributary at Pipeline Road. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Tioga County	300	0	0	300
FRANCES ROAD OVER WOODWARD HOLLOW: This project is for Frances Road over Woodward Hollow. When completed, this project is not expected to increase operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Tiadaghton State Forest, Tioga County	\$ 300	\$ 0	\$ 0	\$ 300
FRANCES ROAD OVER RANDALL HOLLOW: This project is for Frances Road over Randall Hollow bridge No.12-9003. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Tioga County	300	0	0	300
FRANCES ROAD OVER KRAMER HOLLOW: This project is for Frances Road over Kramer Hollow bridge No. 12-9016. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Tioga County	300	0	0	300
FRANCES ROAD OVER FRANCIS BRANCH: This project is for Frances Road over Francis Branch bridge No. 12-0048. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Lycoming County	600	0	0	600
TROUT RUN ROAD AND BRIDGES: This project is for Trout Run Road and bridges. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Lycoming County	300	0	0	300
FRANCES ROAD OVER UNNAMED TRIBUTARY NEAR BLACK FOREST TRAIL: This project is for Frances Road over unnamed tributary near Black Forest Trail. When completed, this project is not expected to increase operating costs.				
Tioga State Forest, Tioga County	300	0	0	300
SPOOR HOLLOW ROAD OVER NORRIS BROOK: This project is for Spoor Hollow Road over Norris Brook bridge No. 16-0001. When completed, this project is not expected to increase operating costs.				
Tioga State Forest, Tioga County	300	0	0	300
CEDAR MOUNTAIN ROAD OVER CEDAR RUN: This project is for Cedar Mountain Road over Cedar Run bridge No. 16-0014. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	<u>\$ 8,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,300</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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders.....	\$ 518,056	\$ 0	\$ 122,764	\$ 640,820
TOTAL PROJECTS.....	<u>\$ 518,056</u>	<u>\$ 0</u>	<u>\$ 122,764</u>	<u>\$ 640,820</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 491,056	\$ 0	\$ 122,764	\$ 613,820
Capital Facilities Fund - Furniture and Equipment.....	<u>19,500</u>	<u>0</u>	<u>0</u>	<u>19,500</u>
Subtotal General Obligation Bond Issues.....	<u>510,556</u>	<u>0</u>	<u>122,764</u>	<u>633,320</u>
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current Revenues				
Buildings and Structures.....	\$ 7,500	\$ 0	\$ 0	\$ 7,500
Subtotal Current Revenues.....	<u>\$ 7,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,500</u>
TOTAL.....	<u>\$ 518,056</u>	<u>\$ 0</u>	<u>\$ 122,764</u>	<u>\$ 640,820</u>

Department of Corrections 2007-08 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Institutionalization of Offenders				
State Correctional Institution at Coal Township	State \$ 10,800	\$ 0	\$ 2,700	\$ 13,500
NEW CLOSE SECURITY HOUSING UNIT: This project will construct a new 128 cell L-3 close security housing unit with 230 bed capacity with infrastructure upgrade. When completed, this project is expected to increase operating costs by \$957,000 annually.	Fed. 0	0	0	0
State Correctional Institution at Cambridge Springs	State 10,800	0	2,700	13,500
NEW CLOSE SECURITY HOUSING UNIT: This project will construct a new 128 cell L-3 close security housing unit with 230 bed capacity with infrastructure upgrade. When completed, this project is expected to increase operating costs by \$957,000 annually.	Fed. 0	0	0	0
State Correctional Institution at Pine Grove	State 10,800	0	2,700	13,500
NEW CLOSE SECURITY HOUSING UNIT: This project will construct a new 128 cell L-3 close security housing unit with 230 bed capacity with infrastructure upgrade. When completed, this project is expected to increase operating costs by \$957,000 annually.	Fed. 0	0	0	0
State Correctional Institution at Forest	State 12,400	0	3,100	15,500
NEW CLOSE SECURITY HOUSING UNIT: This project will construct a new 128 cell L-5 close security housing unit with infrastructure upgrade. When completed, this project is expected to increase operating costs by \$1,053,000 annually.	Fed. 0	0	0	0
State Correctional Institution at Dallas - new	State 151,200	0	37,800	189,000
CONSTRUCT NEW FACILITY: This project will construct a new 2,300 bed L-3 Medium Security prison on the grounds of SCI Dallas. This work will include infrastructure and road work to incorporate the two facilities at this site. When completed this project is expected to increase operating costs by \$41,300,000 annually.	Fed. 0	0	0	0
State Correctional Institution at Rockview - new	State 140,000	0	35,000	175,000
CONSTRUCT NEW FACILITY: This project will construct a new 2,000 bed L-3 Medium Security prison on the grounds of SCI Rockview. This work will include infrastructure and road work to incorporate the two facilities at this site. When completed this project is expected to increase operating costs by \$39,900,000 annually.	Fed. 0	0	0	0
State Correctional Institution at Huntingdon - new	State 140,000	0	35,000	175,000
CONSTRUCT NEW FACILITY: This project will construct a new 2,000 bed L-3 Medium Security prison on the grounds of SCI Huntingdon. This work will include infrastructure and road work to incorporate the two facilities at this site. When completed this project is expected to increase operating costs by \$39,900,000 annually.	Fed. 0	0	0	0

Capital Budget

Department of Corrections 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Institutionalization of Offenders				
State Correctional Institution at Camp Hill	State \$ 6,400	\$ 0	\$ 1,600	\$ 8,000
ADDITIONAL FUNDS FOR PROJECT 573-26: This project will provide for additional funding for phase 2 to complete the plumbing repairs started under project 573-26. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Camp Hill	State 4,800	0	1,200	6,000
ADDITIONAL FUNDS FOR PROJECT 573-27: This project will provide for additional funding for phase 2 to complete the plumbing repairs started under project 573-27. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Frackville	State 416	0	104	520
UPGRADE ELECTRICAL SWITCHGEAR: This project will replace and upgrade the institution's main electrical switchgear. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Mercer	State 520	0	130	650
REPLACE ROOFS: This project will replace roofs on the medical building, M Block, and G Block. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Laurel Highlands	State 640	0	160	800
REPLACE ROOFS: This project will replace roofs on the dietary building No. 4 and the housing unit building C. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Muncy	State 1,840	0	460	2,300
REPLACE ROOFS: This project will replace roofs on the Administration building, Laundry building, Storeroom building, Kitchen building, and housing units A Block, M Block, K Block and F Block. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Cresson	State 440	0	110	550
RENOVATE HVAC SYSTEM - MEDICAL BUILDING: This project will renovate and upgrade the heating and air conditioning system serving the medical building. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Dallas - new	State 6,500	0	0	6,500
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the original furniture and equipment for the new institution at SCI Dallas. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0

Capital Budget

Department of Corrections 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Institutionalization of Offenders				
State Correctional Institution at Rockview - new	State \$ 6,500	\$ 0	\$ 0	\$ 6,500
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the original furniture and equipment for the new institute at SCI Rockview. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
State Correctional Institution at Huntingdon - new	State 6,500	0	0	6,500
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the original furniture and equipment for the new institute at SCI Huntingdon. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Total State.....	\$ 510,556	\$ 0	\$ 122,764	\$ 633,320
Total Federal.....	0	0	0	0
PROGRAM TOTAL.....	\$ 510,556	\$ 0	\$ 122,764	\$ 633,320

FROM CURRENT REVENUES

PUBLIC IMPROVEMENT PROJECTS

Program: Institutionalization of Offenders

State Correctional Institution at Retreat	\$ 2,500	\$ 0	\$ 0	\$ 2,500
NEW EMERGENCY HOUSING FACILITY: This project will provide for the lease and/or purchase of an emergency housing facility along with related infrastructure improvements. When completed, this project is expected to increase operating costs by \$764,000 annually.				
State Correctional Institution at Pine Grove	2,500	0	0	2,500
NEW EMERGENCY HOUSING FACILITY: This project will provide for the lease and/or purchase of an emergency housing facility along with related infrastructure improvements. When completed, this project is expected to increase operating costs by \$764,000 annually.				
State Correctional Institution at Pine Grove	2,500	0	0	2,500
NEW EMERGENCY HOUSING FACILITY: This project will provide for the lease and/or purchase of an emergency housing facility along with related infrastructure improvements. When completed, this project is expected to increase operating costs by \$764,000 annually.				
PROGRAM TOTAL.....	\$ 7,500	\$ 0	\$ 0	\$ 7,500

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
State Owned Schools.....	\$ 8,856	\$ 0	\$ 1,329	\$ 10,185
Higher Education - State-Related Universities.....	70,267	0	10,933	81,200
TOTAL PROJECTS.....	<u>\$ 79,123</u>	<u>\$ 0</u>	<u>\$ 12,262</u>	<u>\$ 91,385</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 69,041	\$ 0	\$ 10,519	\$ 79,560
Capital Facilities Fund - Furniture and Equipment.....	10,082	0	1,743	11,825
Subtotal General Obligation Bond Issues.....	<u>\$ 79,123</u>	<u>\$ 0</u>	<u>\$ 12,262</u>	<u>\$ 91,385</u>
Current Revenues				
Higher Education - State-Related Universities.....	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL.....	<u>\$ 79,123</u>	<u>\$ 0</u>	<u>\$ 12,262</u>	<u>\$ 91,385</u>

Capital Budget

Department of Education 2007-08 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location and cost components. Operating cost impacts are not provided for these projects since these costs are borne by the operating budget of each university.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Owned Schools

Scranton School for the Deaf

\$ 6,574	\$ 0	\$ 986	\$ 7,560
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LIFE SAFETY, HEALTH, MECHANICAL, & ELECTRICAL UPGRADES: This project will provide improvements and upgrades to the emergency, mechanical and electrical systems throughout the campus. When completed, this project is not expected to increase operating costs.

Scranton School for the Deaf

2,282	0	343	2,625
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ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the purchase of moveable furniture and equipment to allow the modernization of classrooms and other buildings to meet current standards. When completed, this project is not expected to increase operating costs.

PROGRAM TOTAL.....

<u>\$ 8,856</u>	<u>\$ 0</u>	<u>\$ 1,329</u>	<u>\$ 10,185</u>
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Department of Education 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
Program: Higher Education - State-Related Universities				
Lincoln University	\$ 5,600	\$ 0	\$ 1,400	\$ 7,000
RENOVATE LANGSTON HUGHES LIBRARY: This project will renovate and correct problems from structural design flaws. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Lincoln University	3,200	0	800	4,000
RENOVATE WRIGHT HALL: This project will renovate Wright Hall building systems, classrooms, and laboratory including ADA requirements. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
University of Pittsburgh	16,667	0	3,333	20,000
DEFERRED MAINTENANCE UNIVERSITY WIDE: This project will provide for the upgrades and deferred maintenance needs on all campuses. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Pennsylvania State University - Eastern Region	7,000	0	0	7,000
CAPITAL RENEWAL - EASTERN REGION: This project will provide for the capital renewal for campuses in the eastern region of the university including code compliances and infrastructure upgrades. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Pennsylvania State University - Central Region	7,000	0	0	7,000
CAPITAL RENEWAL - CENTRAL REGION: This project will provide for the capital renewal for campuses in the central region of the university including code compliances and infrastructure upgrades. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Pennsylvania State University - Western Region	7,000	0	0	7,000
CAPITAL RENEWAL - WESTERN REGION: This project will provide for the capital renewal for campuses in the western region of the university including code compliances and infrastructure upgrades. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Lincoln University	2,400	0	600	3,000
ORIGINAL FURNITURE AND EQUIPMENT, WRIGHT HALL: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.				

Capital Budget

Department of Education 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Higher Education - State-Related Universities (continued)				
Lincoln University	\$ 3,200	\$ 0	\$ 800	\$ 4,000
ORIGINAL FURNITURE AND EQUIPMENT, LANGSTON HUGHES LIBRARY: This project will provide for the purchase of moveable furniture and equipment for use for the completely renovated facility. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
PROGRAM TOTAL.....	<u>\$ 52,067</u>	<u>\$ 0</u>	<u>\$ 6,933</u>	<u>\$ 59,000</u>

Department of Education 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State System of Higher Education				
Bloomsburg University	\$ 800	\$ 0	\$ 200	\$ 1,000
NELSON FIELD HOUSE - ADDITIONAL FUNDING: This project will provide additional funding for the renovation of the Nelson Field House while providing additional athletic and office space. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
East Stroudsburg University	6,400	0	1,600	8,000
ROSENKRANS HALL - ADDITIONAL FUNDING: This project will provide additional funding for the replacement of Rosenkrans Hall providing additional classroom, laboratory, and office space. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Cheyney University	800	0	200	1,000
RENOVATE BROWNE HALL - ADDITIONAL FUNDING: This project will provide additional funding to replace Browne Hall including upgrading infrastructure according to modern codes and fire safety code requirements. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Edinboro University	8,000	0	2,000	10,000
REPLACE OR RENOVATE ROSS HALL: This project will provide for the renovation or replacement of Ross Hall including infrastructure, and exterior surfaces. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Kutztown University	500	0	0	500
ORIGINAL FURNITURE AND EQUIPMENT - SCHAFFER AUDITORIUM: This project will provide supplemental funding for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Slippery Rock University	1,000	0	0	1,000
ORIGINAL FURNITURE AND EQUIPMENT - PERFORMING ARTS CENTER: This project will provide supplemental funding for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.				

Capital Budget

Department of Education 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Higher Education - State System of Higher Education				
Shippensburg University	\$ 500	\$ 0	\$ 0	\$ 500
ORIGINAL FURNITURE AND EQUIPMENT - HUBER ARTS CENTER: This project will provide supplemental funding for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Millersville University	200	0	0	200
ORIGINAL FURNITURE AND EQUIPMENT - THEATRE ARTS EDUCATION BUILDING: This project will provide supplemental funding for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
PROGRAM TOTAL.....	\$ 18,200	\$ 0	\$ 4,000	\$ 22,200

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management.....	\$ 4,000	\$ 0	\$ 800	\$ 4,800
FLOOD CONTROL PROJECTS				
Environmental Protection and Management.....	3,625	0	725	4,350
TOTAL PROJECTS.....	<u>\$ 7,625</u>	<u>\$ 0</u>	<u>\$ 1,525</u>	<u>\$ 9,150</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 4,000	\$ 0	\$ 800	\$ 4,800
Capital Facilities Fund - Flood Control.....	3,625	0	725	4,350
TOTAL.....	<u>\$ 7,625</u>	<u>\$ 0</u>	<u>\$ 1,525</u>	<u>\$ 9,150</u>

Capital Budget

Department of Environmental Protection 2007-08 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

Borough of Avoca, Luzerne County

\$ 1,000	\$ 0	\$ 200	\$ 1,200
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ADDITIONAL FUNDS: This project would add additional funds to DGS project 184-23 - providing for the replacement of the culvert ar adding additional channel work into and out of the culvert. When completed, this project is not expected to increase operating costs.

Borough of Patton, Cambria County

3,000	0	600	3,600
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ADDITIONAL FUNDS: This project would add additional funds to the Patton Flood Project to the upstream section and the existing levee will be removed in the downstream section. When completed, this project is not expected to increase operating costs since the locality will be responsible for maintenance.

PROGRAM TOTAL.....	<u>\$ 4,000</u>	<u>\$ 0</u>	<u>\$ 800</u>	<u>\$ 4,800</u>
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FLOOD CONTROL PROJECTS

Program: Environmental Protection and Management

Conneautville, Crawford County

\$ 625	\$ 0	\$ 125	\$ 750
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CONNEAUTVILLE DAM REHABILITATION: This project will refurbish the current dam on site as part of the flood control program. When completed, this project is not expected to increase operating costs.

Coolbaugh Township, Monroe County

3,000	0	600	3,600
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ADDITIONAL FUNDS: This project will provide additional funds to the Brady's Lake Dam refurbishment in order to rebid the project due to delays and poor performance in concrete mix design. When completed, this project is not expected to increase operating costs.

PROGRAM TOTAL.....	<u>\$ 3,625</u>	<u>\$ 0</u>	<u>\$ 725</u>	<u>\$ 4,350</u>
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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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Executive Direction.....	\$ 57,100	\$ 0	\$ 0	\$ 57,100
TOTAL PROJECTS.....	<u>\$ 57,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,100</u>
 SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 36,100	\$ 0	\$ 0	\$ 36,100
Capital Facilities Fund - Furniture and Equipment.....	21,000	0	0	21,000
TOTAL.....	<u>\$ 57,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,100</u>

Capital Budget

Executive Offices 2007-08 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				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Executive Direction				
Statewide Radio System	\$ 36,100	\$ 0	\$ 0	\$ 36,100
STATEWIDE RADIO SYSTEM - ADDITIONAL FUNDING: This project will provide for additional funds for the statewide radio and microwave system DGS project 950-10. When completed this project is not expected to increase operating costs.				
Statewide Radio System	21,000	0	0	21,000
ORIGINAL FURNITURE AND EQUIPMENT - ADDITIONAL FUNDING: This project will provide for additional funds for original furniture and equipment to make the statewide radio and microwave system DGS project 950-10 operational. When completed this project is not expected to increase operating costs.				
 PROGRAM TOTAL.....	<u>\$ 57,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,100</u>

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management.....	\$ 40,230	\$ 0	\$ 10,183	\$ 50,413
TOTAL PROJECTS.....	<u>\$ 40,230</u>	<u>\$ 0</u>	<u>\$ 10,183</u>	<u>\$ 50,413</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 40,230	\$ 0	\$ 10,183	\$ 50,413
TOTAL.....	<u>\$ 40,230</u>	<u>\$ 0</u>	<u>\$ 10,183</u>	<u>\$ 50,413</u>

Department of General Services 2007-08 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: Facility, Property and Commodity Management				
Capitol Complex, Dauphin County	\$ 20,000	\$ 0	\$ 5,000	\$ 25,000
REPLACE MAIN SUBSTATION: This project will provide for the replacement of the main Capitol Complex Substation switchgears including control status board along with transformers and circuit breakers. When completed, this project is not expected to increase operating costs.				
Capitol Complex, Dauphin County	8,500	0	2,125	10,625
REPLACE DISTRIBUTION FEEDERS: This project will provide for the replacement of the existing 15kv distribution feeders throughout the Capitol Complex and reset the system primary and secondary circuit breakers for proper overall system coordination. When completed, this project is not expected to increase operating costs.				
Capitol Complex, Dauphin County	750	0	250	1,000
REFURBISH CAPITAL PARK: This project will provide for a new retaining wall along Walnut Street including new grading and installation of a water conduction system. When completed, this project is not expected to increase operating costs.				
Rachel Carson State Office Building, Dauphin County	600	0	150	750
ROOF REPAIRS: This project will provide for the repair of the roof membrane and replace broken pavers. When completed, this project is not expected to increase operating costs.				
Capitol East Wing, Dauphin County	750	0	250	1,000
REPLACE CLOTH CEILINGS: This project will provide for the replacement of all cloth ceilings in the halls of the Capitol East Wing. When completed, this project is not expected to increase operating costs.				
Parking Facility 22nd & Forster, Dauphin County	880	0	220	1,100
GARAGE FLOOR TOPPING REPLACEMENT: This project will provide for the replacement of existing macadam with new covering and sealant to prevent water leakage and replace drains and piping. When completed, this project is not expected to increase operating costs.				
Capitol Annex, Dauphin County	1,250	0	313	1,563
STEAM PLANT UPGRADES: This project will provide for steam plant replacements and upgrades. When completed, this project is not expected to increase operating costs.				

Capital Budget

Department of General Services 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Facility, Property and Commodity Management				
Capitol Annex, Dauphin County	\$ 4,500	\$ 0	\$ 1,125	\$ 5,625
HAZMAT REMOVAL: This project will provide for the remediation of mold, asbestos and other hazmat in buildings and equipment areas. When completed, this project is not expected to increase operating costs.				
Capitol Annex, Dauphin County	3,000	0	750	3,750
HVAC RENOVATIONS: This project will provide for the upgrade to the building heating system and install new air conditioning system. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 40,230	\$ 0	\$ 10,183	\$ 50,413

Capital Budget

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation.....	\$ 11,200	\$ 0	\$ 1,880	\$ 13,080
TOTAL PROJECTS.....	<u>\$ 11,200</u>	<u>\$ 0</u>	<u>\$ 1,880</u>	<u>\$ 13,080</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 5,200	\$ 0	\$ 1,040	\$ 6,240
Capital Facilities Fund - Furniture and Equipment.....	5,500	0	740	6,240
TOTAL.....	<u>\$ 10,700</u>	<u>\$ 0</u>	<u>\$ 1,780</u>	<u>\$ 12,480</u>
Current Revenues				
Improvements and Rehabilitation.....	\$ 500	\$ 0	\$ 100	\$ 600
Subtotal Current Revenues.....	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ 600</u>
TOTAL.....	<u>\$ 11,200</u>	<u>\$ 0</u>	<u>\$ 1,880</u>	<u>\$ 13,080</u>

Historical and Museum Commission 2007-08 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</i>				
Program: State Historic Preservation				
Pennsylvania Lumber Museum, Potter County	\$ 2,000	\$ 0	\$ 400	\$ 2,400
RECONFIGURE MAIN GALLERY: This project will provide for the reconfiguration of the entrance to the building to permit one coordinated exhibit gallery rather than two disjointed galleries. When completed, this project will increase operating costs by \$1,000 annually.				
Pennsbury Manor, Bucks County	1,600	0	320	1,920
INFRASTRUCTURE AND SITE DEVELOPMENT: This project will provide for the rehabilitation of up to 23 buildings and site development of infrastructure throughout the site. When completed, this project will not increase operating costs.				
Daniel Boone Homestead, Berks County	800	0	160	960
RESTORATION AND IMPROVEMENTS: This project will provide for the site improvements and to restore the boyhood home of Daniel Boone. When completed, this project will not increase operating costs.				
Landis Valley Museum, Lancaster County	1,500	0	300	1,800
ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION OF MUSEUM: This project will provide for the construction of a new museum exhibits for the expanded visitors' center building and other buildings. When completed, furniture and equipment expenditures will not increase operating costs.				
Landis Valley Museum, Lancaster County	800	0	160	960
NEW MAINTENANCE BUILDING: This project will provide for the design and construction of a new maintenance building. When completed, this project is not expected to increase operating costs.				
Eckley Miners' Village, Luzerne County	1,600	0	320	1,920
ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION OF MUSEUM: This project will provide for the replacement of original furniture and equipment associated with the visiting public. When completed, furniture and equipment expenditures are not expected to increase operating costs.				
Graeme Park, Montgomery County	600	0	120	720
ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION OF MUSEUM: This project will provide for the original furniture and equipment associated with the new orientation exhibit at the park. When completed, furniture and equipment expenditures are not expected to increase operating costs.				

Capital Budget

Historical and Museum Commission 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Historic Preservation				
Pennsylvania State Records Center, Dauphin County	1,800	0	0	1,800
ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION OF MUSEUM: This project will provide for the original furniture and equipment including a mobile high density storage system. When completed, furniture and equipment expenditures are not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 10,700	\$ 0	\$ 1,780	\$ 12,480

FROM CURRENT REVENUES

PUBLIC IMPROVEMENT PROJECTS

Program: State Historic Preservation

Pennsylvania Military Museum, Centre County	\$ 500	\$ 0	\$ 100	\$ 600
CONSTRUCT COLLECTIONS STORAGE BUILDING: This project will provide for the design and construction of a 2,500 square foot storage building for historical military vehicles. When completed, this project are not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 500	\$ 0	\$ 100	\$ 600

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Human Services.....	\$ 21,470	\$ 0	\$ 4,350	\$ 25,820
TOTAL PROJECTS.....	<u>\$ 21,470</u>	<u>\$ 0</u>	<u>\$ 4,350</u>	<u>\$ 25,820</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 21,470	\$ 0	\$ 4,350	\$ 25,820
Capital Facilities Fund - Furniture and Equipment.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL.....	<u>\$ 21,470</u>	<u>\$ 0</u>	<u>\$ 4,350</u>	<u>\$ 25,820</u>

Department of Public Welfare 2007-08 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: Human Services				
Norristown State Hospital, Montgomery County	\$ 1,500	\$ 0	\$ 300	\$ 1,800
BOILER PLANT RENOVATION: This project will renovate the boiler plant for building 60 phase 3 of project 509-29. When completed this project is expected to reduce operating costs by \$150 annually.				
Polk Center, Venango County	1,120	0	280	1,400
WATER TREATMENT PLANT RENOVATION: This project will replace vales, backwash pump and replenish filters with new media in order to keep water plant in compliance with regulations. When completed this project is not expected to increase operating costs.				
Loysville Youth Development Center, Perry County	2,500	0	500	3,000
MODULAR MULTI-PURPOSE UNIT CONSTRUCTION: This project will construct a modular multi-purpose gym/kitchen/classroom building. When completed this project is not expected to increase operating costs.				
Wernersville State Hospital, Berks County	300	0	60	360
BOILER PLANT UPGRADE: This project will upgrade coal boiler refractory and structural components. When completed this project is not expected to increase operating costs.				
Allentown State Hospital, Lehigh County	3,000	0	600	3,600
BOILER PLANT UPGRADE: This project will upgrade three (3) coa boilers currently in poor condition and replace traveling grate stokers and controls. When completed this project is not expected to increase operating costs.				
Ebensberg Center, Cambria County	1,200	0	240	1,440
RESIDENTIAL HOUSING ROOF REPLACEMENT: This project will replace all roofed areas, which cover residential housing units. When completed this project is not expected to increase operating costs.				
Clarks Summit State Hospital, Lackawanna County	1,000	0	200	1,200
ELECTRICAL DISTRIBUTION SYSTEM REPLACEMENT: This project will replace the electrical distribution center at the sewage treatment plant and install new 400 amp service, motor control center, new transformer, and new back-up supply. When completed this project is not expected to increase operating costs.				
Mayview State Hospital, Allegheny County	2,500	0	500	3,000
ELECTRICAL SYSTEM UPGRADE: This project will upgrade the primary electrical system including all central feeder circuits. When completed this project is not expected to increase operating costs.				

Capital Budget

Department of Public Welfare 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Human Services				
Selinsgrove Center, Snyder County	\$ 500	\$ 0	\$ 100	\$ 600
BOILER CONTROL UPGRADE: This project will upgrade the boiler controls for the facility. When completed this project is not expected to increase operating costs.				
Loysville Complex - South Mountain Secure Treatment Unit, Franklin County	2,500	0	500	3,000
MODULAR MULTI-PURPOSE UNIT CONSTRUCTION: This project will construct a modular multi-purpose gym/kitchen/classroom building. When completed this project is not expected to increase operating costs.				
White Haven Center, Luzerne County	2,000	0	400	2,400
HEATING SYSTEM REPLACEMENT: This project will replace the heating systems in residential buildings from existing old radiant heat to more modern, digitally-controlled, high efficiency HVAC systems. When completed this project is not expected to increase operating costs.				
Torrance State Hospital, Westmoreland County	600	0	120	720
FRESH WATER WELLS: This project will bore two horizontal wells into a mountainside to expand and improve freshwater collection. When completed this project is not expected to increase operating costs.				
South Mountain Restoration Center, Franklin County	700	0	140	840
SUMMER BOILER INSTALLATION: This project will purchase and install package boiler for more efficient handling of summer steam load. When completed this project is not expected to increase operating costs.				
Ebensberg Center, Cambria County	1,250	0	250	1,500
EMERGENCY GENERATORS INSTALLATION: This project will replace current emergency generators with stand alone outside units in all seven residential units. When completed this project is not expected to increase operating costs.				
Selinsgrove Center, Snyder County	800	0	160	960
SUMMER BOILER INSTALLATION: This project will purchase and install package boiler for more efficient handling of summer steam load. When completed this project is expected to decrease operating costs by \$30,370.				
PROGRAM TOTAL.....	\$ 21,470	\$ 0	\$ 4,350	\$ 25,820

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 9,000	\$ 0	\$ 1,800	\$ 10,800
TOTAL PROJECTS.....	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 1,800</u>	<u>\$ 10,800</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 9,000	\$ 0	\$ 1,800	\$ 10,800
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 1,800</u>	<u>\$ 10,800</u>

Capital Budget

State Police 2007-08 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				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Public Protection and Law Enforcement				
New Headquarters, Dunmore, Lackawanna County	\$ 9,000	\$ 0	\$ 1,800	\$ 10,800
CONSTRUCT NEW HEADQUARTERS FACILITY: This project will provide for the construction of a new headquarters facility, garage and hangar to replace existing facilities in Lackawanna County. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 1,800</u>	<u>\$ 10,800</u>

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
2007-08 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance.....	\$ 33,000	\$ 3,000	\$ 5,400	\$ 41,400
Highway Safety.....	60,000	3,000	7,000	70,000
Subtotal.....	\$ 93,000	\$ 6,000	\$ 12,400	\$ 111,400
TRANSPORTATION ASSISTANCE PROJECTS				
Air Transportation.....	\$ 24,000	\$ 0	\$ 1,000	\$ 25,000
Urban Mass Transportation.....	182,020	0	3,367	185,387
Rural and Intercity Rail.....	12,143	0	0	12,143
Subtotal.....	\$ 218,163	\$ 0	\$ 4,367	\$ 222,530
HIGHWAY PROJECTS				
State Highway, Bridge and Administration Construction/Reconstruction.....	\$ 624,650	\$ 151,443	\$ 461,333	\$ 1,237,426
TOTAL PROJECTS.....	<u>\$ 935,813</u>	<u>\$ 157,443</u>	<u>\$ 478,100</u>	<u>\$ 1,571,356</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance.....	\$ 43,281	\$ 0	\$ 3,867	\$ 47,148
Capital Facilities Fund - Public Improvement Projects.....	93,000	6,000	12,400	111,400
Current Revenues				
Motor License Fund.....	\$ 367,284	\$ 51,585	\$ 240,467	\$ 659,336
Federal Funds.....	382,136	99,828	220,305	702,269
Local Funds.....	50,112	30	1,061	51,203
TOTAL.....	<u>\$ 935,813</u>	<u>\$ 157,443</u>	<u>\$ 478,100</u>	<u>\$ 1,571,356</u>

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Highway and Bridge Maintenance

Wyoming County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will not increase operating costs

State	\$ 11,000	\$ 1,000	\$ 1,800	\$ 13,800
Fed.	0	0	0	0
Local	0	0	0	0

Mifflin County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will not increase operating costs

State	11,000	1,000	1,800	13,800
Fed.	0	0	0	0
Local	0	0	0	0

Dauphin County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will not increase operating costs

State	11,000	1,000	1,800	13,800
Fed.	0	0	0	0
Local	0	0	0	0

PROGRAM TOTAL.....	<u>\$ 33,000</u>	<u>\$ 3,000</u>	<u>\$ 5,400</u>	<u>\$ 41,400</u>
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Program: Highway Safety

Dauphin County Office Complex

NEW CENTRAL MOTOR VEHICLE OFFICE: This project will provide for the construction or acquisition of a new Penn DOT driver and moti vehicle central office/service center including design, site acquisitior and construction. When completed, this project will not increase operating costs.

State	\$ 50,000	\$ 3,000	\$ 5,000	\$ 58,000
Fed.	0	0	0	0
Local	0	0	0	0

Clearfield County District 2-0 Office

REPLACE/REHABILITATE DISTRICT OFFICE 2-0: This project will provide for the replacement or rehabilitation of the district 2-0 office including an addition on the current site and infrastructure improvements. Whe completed, this project will not increase operating cost

State	10,000	0	2,000	12,000
Fed.	0	0	0	0
Local	0	0	0	0

PROGRAM TOTAL.....	<u>\$ 60,000</u>	<u>\$ 3,000</u>	<u>\$ 7,000</u>	<u>\$ 70,000</u>
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Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS

Program: Air Transportation

Lehigh Valley International Airport

AIRPORT IMPROVEMENTS: This project will provide for the economic development and safety enhancement at the airport. When completed, this project is not expected to increase operating costs.

State	\$ 4,500	\$ 0	\$ 500	\$ 5,000
Fed.	0	0	0	0
Local	19,500	0	500	20,000

TOTAL STATE FUNDS.....	\$ 4,500	\$ 0	\$ 500	\$ 5,000
TOTAL FEDERAL FUNDS.....	0	0	0	0
TOTAL LOCAL FUNDS.....	19,500	0	500	20,000
 PROGRAM TOTAL.....	 <u>\$ 24,000</u>	 <u>\$ 0</u>	 <u>\$ 1,000</u>	 <u>\$ 25,000</u>

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Program: Urban Mass Transportation				
All of the following projects are grants to local transportation authorities. Consequently, no staffing or operating cost impacts are provided since these will be borne by local budgets.				
Centre Area Transportation Authority	State \$ 150	\$ 0	\$ 17	\$ 167
PURCHASE BUSES: This project will provide for the purchase of sixteen (16) buses to replace buses which have met their useful life	Fed. 800	0	0	800
	Local 33	0	0	33
Shenango Valley Shuttle Service	State 225	0	25	250
CONSTRUCT MAINTENANCE FACILITY: This project will provide for the construction of a maintenance facility including equipment and land acquisition	Fed. 1,200	0	0	1,200
	Local 50	0	0	50
Union and Snyder Transit Authority	State 273	0	31	304
CONSTRUCT MAINTENANCE FACILITY: This project will provide for the construction of a maintenance facility including equipment and land acquisition	Fed. 1,457	0	0	1,457
	Local 61	0	0	61
Southeastern Pennsylvania Transportation Authority	State 3,150	0	350	3,500
BUCKS COUNTY INTERMODAL REHABILITATION: This project will provide for the rehabilitation of improvements at the Croyden and Levittown Stations located in Bucks County. The improvements include the installation of bus shelters and transit signage, station improvements, bus access improvements at both stations and parking expansion	Fed. 16,800	0	0	16,800
	Local 700	0	0	700
Southeastern Pennsylvania Transportation Authority	State 6,030	0	670	6,700
MONTGOMERY COUNTY INTERMODAL REHABILITATION: This project will provide for the rehabilitation of improvements to both bus and rail intermodal connections at the Glenside and Jenkintown Stations located in Montgomery County. The improvements include design and construction of a multi-level 384 space parking garage at Glenside Station and a multi-level 700 space parking garage at Jenkintown Station.	Fed. 32,160	0	0	32,160
	Local 1,340	0	0	1,340
Southeastern Pennsylvania Transportation Authority	State 603	0	67	670
F.F.Y. 2008 TRANSIT ENHANCEMENT PROGRAM: This project will provide for the renovation and preservation of historic train stations, and related activities: bus shelters, landscaping, street lights, pedestrian access and walkways, bicycle access, signage, and enhanced access to transit for persons with disabilities	Fed. 3,216	0	0	3,216
	Local 134	0	0	134
Southeastern Pennsylvania Transportation Authority	State 562	0	63	625
VILLANOVA INTERMODAL REHABILITATION: This project will provide for the construction of a multi-level parking structure and pedestrian overpass over AMTRAK tracks, to connect the west side of the campus of Villanova to the main campus. The garage will provide parking for approximately 1,000 vehicles and will be handicapped accessible	Fed. 3,000	0	0	3,000
	Local 125	0	0	125

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost	
FROM CAPITAL FACILITIES BOND FUNDS					
TRANSPORTATION ASSISTANCE PROJECTS (continued)					
Program: Urban Mass Transportation (continued)					
Southeastern Pennsylvania Transportation Authority	State	\$ 1,800	\$ 0	\$ 200	\$ 2,000
F.F.Y. 2002 section 5309 TRANSIT ENHANCEMENT PROGRAM:	Fed.	9,600	0	0	9,600
This project will provide for additional funding for the acquisition of 10 new rail cars for SEPTA Regional Rail service	Local	400	0	0	400
Berks Area Reading Transit Authority	State	150	0	17	167
PURCHASE AUTO VEHICLE LOCATOR:	Fed.	800	0	0	800
This project will provide for the purchase and installation of an Auto Vehicle Locator System for both fixed route and paratransit system	Local	33	0	0	33
Beaver County Transit Authority	State	285	0	32	317
TRANSIT REVITALIZATION: This project will provide for improvement in the bus circulation, passenger waiting and terminal areas at the Rochester Transportation Center (RTC), pedestrian improvements within the Transit Revitalization Investment District (TRID) area and from the RTC to the Rochester riverfront development, and signal pre-emptive prioritization request system in the TRID area	Fed.	1,520	0	0	1,520
	Local	63	0	0	63
Centre Area Transportation Authority	State	140	0	16	156
PURCHASE AUTO VEHICLE LOCATOR: This project will provide for the purchase of an automatic vehicle locator system, as the first phase is equip buses and service vehicles with such items as the automatic stop enunciators, electronic performance monitoring, stop by stop passenger counts, real time passenger information via the internet and at major stops.	Fed.	750	0	0	750
	Local	31	0	0	31
Crawford Area Transportation Authority	State	300	0	33	333
CRAWFORD COUNTY INTERMODAL REHABILITATION:	Fed.	1,600	0	0	1,600
This project will provide for the construction of an administrative intermodal center in downtown Meadville, and the purchase of bus related equipment	Local	67	0	0	67
Cambria County Transit Authority	State	90	0	10	100
REPLACE BUS WASH SYSTEM:	Fed.	480	0	0	480
This project will provide for the replacement of a bus wash system communication system upgrade, and the purchase of a security surveillance system	Local	20	0	0	20
Cambria County Transit Authority	State	90	0	10	100
CONSTRUCT RURAL TRANSFER STATION: This project will provide for the construction of a rural transfer center. The transfer center will increase service efficiency, attract new riders, and provide easier transfers for riders.	Fed.	480	0	0	480
	Local	20	0	0	20
Capital Area Transit	State	210	0	23	233
FACILITY IMPROVEMENTS/RENOVATIONS	Fed.	1,120	0	0	1,120
This project will provide for improvements and renovations to CAT Maintenance Building to include three bays to repair and service the 40-foot low floor buses.	Local	47	0	0	47

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Program: Urban Mass Transportation (continued)				
Erie Metropolitan Transit Authority	State \$ 341	\$ 0	\$ 38	\$ 379
BUS ACQUISITION:	Fed. 2,302	0	0	2,302
This project will provide for EMTA's (Erie's) acquisition of five replacement buses. These five buses will replace five existing buses which have exceeded their useful life.	Local 92	0	0	92
Erie Metropolitan Transit Authority	State 35	0	4	39
FACILITY REHABILITATION: This project will provide for the EMTA (Erie's) renovation of the administration/maintenance facility at the purchase of shop and miscellaneous equipment.	Fed. 188	0	0	188
	Local 8	0	0	8
Erie Metropolitan Transit Authority	State 30	0	3	33
PURCHASE TECHNOLOGY AND PASSENGER AMENITIES: This project will provide for EMTA's (Erie's) purchase of technology upgrades for radio and fare box systems and the completion of system wide signage.	Fed. 160	0	0	160
	Local 7	0	0	7
Red Rose Transit Authority	State 337	0	38	375
OPERATIONS CENTER RENOVATIONS AND EXPANSION: This project will provide for the replacement of a bus washer, and the renovation and expansion of the bus storage building.	Fed. 1,800	0	0	1,800
	Local 75	0	0	75
Red Rose Transit Authority	State 180	0	20	200
CONSTRUCT PARADISE RAIL STATION: This project will provide for the design and construction of a new station on the AMTRAK Harrisburg to Philadelphia line in Paradise Township, Lancaster County.	Fed. 960	0	0	960
	Local 40	0	0	40
Pennsylvania Department of Transportation	State 13,500	0	1,500	15,000
RAIL PASSENGER IMPROVEMENTS: This project provides for rail passenger improvements across the Commonwealth, including matching funds for the Keystone Corridor federal funding.	Fed. 60,000	0	0	60,000
	Local 0	0	0	0
Pennsylvania Department of Transportation	State 1,800	0	200	2,000
INTERCITY BUS CAPITAL ASSISTANCE INTERMODAL PROJECTS AND ADA FACILITIES: This project will provide for the Intercity Bus Capital Assistance Intermodal Projects and ADA Related Facilities/Equipment Improvements.	Fed. 8,000	0	0	8,000
	Local 0	0	0	0
TOTAL STATE FUNDS.....	\$ 30,281	\$ 0	\$ 3,367	\$ 33,648
TOTAL FEDERAL FUNDS.....	148,393	0	0	148,393
TOTAL LOCAL FUNDS.....	3,346	0	0	3,346
PROGRAM TOTAL.....	<u>\$ 182,020</u>	<u>\$ 0</u>	<u>\$ 3,367</u>	<u>\$ 185,387</u>

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(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Program: Rural and Intercity Rail				
Buffalo and Pittsburgh Railroad	State \$ 5,000	\$ 0	\$ 0	\$ 5,000
TRACK REHABILITATION: This project will provide for the	Fed. 0	0	0	0
rehabilitation of mainline track in Armstrong, Clearfield, Indiana, and	Local 2,143	0	0	2,143
Jefferson counties, from Kittanning to Dubois and				
Punxsutawney to Homer City. Work to include tie and rail replacement				
surfacing, bridge repair, switch, road crossing, signal, communication				
and any other related work				
Lehigh Valley Rail Management	State 3,500	0	0	3,500
BETHLEHEM COMMERCE CENTER RAIL REHABILITATION &	Fed. 0	0	0	0
CONSTRUCTION PROJECT: This project will provide for the construction	Local 1,500	0	0	1,500
of access and storage tracks and rehabilitation of track within and				
around the Bethlehem Commerce Center				
TOTAL STATE FUNDS.....	\$ 8,500	\$ 0	\$ 0	\$ 8,500
TOTAL FEDERAL FUNDS.....	0	0	0	0
TOTAL LOCAL FUNDS.....	3,643	0	0	3,643
PROGRAM TOTAL.....	<u>\$ 12,143</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,143</u>

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Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Allegheny County SR 2040	State	\$ 1,940	\$ 441	\$ 0	\$ 2,381
Curry Hollow Rd Resurface	Federal	2,205	1,764	0	3,969
Baldwin & Pleasant Hills Boros.	Local	485	0	0	485
Mill and Resurface, Segment 0064/0000 to 0090/0000	Total	4,630	2,205	0	6,835
Allegheny County SR 2048	State	3,234	735	0	3,969
SR 2048, Resurface 08	Federal	3,675	2,940	0	6,615
Monroeville, Wilkins Twshp	Local	809	0	0	809
Resurface Segment 0050/1252 to 0110/0000	Total	7,718	3,675	0	11,393
Allegheny County SR 2122	State	1,760	400	0	2,160
SR 2122 31st Br to 62nd S	Federal	2,000	1,600	0	3,600
City of Pittsburgh	Local	440	0	0	440
Highway Restoration Segment 0010/0000 to 0080/1623	Total	4,200	2,000	0	6,200
Allegheny County SR 3034	State	3,080	700	0	3,780
SR 3034, Resurface 08	Federal	3,500	2,800	0	6,300
Bridgeville	Local	770	0	0	770
Resurface Segment 0010/0000 to 0020/1145	Total	7,350	3,500	0	10,850
Allegheny County SR 3160	State	4,401	1,000	0	5,401
SR 3160, Resurface 08	Federal	5,001	4,001	0	9,002
Moon Twshp	Local	1,100	0	0	1,100
Resurface to Airport; Segment 0010/0000 to 0060/2960	Total	10,502	5,001	0	15,503
Allegheny County SR 400	State	2,080	700	0	2,780
SR 400, Resurface 08	Federal	3,500	2,800	0	6,300
City of Pittsburgh	Local	770	0	0	770
Highway Restoration Segment 0090/0000 to 0120/0000	Total	6,350	3,500	0	9,850
Allegheny County SR 50	State	4,239	964	0	5,203
SR 50, Resurface 08	Federal	4,818	3,854	0	8,672
Carnegie, Heidelberg	Local	1,060	0	0	1,060
Resurface at Intersection, Segment 0140/0000 to 0210/0500	Total	10,117	4,818	0	14,935
Allegheny County SR 60	State	3,496	795	0	4,291
SR 60 (376), Resurface 08	Federal	3,973	3,178	0	7,151
Moon, N. Fayette, Robinson Twsp	Local	875	0	0	875
Resurface Segment 0240/0000 to 0282/0000	Total	8,344	3,973	0	12,317
Allegheny County SR 65	State	11,440	2,600	0	14,040
SR 65, NHS Plan 08	Federal	13,000	10,400	0	23,400
City of Pittsburgh	Local	2,860	0	0	2,860
Resurface Segment 0002/0000 to 0005/2149	Total	27,300	13,000	0	40,300
Allegheny County SR 8	State	220	50	0	270
SR 8, 62nd St Intersect	Federal	250	200	0	450
City of Pittsburgh	Local	55	0	0	55
Highway Restoration Segment 0160/1850 to 0180/0000	Total	525	250	0	775

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HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Allegheny County SR 8	State	\$ 3,606	\$ 820	\$ 0	\$ 4,426
SR 8, Resurface 08	Federal	4,098	3,278	0	7,376
Richland Twnshp	Local	902	0	0	902
Resurface Segment 0410/1035 to 0460/1875	Total	8,606	4,098	0	12,704
Allegheny County SR 8	State	880	200	0	1,080
SR 8, Point Breeze Court to Frankstown Road	Federal	1,000	800	0	1,800
City of Pittsburgh	Local	220	0	0	220
Highway Restoration Segment 0070/0000 to 0090/0000	Total	2,100	1,000	0	3,100
Allegheny County SR 910	State	2,503	569	0	3,072
SR 910, Resurface 08	Federal	2,844	2,275	0	5,119
Harmar, Indiana Twshp	Local	626	0	0	626
Resurface Segment 0390/0000 to 0444/0000	Total	5,973	2,844	0	8,817
Beaver County SR 168	State	3,520	800	0	4,320
SR 168 Resurface 08	Federal	4,000	3,200	0	7,200
Greene, Shippingport	Local	880	0	0	880
Highway Restoration Segment 0140/0000 to 0300/0000	Total	8,400	4,000	0	12,400
Beaver County SR 18	State	1,760	400	0	2,160
SR 18, Resurface 08	Federal	2,000	1,600	0	3,600
Raccon, Potter Twshp	Local	440	0	0	440
Highway Restoration Segment 0300/0000 to 0390/0000	Total	4,200	2,000	0	6,200
Beaver County SR 4035	State	818	186	0	1,004
4035/Brighton Road Intchq	Federal	930	744	0	1,674
Brighton Township	Local	205	0	0	205
Highway Restoration Segment 0020/0000 to 0050/3935	Total	1,953	930	0	2,883
Beaver County SR 8004	State	880	200	0	1,080
SR 8004, Resurface 08	Federal	1,000	800	0	1,800
Shippingport	Local	220	0	0	220
Highway Restoration Segment 0500/0000 to 0750/0723	Total	2,100	1,000	0	3,100
Berks County SR 183	State	10	5	15	30
183 / Strausstown Rd	Federal	90	45	135	270
Tulpehocken Twp	Local	0	0	0	0
Intersection Improvement at 183 and Strausstown Road	Total	100	50	150	300
Berks County SR 222	State	3,200	2,800	30,600	36,600
222 N. Corridor, Phase 1	Federal	12,800	11,200	122,400	146,400
Maiden Creek, Richmond, and Maxatawny Twps	Local	0	0	0	0
Highway Reconstruction from Ontelaunee Township to West end of Kutztown Bypass	Total	16,000	14,000	153,000	183,000
Bradford County SR 414	State	435	0	0	435
W Franklin to Monroe	Federal	1,500	0	0	1,500
Franklin Twp	Local	0	0	0	0
Resurface and GR	Total	1,935	0	0	1,935

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FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Bradford County SR 6	State	\$ 400	\$ 0	\$ 0	\$ 400
Tracy Rd to T-624	Federal	1,600	0	0	1,600
Standing Stone Twp Resurface	Local	0	0	0	0
	Total	2,000	0	0	2,000
Bucks County	State	29,649	6,599	13,900	50,148
US 202: 700 Wetland Mitigation	Federal	0	0	0	0
Chalfont	Local	0	0	0	0
Wetland Mitigation	Total	29,649	6,599	13,900	50,148
Cambria County SR 56	State	325	0	475	800
PA56 Scalp Ave CCIP	Federal	1,300	0	1,820	3,120
Richland Twp	Local	0	0	0	0
Congested Corridor Improvement Program from Lambert Ave. to Terlyn Drive	Total	1,625	0	2,295	3,920
Carbon County SR 940	State	5	3	25	33
SR 940/Turnpike	Federal	45	27	225	297
Kidder Twp	Local	0	0	0	0
Intersection Improvement	Total	50	30	250	330
Centre County I-80	State	700	0	700	1,400
I-80 Preventive Maintenance	Federal	6,300	0	6,300	12,600
Boggs, Marion & Spring Twp.	Local	0	0	0	0
Concrete Rehabilitation and Resurfacing	Total	7,000	0	7,000	14,000
Centre County I-80	State	1,310	10	1,300	2,620
Jonathon Run ARD Project	Federal	0	0	0	0
Boggs & Snow Shoe Township	Local	0	0	0	0
Mitigation of Acid Rock Discharge (ARD).	Total	1,310	10	1,300	2,620
Centre County SR 350	State	760	40	720	1,520
SR 350 S-Curve Long Term	Federal	3,040	160	2,880	6,080
Rush Twp	Local	0	0	0	0
Safety Improvement S-Curve	Total	3,800	200	3,600	7,600
Centre County	State	350	0	350	700
Center Line Rumble Strips	Federal	0	0	0	0
Various Municipalities	Local	0	0	0	0
Safety Improvement Centre Line	Total	350	0	350	700
Columbia County SR 11	State	510	0	0	510
Berwick to Luzerne Co Line	Federal	2,040	0	0	2,040
Berwick Boro	Local	0	0	0	0
Reconstruction	Total	2,550	0	0	2,550
Columbia County SR 42	State	2,080	0	0	2,080
I-80 Interchange to Mall	Federal	2,080	0	0	2,080
Hemlock Twp	Local	0	0	0	0
Reconstruction	Total	4,160	0	0	4,160

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HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Elk County SR 255	State	\$ 300	\$ 0	\$ 300	\$ 600
Vine/Arch St Signals	Federal	0	0	0	0
St Marys	Local	0	0	0	0
Safety Improvement Update Signals	Total	300	0	300	600
Elk County SR 948	State	350	0	350	700
SR 948 Resurfacing	Federal	0	0	0	0
Ridgway Borough and Fox Township	Local	0	0	0	0
Safety Improvement Resurfacing Segment 0010/0000 at Segment 170/0000	Total	350	0	350	700
Erie County SR 19	State	50	50	90	190
Waterford Improvements	Federal	450	450	810	1,710
Waterford Twp	Local	0	0	0	0
Intersection improvements on US 19 Segment 0090/0000 at SR 0097	Total	500	500	900	1,900
Erie County SR 6	State	80	50	160	290
Mill Village RR Underpass	Federal	320	200	640	1,160
Mill Village Boro	Local	0	0	0	0
Removal of existing RR facility, and restoration of the surrounding highway	Total	400	250	800	1,450
Fayette County SR 119	State	4,300	0	4,300	8,600
SR 119 Reconstruction	Federal	0	0	0	0
North Union Twp	Local	0	0	0	0
Highway Reconstruction from Segment 0410/1631 to Segment 0430/2139	Total	4,300	0	4,300	8,600
Fayette County SR 88	State	458	58	400	916
Main Street - Pt Marion	Federal	932	132	800	1,864
Pt Marion Boro	Local	0	0	0	0
Highway Reconstruction	Total	1,390	190	1,200	2,780
Indiana County SR 711	State	1,810	100	1,710	3,620
Route 711 Improvements	Federal	7,240	400	6,840	14,480
East Wheatfield Township	Local	0	0	0	0
Additional lanes, add turning lanes, geometric improvements, and widening from intersection with PA 56 to intersection with SR 403	Total	9,050	500	8,550	18,100
Lancaster County SR 222	State	1,730	100	1,630	3,460
US 222 PM-1	Federal	6,520	0	6,520	13,040
Strasburg, W. Lampeter Twps, Quarryville Boro	Local	0	0	0	0
Highway Restoration. US 222 from Quarryville to Willow Street	Total	8,250	100	8,150	16,500
Lancaster County SR 222	State	1,600	0	1,600	3,200
US-222 PM-2	Federal	6,100	0	6,100	12,200
Ephrata, Manheim, Warwick, W. Earl Twps	Local	0	0	0	0
Highway Restoration. US-222 from north of Bushong Rd to US-322 Ephrata, Manheim, Warwick, W. Earl Twps	Total	7,700	0	7,700	15,400

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HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Lancaster County SR 222	State	\$ 2,423	\$ 0	\$ 2,423	\$ 4,846
US-222 PM-3	Federal	9,392	0	9,392	18,784
Brecknock, E. Cocalico, Ephrata Twps	Local	0	0	0	0
Highway Restoration US-222 from north of US-322 to county line Brecknock, E. Cocalico, Ephrata Twps	Total	11,815	0	11,815	23,630
Lawrence County SR 108	State	880	200	0	1,080
SR 108/SR 19 to Butler Co	Federal	1,000	800	0	1,800
Plain Grove, Scott Twshp	Local	220	0	0	220
Resurface Segment 0370/0564 to 0440/2390	Total	2,100	1,000	0	3,100
Lawrence County SR 168	State	3,520	800	0	4,320
SR 168 - Resurface 08	Federal	4,000	3,200	0	7,200
Little Beaver, North Beaver	Local	880	0	0	880
Highway Restoration Segment 0010/0000 to 0110/0000	Total	8,400	4,000	0	12,400
Lawrence County SR 168	State	3,520	800	0	4,320
SR 168 Resurface 08	Federal	4,000	3,200	0	7,200
Taylor	Local	880	0	0	880
Highway Restoration Segment 0010/0000 to 0210/0000	Total	8,400	4,000	0	12,400
Lawrence County SR 168	State	880	200	0	1,080
SR 168 Resurface 08	Federal	1,000	800	0	1,800
New Castle	Local	220	0	0	220
Highway Restoration Segment 0210/0000 to 0220/2771	Total	2,100	1,000	0	3,100
Lawrence County SR 18	State	3,520	800	0	4,320
SR 18 Resurface 08	Federal	4,000	3,200	0	7,200
New Beaver, Wampum, & North Beaver	Local	880	0	0	880
Highway Restoration Segment 0010/0000 to 0160/0000	Total	8,400	4,000	0	12,400
Lawrence County SR 18	State	2,640	600	0	3,240
SR 18 Resurface 08	Federal	3,000	2,400	0	5,400
North Beaver	Local	660	0	0	660
Highway Restoration Segment 0160/0000 to 0260/0000	Total	6,300	3,000	0	9,300
Lawrence County SR 2004	State	2,640	600	0	3,240
SR 2004 Resurface 08	Federal	3,000	2,400	0	5,400
New Castle, Shenago	Local	660	0	0	660
Highway Restoration Segment 0010/0000 to 0080/1489	Total	6,300	3,000	0	9,300
Lawrence County SR 208	State	2,640	600	0	3,240
SR 208 Resurface 08	Federal	3,000	2,400	0	5,400
Pulaski, Wilmington	Local	660	0	0	660
Highway Restoration Segment 0140/0000 to 0230/0000	Total	6,300	3,000	0	9,300
Lawrence County SR 224	State	1,760	400	0	2,160
SR 224 Resurface 08	Federal	2,000	1,600	0	3,600
Mahoning	Local	440	0	0	440
Highway Restoration Segment 0010/0000 to 0000/0000	Total	4,200	2,000	0	6,200

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HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Lawrence County SR 422	State	\$ 1,571	\$ 357	\$ 0	\$ 1,928
SR 422, Resurface 08	Federal	1,785	1,428	0	3,213
Mahoning, Union Twp	Local	393	0	0	393
Resurface Segment 0120/0000 to 0160/0000	Total	3,749	1,785	0	5,534
Lawrence County SR 422	State	2,112	480	0	2,592
SR 422 Resurface 08	Federal	2,400	1,920	0	4,320
Mahoning, Pulaski Twp	Local	528	0	0	528
Resurface Segment 0060/0000 to 0120/0000	Total	5,040	2,400	0	7,440
Lawrence County SR 422	State	8,800	2,000	0	10,800
SR 422 Resurface 08	Federal	10,000	8,000	0	18,000
Shenago/Slippery Rock	Local	2,200	0	0	2,200
Highway Restoration Segment 0410/0000 to 0550/1176	Total	21,000	10,000	0	31,000
Lawrence County SR 422	State	3,256	740	0	3,996
SR 422 NHS Plan 08	Federal	3,700	2,960	0	6,660
Shenango Township	Local	814	0	0	814
Patch and Overlay, Segment 0370/0000 to 0391/0918	Total	7,770	3,700	0	11,470
Lawrence County SR 551	State	3,520	800	0	4,320
SR 551 Resurface 08	Federal	4,000	3,200	0	7,200
Enon Valley, Little Beaver, North Beaver	Local	880	0	0	880
Highway Restoration Segment 0010/0000 to 0120/3039	Total	8,400	4,000	0	12,400
Lebanon County SR 22	State	9,658	0	9,658	19,316
Allentown Blvd	Federal	0	0	0	0
East Hanover	Local	0	0	0	0
Highway restoration and safety improvement	Total	9,658	0	9,658	19,316
Luzerne County SR 924	State	1,950	150	1,800	3,900
924 Barletta to Scotch	Federal	6,850	527	6,323	13,700
Hazel Twp	Local	0	0	0	0
Highway restoration of Barletta Road to Scotch Pine Road	Total	8,800	677	8,123	17,600
Luzerne County SR 924	State	7,313	1,133	6,180	14,626
SR 0924	Federal	0	0	0	0
Hazel Twp	Local	0	0	0	0
Scotch Pine Road to Schuylkill County Line; Restoration and widening	Total	7,313	1,133	6,180	14,626
Lycoming County SR 118	State	160	0	0	160
Lairdsville Road	Federal	640	0	0	640
Franklin Twp	Local	0	0	0	0
Resurface, Segment 0200/1437 to Segment 0300/0000	Total	800	0	0	800
Lycoming County SR 15	State	800	0	0	800
Foy Ave to Beautys Run	Federal	3,200	0	0	3,200
Lycoming Twp	Local	0	0	0	0
Patch and Overlay	Total	4,000	0	0	4,000

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HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Lycoming County SR 15	State	\$ 389	\$ 0	\$ 0	\$ 389
US 15, SR 220, & I-180	Federal	1,555	0	0	1,555
City of Williamsport	Local	0	0	0	0
Patch and Overlay; Segment 1281/0000 to 1281/0938	Total	1,944	0	0	1,944
Lycoming County SR 2014	State	400	0	0	400
Third St. reconstruction	Federal	1,600	0	0	1,600
City of Williamsport	Local	0	0	0	0
Reconstruction from Cambell Street to Basin Street	Total	2,000	0	0	2,000
Lycoming County SR 2014	State	200	0	0	200
Montoursville	Federal	800	0	0	800
Reconstruction; Segment 240/0229 to 270/0000	Local	0	0	0	0
	Total	1,000	0	0	1,000
McKean County SR 770	State	300	0	300	600
SR 0770	Federal	0	0	0	0
Bradford Twp.	Local	0	0	0	0
Safety Improvement Sight Distance at the intersection of SR 770 and SR 4005	Total	300	0	300	600
Mercer County SR 60	State	100	100	1,600	1,800
Shen Valley Ind. Corridor Ph 2	Federal	400	400	6,400	7,200
City of Sharon	Local	0	0	0	0
Upgrade of existing signals and roadway - Highway Restoration from Connley Blvd. to Bus. 60 to PA 518	Total	500	500	8,000	9,000
Montgomery County	State	5,840	20	4,820	10,680
Pottstown Signal System	Federal	0	0	0	0
Pottstown Boro. & N Coventry Twp	Local	0	0	0	0
Modernizing Signal Equipment	Total	5,840	20	4,820	10,680
Montour County SR 54	State	700	0	0	700
Northumberland Co line to Mausdale	Federal	2,800	0	0	2,800
Valley Twp	Local	0	0	0	0
Mill and Resurface	Total	3,500	0	0	3,500
Northampton County SR 611	State	10	5	75	90
611 Curves	Federal	90	45	675	810
Williams Twp	Local	0	0	0	0
Flashing warning device, excavation, shoulders.	Total	100	50	750	900
Northumberland County SR 225	State	360	0	0	360
SR 3006 to S of Trevorton	Federal	1,440	0	0	1,440
Jackson Twp	Local	0	0	0	0
Resurface	Total	1,800	0	0	1,800
Snyder County SR 235	State	280	0	0	280
Troxelville to Union Co Line	Federal	1,120	0	0	1,120
Adams Twp	Local	0	0	0	0
Resurface	Total	1,400	0	0	1,400

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Sullivan County SR 220	State	\$ 240	\$ 0	\$ 0	\$ 240
Dushore to County Line	Federal	960	0	0	960
Cherry Twp	Local	0	0	0	0
Mill and Resurface	Total	1,200	0	0	1,200
Sullivan County SR 87	State	40	0	0	40
County Line to SR 4001	Federal	160	0	0	160
Hillsgrove Twp	Local	0	0	0	0
Widen Resurface & drainage	Total	200	0	0	200
Susquehanna County SR 1033	State	195	15	180	390
SR 1033 Slides, Gr Bend	Federal	780	60	720	1,560
Great Bend Twp	Local	0	0	0	0
Correct slide condition near NY State Line	Total	975	75	900	1,950
Susquehanna County SR 29	State	390	10	380	780
SR 29 Slides, Liberty Twp	Federal	1,560	40	1,520	3,120
Liberty Twp	Local	0	0	0	0
SR 29, Correct 3 faults north of Montrose	Total	1,950	50	1,900	3,900
Tioga County SR 49	State	180	0	0	180
Westfield	Federal	720	0	0	720
Westfield Twp	Local	0	0	0	0
Deck Replacement	Total	900	0	0	900
Tioga County SR 6	State	400	0	0	400
Mainesburg to County Line	Federal	1,600	0	0	1,600
Sullivan Twp	Local	0	0	0	0
Mill and Resurface	Total	2,000	0	0	2,000
Venango County	State	20	10	50	80
Wetland Banking - NW	Federal	80	40	200	320
Venango County	Local	0	0	0	0
Construction of and Monitoring of Wetland Banks	Total	100	50	250	400
Washington County SR 1009	State	830	250	580	1,660
SR 1009/4049 Intersection	Federal	520	0	520	1,040
Chartiers Twp	Local	0	0	0	0
Intersection Improvements	Total	1,350	250	1,100	2,700
Westmoreland County SR 780	State	300	0	300	600
SR 780/TR380 Intersection	Federal	0	0	0	0
Washington Twp	Local	0	0	0	0
Intersection Improvements / New Signal	Total	300	0	300	600
Westmoreland County SR 981	State	2,255	200	2,055	4,510
TR 981 at Kennametal	Federal	9,020	800	8,220	18,040
Unity Twp	Local	0	0	0	0
Highway Restoration	Total	11,275	1,000	10,275	22,550

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

	Base Project Cost	Land Cost	Design Cost	Total Project Cost
TOTAL STATE FUNDS.....	\$ 177,261	\$ 32,645	\$ 89,026	\$ 298,932
TOTAL FEDERAL FUNDS.....	202,323	98,268	189,440	490,031
TOTAL LOCAL FUNDS.....	23,032	0	0	23,032
PROGRAM TOTAL.....	<u>\$ 402,616</u>	<u>\$ 130,913</u>	<u>\$ 278,466</u>	<u>\$ 811,995</u>

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Beaver County SR 4010	State	\$ 1,122	\$ 0	\$ 1,122	\$ 2,244
Archtown Road over SR 60	Federal	4,488	0	4,488	8,976
Chippewa Twp	Local	0	0	0	0
Bridge Replacement	Total	5,610	0	5,610	11,220
Berks County	State	25	20	110	155
Bridge PM Underpinning	Federal	100	80	440	620
Tilden, Tulpehocken, Perry, Hereford, Union, Jefferson, Whitehall, Jackson, Williams, Lehigh, West Brunswick, Higgins Townships; City of Pottsville, and Port Clinton Borough.	Local	0	0	0	0
Underpinning and deposition removal on various structures	Total	125	100	550	775
Bradford County SR 1017	State	150	10	10	170
Bridge over South Creek	Federal	0	0	0	0
Orwell Twp 2 mi N of Herrickville	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Bradford County SR 199	State	1,800	0	0	1,800
Bridge over Chemung Overflow Canal	Federal	720	0	0	720
Athens Twp	Local	0	0	0	0
Deck Replacement	Total	2,520	0	0	2,520
Columbia County SR 2005	State	150	10	10	170
Bridge Over Trib Roaring Creek	Federal	0	0	0	0
Locust Twp .5 mi N of Slabtown	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Columbia County SR 254	State	100	0	0	100
Bridge over Mud Run	Federal	400	0	0	400
Millville Boro .5 mi E of Millville Boro	Local	0	0	0	0
Bridge Replacement	Total	500	0	0	500
Columbia County SR 3014	State	150	10	10	170
Bridge over Trib to Susquehanna River	Federal	0	0	0	0
Catawissa Boro 3 mi w of Catawissa Boro	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Dauphin County SR 8018	State	444	0	444	888
Airport Ramps Bridge PM	Federal	1,777	0	1,777	3,554
Lower Swatara Twp	Local	0	0	0	0
Deck repair, latex overlay, expansion joints, spot & zone painting, fabricated structural steel work on existing girders. SR 8018 Airport Connector ramps Lower Swatara Twp	Total	2,221	0	2,221	4,442
Fayette County	State	575	75	500	1,150
SR 4006 Bridge over Dunlap Creek	Federal	0	0	0	0
Menallen Twp	Local	0	0	0	0
Bridge Replacement	Total	575	75	500	1,150

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Fayette County	State	\$ 635	\$ 125	\$ 510	\$ 1,270
Abandoned Railroad Bridge over SR 3007	Federal	0	0	0	0
Smithfield Boro	Local	0	0	0	0
Bridge Removal of abandoned railroad bridge spanning SR 3007	Total	635	125	510	1,270
Fayette County SR 1009	State	1,475	175	1,300	2,950
Bridge over Poplar Run	Federal	0	0	0	0
Springfield Twp	Local	0	0	0	0
Bridge Replacement	Total	1,475	175	1,300	2,950
Fayette County SR 1013	State	765	175	590	1,530
Bridge over Jacobs Creek	Federal	560	0	560	1,120
Bullskin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,325	175	1,150	2,650
Fayette County SR 1025	State	1,375	175	1,200	2,750
Bridge over Mounts Creek	Federal	0	0	0	0
Bullskin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750
Fayette County SR 1051	State	1,525	175	1,350	3,050
SR 1051 over Redstone Creek	Federal	0	0	0	0
North Union Twp	Local	0	0	0	0
Bridge Replacement	Total	1,525	175	1,350	3,050
Fayette County SR 1058	State	1,375	175	1,200	2,750
SR 1058 over Jacobs Creek	Federal	0	0	0	0
Bullskin & Mt Pleasant Twp	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750
Fayette County SR 1058	State	1,325	175	1,150	2,650
Bridge 2 over Champion Creek	Federal	0	0	0	0
Saltlick & Donegal Twps	Local	0	0	0	0
Bridge Replacement	Total	1,325	175	1,150	2,650
Fayette County SR 201	State	1,825	175	1,650	3,650
Bridge over Downer Run	Federal	0	0	0	0
Fayette City Boro	Local	0	0	0	0
Bridge Replacement	Total	1,825	175	1,650	3,650
Fayette County SR 201	State	1,050	175	875	2,100
Bridge 2 over Little Redstone Creek	Federal	0	0	0	0
Washington Twp	Local	0	0	0	0
Bridge Replacement	Total	1,050	175	875	2,100
Fayette County SR 2021	State	775	175	600	1,550
Bridge over Shutes Run	Federal	600	0	600	1,200
North Union Twp	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Fayette County SR 2040	State	\$ 1,420	\$ 125	\$ 1,295	\$ 2,840
Bridge over Coal Lick Run	Federal	0	0	0	0
City of Uniontown	Local	0	0	0	0
Bridge Replacement	Total	1,420	125	1,295	2,840
Fayette County SR 21	State	1,925	175	1,750	3,850
SR 21 Bridge over SR 166	Federal	0	0	0	0
German Twp	Local	0	0	0	0
Bridge Replacement	Total	1,925	175	1,750	3,850
Fayette County SR 281	State	1,375	175	1,200	2,750
Bridge over Hall Run	Federal	0	0	0	0
Henry Clay Twp	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750
Fayette County SR 3013	State	745	175	570	1,490
Bridge over Middle Run	Federal	480	0	480	960
German Twp	Local	0	0	0	0
Bridge Replacement	Total	1,225	175	1,050	2,450
Fayette County SR 3013	State	1,325	175	1,150	2,650
Bridge 2 over Middle Run	Federal	560	0	560	1,120
German Twp	Local	0	0	0	0
Bridge Replacement	Total	1,885	175	1,710	3,770
Fayette County SR 3013	State	1,175	175	1,000	2,350
Bridge 3 over Middle Run	Federal	0	0	0	0
German Twp	Local	0	0	0	0
Bridge Replacement	Total	1,175	175	1,000	2,350
Fayette County SR 3013	State	805	175	630	1,610
Bridge 4 over Middle Run	Federal	720	0	720	1,440
German Twp	Local	0	0	0	0
Bridge Replacement	Total	1,525	175	1,350	3,050
Fayette County 3025	State	1,375	175	1,200	2,750
SR 3025 Bridge over York Run	Federal	0	0	0	0
Georges Twp	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750
Fayette County SR 3027	State	625	175	450	1,250
SR 3027 Bridge over Georges Creek	Federal	400	0	400	800
Fairchance Boro	Local	0	0	0	0
Bridge Replacement	Total	1,025	175	850	2,050
Fayette County SR 381	State	1,325	175	1,150	2,650
Bridge over Bear Run	Federal	0	0	0	0
Stewart Twp	Local	0	0	0	0
Bridge Replacement	Total	1,325	175	1,150	2,650

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Fayette County SR 381	State	\$ 1,525	\$ 175	\$ 1,350	\$ 3,050
Bridge over Champion Creek	Federal	0	0	0	0
Saltlick Twp	Local	0	0	0	0
Bridge Replacement	Total	1,525	175	1,350	3,050
Fayette County SR 40	State	2,225	175	2,050	4,450
SR 40 over Jennings Run	Federal	0	0	0	0
Menallen & South Union Twps	Local	0	0	0	0
Bridge Replacement	Total	2,225	175	2,050	4,450
Fayette County SR 4006	State	1,975	175	1,800	3,950
Bridge over Lilly Run	Federal	0	0	0	0
Luzerne & Redstone Twps	Local	0	0	0	0
Bridge Replacement	Total	1,975	175	1,800	3,950
Fayette County SR 4020	State	2,975	175	2,800	5,950
SR 4020 Bridge over Dunlap Creek	Federal	0	0	0	0
Redstone & Luzerne Twps	Local	0	0	0	0
Bridge Replacement	Total	2,975	175	2,800	5,950
Fayette County SR 4027	State	1,975	175	1,800	3,950
Bridge over Little Redstone Creek	Federal	0	0	0	0
Jefferson Twp	Local	0	0	0	0
Bridge Replacement	Total	1,975	175	1,800	3,950
Fayette County SR 4028	State	850	175	625	1,650
Bridge over Rowes Run	Federal	900	0	900	1,800
Redstone Twp	Local	0	0	0	0
Bridge Replacement	Total	1,750	175	1,525	3,450
Fayette County SR 4044	State	825	175	650	1,650
Bridge over Downers Run	Federal	800	0	800	1,600
Washington Twp	Local	0	0	0	0
Bridge Replacement	Total	1,625	175	1,450	3,250
Fayette County SR 51	State	3,050	200	2,850	6,100
SR 51 over Jennings Run	Federal	0	0	0	0
Menallen Twp	Local	0	0	0	0
Bridge Replacement	Total	3,050	200	2,850	6,100
Fayette County SR 711	State	735	175	560	1,470
Bridge over Rasler Run	Federal	440	0	440	880
Springfield Twp	Local	0	0	0	0
Bridge Replacement	Total	1,175	175	1,000	2,350
Fayette County SR 982	State	1,425	175	1,250	2,850
Bridge over Green Lick Run	Federal	0	0	0	0
Bullskin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,425	175	1,250	2,850

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Greene County SR 1009	State	\$ 1,050	\$ 175	\$ 875	\$ 2,100
Bridge over Castile Run	Federal	0	0	0	0
Morgan Twp	Local	0	0	0	0
Bridge Replacement	Total	1,050	175	875	2,100
Greene County SR 1014	State	1,175	175	1,100	2,450
Bridge 2 over Castile Run	Federal	0	0	0	0
Morgan Twp	Local	0	0	0	0
Bridge Replacement	Total	1,175	175	1,100	2,450
Greene County SR 1016	State	1,150	175	975	2,300
Bridge 2 over Little Whiteley Creek	Federal	0	0	0	0
Monongahela Twp	Local	0	0	0	0
Bridge Replacement	Total	1,150	175	975	2,300
Greene County SR 1021	State	1,425	175	1,250	2,850
Bridge 2 over Muddy Creek	Federal	0	0	0	0
Cumberland Twp	Local	0	0	0	0
Bridge Replacement	Total	1,425	175	1,250	2,850
Greene County SR 18	State	1,575	175	1,400	3,150
Bridge # 1 over Fish Creek	Federal	0	0	0	0
Freeport Twp	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Greene County SR 18	State	1,275	175	1,100	2,550
Bridge # 2 over Fish Creek	Federal	0	0	0	0
Freeport Twp	Local	0	0	0	0
Bridge Replacement	Total	1,275	175	1,100	2,550
Greene County SR 18	State	755	175	580	1,510
Bridge over House Run	Federal	520	0	520	1,040
Center Twp	Local	0	0	0	0
Bridge Replacement	Total	1,275	175	1,100	2,550
Greene County SR 18	State	1,100	175	925	2,200
Bridge over Wisecarver Run	Federal	0	0	0	0
Franklin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,100	175	925	2,200
Greene County SR 18	State	1,525	175	1,350	3,050
Bridge over Browns Creek	Federal	0	0	0	0
Morris Twp	Local	0	0	0	0
Bridge Replacement	Total	1,525	175	1,350	3,050
Greene County SR 2001	State	1,050	175	875	2,100
Bridge over Hayes Run	Federal	0	0	0	0
Perry Twp	Local	0	0	0	0
Bridge Replacement	Total	1,050	175	875	2,100

Capital Budget

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Greene County SR 2009	State	\$ 1,275	\$ 175	\$ 1,100	\$ 2,550
Bridge over Dooley Run	Federal	0	0	0	0
Perry & Dunkard Twps	Local	0	0	0	0
Bridge Replacement	Total	1,275	175	1,100	2,550
Greene County SR 2011	State	760	175	585	1,520
SR 2011 Bridge over Coal Lick Run	Federal	540	0	540	1,080
Franklin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,300	175	1,125	2,600
Greene County SR 2013	State	1,045	45	1,000	2,090
Bridge over Muddy Creek	Federal	0	0	0	0
Cumberland & Jefferson Twps	Local	0	0	0	0
Bridge Replacement	Total	1,045	45	1,000	2,090
Greene County SR 2018	State	1,725	175	1,550	3,450
Bridge over Frosty Run	Federal	0	0	0	0
Whitley Twp	Local	0	0	0	0
Bridge Replacement	Total	1,725	175	1,550	3,450
Greene County SR 2024	State	1,625	175	1,450	3,250
Bridge 3 over Little Whiteley Creek	Federal	0	0	0	0
Monongahela & Cumberland Twps	Local	0	0	0	0
Bridge Replacement	Total	1,625	175	1,450	3,250
Greene County SR 2026	State	1,825	175	1,650	3,650
Bridge over Laurel Run	Federal	0	0	0	0
Franklin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,825	175	1,650	3,650
Greene County SR 2026	State	705	175	530	1,410
Bridge over Bradens Run	Federal	420	0	420	840
Franklin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,125	175	950	2,250
Greene County SR 2028	State	1,525	175	1,350	3,050
Bridge over Sugar Run	Federal	0	0	0	0
Franklin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,525	175	1,350	3,050
Greene County SR 21	State	1,475	175	1,300	2,950
Bridge over Grays Fork	Federal	0	0	0	0
Gray Twp	Local	0	0	0	0
Bridge Replacement	Total	1,475	175	1,300	2,950
Greene County SR 21	State	1,625	175	1,450	3,250
Bridge over Little Whiteley Creek	Federal	0	0	0	0
Cumberland Twp	Local	0	0	0	0
Bridge Replacement	Total	1,625	175	1,450	3,250

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Greene County SR 218	State	\$ 965	\$ 175	\$ 790	\$ 1,930
Bridge 3 over Roberts Run	Federal	1,360	0	1,360	2,720
Wayne Twp	Local	0	0	0	0
Bridge Replacement	Total	2,325	175	2,150	4,650
Greene County SR 221	State	1,125	175	950	2,250
Bridge over Boyd Run	Federal	0	0	0	0
Washington Twp	Local	0	0	0	0
Bridge Replacement	Total	1,125	175	950	2,250
Greene County SR 3007	State	1,625	175	1,450	3,250
Bridge 2 over Grays Fork	Federal	0	0	0	0
Center Twp	Local	0	0	0	0
Bridge Replacement	Total	1,625	175	1,450	3,250
Greene County SR 3013	State	1,275	175	1,100	2,550
Bridge over Pursley Creek	Federal	0	0	0	0
Center Twp	Local	0	0	0	0
Bridge Replacement	Total	1,275	175	1,100	2,550
Greene County SR 3013	State	1,000	125	875	2,000
Bridge over Stewart Run	Federal	0	0	0	0
Center Twp	Local	0	0	0	0
Bridge Replacement	Total	1,000	125	875	2,000
Greene County SR 3013	State	1,050	125	925	2,100
Bridge 2 over Pursley Creek	Federal	0	0	0	0
Center Twp	Local	0	0	0	0
Bridge Replacement	Total	1,050	125	925	2,100
Greene County SR 3016	State	2,125	175	1,950	4,250
Bridge over S. Fork Wheeling Creek	Federal	0	0	0	0
Aleppo Twp	Local	0	0	0	0
Bridge Replacement	Total	2,125	175	1,950	4,250
Greene County SR 4025	State	1,425	175	1,250	2,850
Bridge over Bates Fork of Brown Creek	Federal	0	0	0	0
Morris Twp	Local	0	0	0	0
Bridge Replacement	Total	1,425	175	1,250	2,850
Lebanon County	State	1,344	0	1,344	2,688
Clear Springs Rd Bridge over Quittapahilla Creek	Federal	0	0	0	0
North Annville	Local	436	25	411	872
Bridge Replacement and road alignment	Total	1,780	25	1,755	3,560
Lehigh County SR 100	State	20	10	100	130
Bridge PM Scour Protection	Federal	80	40	400	520
Lowhill, Ontelaunee, Amity, Kidder, Tobyhanna, Hamilton, Washington, North Manheim Twps; Leesport, Hamburg, Catasauqua, Freemansburg Boroughs, and the Cities of Reading, Bethlehem, Allentown, and Easton.	Local	0	0	0	0
R-7 rock scour protection on various structures	Total	100	50	500	650

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

	Base Project Cost	Land Cost	Design Cost	Total Project Cost
Luzerne County SR 1012	\$ 310	\$ 5	\$ 305	\$ 620
Bridge over Harvey's Creek	Federal 0	0	0	0
Jackson Twp	Local 0	0	0	0
Bridge Replacement over branch of Harvey's Creek	Total 310	5	305	620
Luzerne County SR 3004	State 260	20	240	520
Bridge over Trib. of Newport Creek	Federal 1,040	80	960	2,080
Newport Twp 1/4 mile east of Glen Lyon	Local 0	0	0	0
Bridge Replacement	Total 1,300	100	1,200	2,600
Lycoming County SR 3026	State 150	10	10	170
Bridge over Trib to Beautys Run	Federal 0	0	0	0
Lycoming Twp 2.5 Mi W of Hepburnville	Local 0	0	0	0
Bridge Replacement	Total 150	10	10	170
Lycoming County SR 654	State 150	10	10	170
Bridge Benders Run	Federal 0	0	0	0
Bastress Twp 1 mi S of Nesbit	Local 0	0	0	0
Bridge Replacement	Total 150	10	10	170
Monroe County SR 2012	State 100	20	320	440
Bridge over Broadhead Creek	Federal 400	80	1,280	1,760
E. Stroudsburg	Local 0	0	0	0
Bridge Preservation	Total 500	100	1,600	2,200
Monroe County SR 2022	State 20	20	20	60
Stoke's Substructure over Broadhead Creek	Federal 80	80	80	240
Stroud Twp	Local 0	0	0	0
Repair substructure units and misc work	Total 100	100	100	300
Monroe County SR 80	State 20	10	60	90
Business 209 Bridges PM	Federal 80	40	240	360
Stroud Twp	Local 0	0	0	0
Bridge Preservation	Total 100	50	300	450
Montour County SR 2008	State 150	10	10	170
Bridge over Trib to Sechler Run	Federal 0	0	0	0
Mahoning Twp 1.5 mi E of Danville	Local 0	0	0	0
Bridge Replacement	Total 150	10	10	170
Montour County SR 44	State 150	10	10	170
Bridge over Branch of Chillisquaque Creek	Federal 0	0	0	0
Limestone Twp 3 mi SE of Turbotville	Local 0	0	0	0
Bridge Replacement	Total 150	10	10	170
Northumberland County SR 1011	State 150	10	10	170
Bridge over Trib to Warrior Run	Federal 0	0	0	0
Lewis Twp .5 mi N of Turbotville	Local 0	0	0	0
Bridge Replacement	Total 150	10	10	170
Northumberland County SR 1015	State 150	10	10	170
Bridge over Muddy Run	Federal 0	0	0	0
Lewis Twp 3 mi S of Turbotville	Local 0	0	0	0
Bridge Replacement	Total 150	10	10	170

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Department of Transportation 2007-08 Projects

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FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Northumberland County SR 147	State	\$ 100	\$ 0	\$ 0	\$ 100
Bridge over Mahaoning Creek	Federal	400	0	0	400
Jackson Twp	Local	0	0	0	0
Joints and overlay	Total	500	0	0	500
Northumberland County SR 2008	State	150	10	10	170
Bridge over Trib to Shamokin Creek	Federal	0	0	0	0
Ralpho Twp near Village of Elysburg	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Northumberland County SR 3018	State	150	10	10	170
Bridge over Trib to Mahantango Creek	Federal	0	0	0	0
Jordan Twp 4 mi S of Pillow	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Schuylkill County SR 61	State	100	20	300	420
Port Clinton Bridge over Reading and Northern Railroad	Federal	400	80	1,200	1,680
City of Pottsville	Local	0	0	0	0
Latex Overlay and misc work	Total	500	100	1,500	2,100
Snyder County SR 1005	State	150	10	10	170
Bridge over Trumps Run	Federal	0	0	0	0
Franklin Twp .5 mi NE of Middleburg	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Snyder County SR 2006	State	150	10	10	170
Bridge over Trib to Chapman Creek	Federal	0	0	0	0
Chapman Twp 1 mi SE of Mount Pleasant Mill	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Snyder County SR 2013	State	150	10	10	170
Bridge over Herrold Run	Federal	0	0	0	0
Union Twp 1 mi S of Port Trevorton	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Tioga County SR 1007	State	150	10	10	170
Bridge over Trib to Elk Run	Federal	0	0	0	0
Sullivan Twp 5 mi N of Mainesburg	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Tioga County SR 2022	State	150	10	10	170
Bridge over Wilson Creek	Federal	0	0	0	0
Covington Twp .5 mi W of Covington	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Tioga County SR 4013	State	150	10	10	170
Bridge over Yarnell Run	Federal	0	0	0	0
Deerfield Twp 2 mi S of Academy Corners	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Tioga County SR 6	State	125	0	0	125
Box Culvert over Trib to Charleston Creek	Federal	375	0	0	375
Charleston Twp	Local	0	0	0	0
PC box replacement	Total	500	0	0	500

Capital Budget

Department of Transportation 2007-08 Projects

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FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Union County SR 3005	State	\$ 150	\$ 10	\$ 10	\$ 170
Bridge over Coal Run	Federal	0	0	0	0
West Buffalo Twp 2 mi. N of Mifflinburg	Local	0	0	0	0
Bridge Replacement	Total	150	10	10	170
Washington County SR 1055	State	1,150	125	1,025	2,300
Bridge over N Branch Pigeon Creek	Federal	0	0	0	0
Somerset Twp	Local	0	0	0	0
Bridge Replacement	Total	1,150	125	1,025	2,300
Washington County SR 136	State	1,575	175	1,400	3,150
Bridge over Dry Run	Federal	0	0	0	0
Carroll Twp & New Eagle Boro	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Washington County SR 136	State	1,625	175	1,450	3,250
Bridge 2 over Dry Run	Federal	0	0	0	0
City of Monongahela	Local	0	0	0	0
Bridge Replacement	Total	1,625	175	1,450	3,250
Washington County SR 18	State	1,925	175	1,750	3,850
SR 18 Bridge over Chartiers Creek	Federal	0	0	0	0
South Franklin Twp	Local	0	0	0	0
Bridge Replacement	Total	1,925	175	1,750	3,850
Washington County SR 19	State	1,925	175	1,750	3,850
Bridge over Tenmile Creek Bridge	Federal	0	0	0	0
Amwell Twp	Local	0	0	0	0
Bridge Replacement	Total	1,925	175	1,750	3,850
Washington County SR 2020	State	2,475	225	2,250	4,950
SR 2020 over Little Tenmile Creek	Federal	0	0	0	0
Amwell & West Bethlehem Twps	Local	0	0	0	0
Bridge Replacement	Total	2,475	225	2,250	4,950
Washington County SR 2021	State	1,300	150	1,150	2,600
SR 2021 Bridge over Pigeon Creek	Federal	0	0	0	0
Somerset Twp	Local	0	0	0	0
Bridge Replacement	Total	1,300	150	1,150	2,600
Washington County SR 2023	State	2,825	200	2,625	5,650
SR 2023 Bridge over Pigeon Creek	Federal	0	0	0	0
Fallowfield Twp	Local	0	0	0	0
Bridge Replacement	Total	2,825	200	2,625	5,650
Washington County SR 2030	State	990	40	950	1,980
Bridge #3 over Gorby's Run	Federal	0	0	0	0
California Boro	Local	0	0	0	0
Bridge Replacement	Total	990	40	950	1,980
Washington County SR 2036	State	2,500	200	2,300	5,000
Bridge over Pike Run	Federal	0	0	0	0
West Pike Run Twp	Local	0	0	0	0
Bridge Replacement	Total	2,500	200	2,300	5,000

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Department of Transportation 2007-08 Projects

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FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Washington County SR 22	State	\$ 1,080	\$ 25	\$ 1,055	\$ 2,160
SR 22 Bridge over SR 4005	Federal	0	0	0	0
Hanover Twp	Local	0	0	0	0
Bridge Replacement	Total	1,080	25	1,055	2,160
Washington County SR 22	State	1,105	25	1,080	2,210
SR 22 Bridge 2 over SR 4005	Federal	0	0	0	0
Hanover Twp	Local	0	0	0	0
Bridge Replacement	Total	1,105	25	1,080	2,210
Washington County SR 221	State	2,950	175	2,775	5,900
Bridge over Buffalo Creek	Federal	0	0	0	0
Blaine Twp	Local	0	0	0	0
Bridge Replacement	Total	2,950	175	2,775	5,900
Washington County SR 231	State	925	125	800	1,850
Bridge over Branch of Brush Run	Federal	0	0	0	0
Independence Boro	Local	0	0	0	0
Bridge Replacement	Total	925	125	800	1,850
Washington County SR 231	State	1,575	175	1,400	3,150
Bridge 2 over Buffalo Creek	Federal	0	0	0	0
Donegal & Blaine Twp	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Washington County SR 3006	State	1,175	175	1,000	2,350
Bridge #3 over Buffalo Creek	Federal	0	0	0	0
Buffalo Twp	Local	0	0	0	0
Bridge Replacement	Total	1,175	175	1,000	2,350
Washington County SR 3009	State	2,175	175	2,000	4,350
SR 3009 Bridge over Buffalo Creek	Federal	0	0	0	0
East Finley Twp	Local	0	0	0	0
Bridge Replacement	Total	2,175	175	2,000	4,350
Washington County SR 3020	State	2,125	200	1,925	4,250
Bridge over Bane Creek	Federal	0	0	0	0
Morris Twp	Local	0	0	0	0
Bridge Replacement	Total	2,125	200	1,925	4,250
Washington County SR 3021	State	1,450	175	1,275	2,900
Bridge over Middle Wheeling Creek	Federal	0	0	0	0
West Finley Twp	Local	0	0	0	0
Bridge Replacement	Total	1,450	175	1,275	2,900
Washington County SR 3023	State	1,230	130	1,100	2,460
Bridge #2 over Middle Wheeling Creek	Federal	0	0	0	0
Donegal Twp	Local	0	0	0	0
Bridge Replacement	Total	1,230	130	1,100	2,460
Washington County SR 3027	State	1,875	175	1,700	3,750
SR 3027 bridge over Buffalo Creek	Federal	0	0	0	0
East Finley Twp	Local	0	0	0	0
Bridge Replacement	Total	1,875	175	1,700	3,750

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BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Washington County SR 3033	State	\$ 1,530	\$ 155	\$ 1,375	\$ 3,060
Bridge 2 over Tenmile Creek	Federal	0	0	0	0
Morris Twp	Local	0	0	0	0
Bridge Replacement	Total	1,530	155	1,375	3,060
Washington County SR 4015	State	1,400	175	1,225	2,800
Bridge over Raccoon Creek	Federal	0	0	0	0
Mount Pleasant Twp	Local	0	0	0	0
Bridge Replacement	Total	1,400	175	1,225	2,800
Washington County SR 4057	State	1,070	175	895	2,140
SR 4057 Bridge over Buffalo Creek	Federal	1,480	0	1,480	2,960
Blaine Twp	Local	0	0	0	0
Bridge Replacement	Total	2,550	175	2,375	5,100
Washington County SR 4059	State	1,825	175	1,650	3,650
SR 4059 Bridge over Buffalo Creek	Federal	0	0	0	0
Blaine Twp	Local	0	0	0	0
Bridge Replacement	Total	1,825	175	1,650	3,650
Washington County SR 481	State	1,825	175	1,650	3,650
Bridge over Little Pike Run	Federal	0	0	0	0
West Pike Run Twp	Local	0	0	0	0
Bridge Replacement	Total	1,825	175	1,650	3,650
Washington County SR 837	State	1,575	175	1,400	3,150
SR 837 Bridge over Mon-View Mine Tracks	Federal	0	0	0	0
Union Twp	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Washington County SR 844	State	2,025	175	1,850	4,050
SR 844 Bridge over Chartiers Creek	Federal	0	0	0	0
Canton Twp	Local	0	0	0	0
Bridge Replacement	Total	2,025	175	1,850	4,050
Washington County SR 980	State	1,575	175	1,400	3,150
Bridge over Millers Run	Federal	0	0	0	0
Cecil Twp	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Westmoreland County SR 1007	State	1,425	175	1,250	2,850
Bridge over Hendrick Creek	Federal	0	0	0	0
Fairfield Twp	Local	0	0	0	0
Bridge Replacement	Total	1,425	175	1,250	2,850
Westmoreland County SR 1028	State	1,575	175	1,400	3,150
Bridge over Little Crabtree Creek	Federal	0	0	0	0
Unity Twp	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Westmoreland County SR 1071	State	1,800	200	1,600	3,600
SR 1071 Bridge over Hendrick's Creek	Federal	0	0	0	0
Fairfield Twp	Local	0	0	0	0
Bridge Replacement	Total	1,800	200	1,600	3,600

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BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Westmoreland County SR 130	State	\$ 1,875	\$ 175	\$ 1,700	\$ 3,750
Bridge over Bull Run	Federal	0	0	0	0
City of Jeannette	Local	0	0	0	0
Bridge Replacement	Total	1,875	175	1,700	3,750
Westmoreland County SR 130	State	2,575	175	2,400	5,150
SR 130 Bridge over Brush Creek	Federal	0	0	0	0
Hempfield Twp	Local	0	0	0	0
Bridge Replacement	Total	2,575	175	2,400	5,150
Westmoreland County SR 130	State	1,375	175	1,200	2,750
Bridge over Jacks Run	Federal	0	0	0	0
City of Greensburg	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750
Westmoreland County SR 136	State	1,125	175	950	2,250
Bridge over Little Sewickley Creek	Federal	0	0	0	0
Hempfield Twp	Local	0	0	0	0
Bridge Replacement	Total	1,125	175	950	2,250
Westmoreland County SR 2012	State	1,375	175	1,200	2,750
Bridge over Brinker Run	Federal	0	0	0	0
Mount Pleasant Twp	Local	0	0	0	0
Bridge Replacement	Total	1,375	175	1,200	2,750
Westmoreland County SR 2013	State	1,225	200	1,025	2,450
Bridge 2 over Slate Creek	Federal	0	0	0	0
Hempfield Twp	Local	0	0	0	0
Bridge Replacement	Total	1,225	200	1,025	2,450
Westmoreland County SR 2021	State	630	60	570	1,260
Bridge over Sewickley Creek	Federal	2,520	240	2,280	5,040
Mount Pleasant Twp	Local	0	0	0	0
Bridge Replacement	Total	3,150	300	2,850	6,300
Westmoreland County SR 2027	State	300	40	260	600
Bridge over Ninemile Run	Federal	1,200	160	1,040	2,400
Unity Twp	Local	0	0	0	0
Bridge Replacement	Total	1,500	200	1,300	3,000
Westmoreland County SR 3071	State	495	55	440	990
SR 3071 Bridge over Little Sewickley Creek	Federal	1,980	220	1,760	3,960
Arona Boro	Local	0	0	0	0
Bridge Replacement	Total	2,475	275	2,200	4,950
Westmoreland County SR 3093	State	2,200	250	1,950	4,400
Bridge over Wilson Run	Federal	0	0	0	0
New Stanton Boro	Local	0	0	0	0
Bridge Replacement	Total	2,200	250	1,950	4,400
Westmoreland County SR 366	State	880	60	820	1,760
Bridge over Little Pucketta Creek	Federal	3,520	240	3,280	7,040
City of New Kensington	Local	0	0	0	0
Bridge Replacement	Total	4,400	300	4,100	8,800

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BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Westmoreland County SR 381	State	\$ 500	\$ 75	\$ 425	\$ 1,000
Bridge over Powdermill Run	Federal	0	0	0	0
Cook Township	Local	0	0	0	0
Bridge Replacement	Total	500	75	425	1,000
Westmoreland County SR 4032	State	1,650	225	1,425	3,300
Bridge over Pucketa Creek	Federal	0	0	0	0
Upper Burrell Twp	Local	0	0	0	0
Bridge Replacement	Total	1,650	225	1,425	3,300
Westmoreland County SR 4034	State	390	55	335	780
Bridge over Pine Run	Federal	1,560	220	1,340	3,120
Allegheny Twp	Local	0	0	0	0
Bridge Replacement	Total	1,950	275	1,675	3,900
Westmoreland County SR 4083	State	2,175	225	1,950	4,350
Bridge #2 over Little Pucketta Creek	Federal	0	0	0	0
City of New Kensington	Local	0	0	0	0
Bridge Replacement	Total	2,175	225	1,950	4,350
Westmoreland County SR 4089	State	1,575	175	1,400	3,150
Bridge over Chartiers Run	Federal	0	0	0	0
City of Lower Burrell	Local	0	0	0	0
Bridge Replacement	Total	1,575	175	1,400	3,150
Westmoreland County SR 51	State	2,550	250	2,300	5,100
Bridge over Cedar Creek	Federal	0	0	0	0
Rostraver Twp	Local	0	0	0	0
Bridge Replacement	Total	2,550	250	2,300	5,100
Westmoreland County SR 711	State	2,500	250	2,250	5,000
Bridge over Tubmill Creek	Federal	0	0	0	0
St Clair Twp	Local	0	0	0	0
Bridge Replacement	Total	2,500	250	2,250	5,000
Westmoreland County SR 8011	State	1,500	200	1,300	3,000
Bridge over Pollock Run	Federal	0	0	0	0
Rostraver Twp	Local	0	0	0	0
Bridge Replacement	Total	1,500	200	1,300	3,000
Westmoreland County SR 819	State	1,475	175	1,300	2,950
Bridge over Slate Creek	Federal	0	0	0	0
South Greensburg Boro	Local	0	0	0	0
Bridge Replacement	Total	1,475	175	1,300	2,950
Westmoreland County SR 981	State	1,950	225	1,725	3,900
Bridge over Monastery Run	Federal	0	0	0	0
Unity Twp	Local	0	0	0	0
Bridge Replacement	Total	1,950	225	1,725	3,900
Westmoreland County SR 982	State	755	175	580	1,510
Bridge over Welty Run	Federal	520	0	520	1,040
Mount Pleasant Twp	Local	0	0	0	0
Bridge Replacement	Total	1,275	175	1,100	2,550

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BRIDGE PROJECTS

Program: State Highway and Bridge Construction

	Base Project Cost	Land Cost	Design Cost	Total Project Cost
Westmoreland County SR T-997	State \$ 620	\$ 20	\$ 600	\$ 1,240
T-997 Copeland Road Bridge over Chartiers Run	Federal 0	0	0	0
Allegheny Twp	Local 155	5	150	310
Bridge Replacement	Total 775	25	750	1,550
TOTAL STATE FUNDS.....	172,475	18,940	149,845	341,260
TOTAL FEDERAL FUNDS.....	31,420	1,560	30,865	63,845
TOTAL LOCAL FUNDS.....	591	30	561	1,182
PROGRAM TOTAL.....	<u>\$ 204,486</u>	<u>\$ 20,530</u>	<u>\$ 181,271</u>	<u>\$ 406,287</u>

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ADMINISTRATION PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Lancaster County Maintenance Facility	State	\$ 500	\$ 0	\$ 50	\$ 550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Cumberland County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Perry County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
York County Maintenance Facility	State	500	0	50	550
NEW HI-ARCH SALT BUILDING: This project will provide for the construction of a new hi-arch salt storage building and additional buildings at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
York County Maintenance Facility	State	875	0	75	950
REPAIR FLOOR DAMAGE AND HVAC: This project will provide for the repair of HVAC and structural deficiencies in the floor at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	875	0	75	950
Bedford County Maintenance Facility	State	850	0	0	850
REPLACE HVAC SYSTEM: This project will provide for the replacement of the HVAC system at the district 9-1 county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	850	0	0	850
Susquehanna County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Lackwanna County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Lackwanna County District 4-0 Office	State	650	0	65	715
RENOVATE DISTRICT OFFICE: This project will provide for the renovation of district 4-0 office to meet current building and safety codes including infrastructure	Federal	0	0	0	0
	Local	0	0	0	0
	Total	650	0	65	715
Lackwanna County Maintenance Facility	State	576	0	57	633
REPLACE ROOF: This project will provide for the replacement of the garage and office roof to increase building efficiency.	Federal	0	0	0	0
	Local	0	0	0	0
	Total	576	0	57	633

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ADMINISTRATION PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Monroe County Maintenance Facility	State	\$ 500	\$ 0	\$ 50	\$ 550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Carbon County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Philadelphia County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Delaware County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Montgomery County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the county maintenance facility	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Montgomery County District 6-0 Office	State	392	0	20	412
NEW EMERGENCY GENERATOR: This project will provide for the replacement of existing emergency generator at the district 6-0 office.	Federal	0	0	0	0
	Local	0	0	0	0
	Total	392	0	20	412
Monroe County Maintenance Facility	State	500	0	50	550
REPLACE ROOF: This project will provide for the replacement of the garage and office roof to increase building efficiency.	Federal	0	0	0	0
	Local	0	0	0	0
	Total	500	0	50	550
Clarion County Weigh Station	State	375	0	0	375
REPLACE SCALE SYSTEM: This project will provide for the replacement of the weigh-in-motion and static scale system at the weigh station	Federal	0	0	0	0
	Local	0	0	0	0
	Total	375	0	0	375
Armstrong County Maintenance Facility	State	400	0	40	440
RENOVATE DISTRICT 10-1 MAINTENANCE FACILITY: This project will provide for the renovation of district 10-1 to bring facilities into compliance of current codes including windows, doors, and flooring	Federal	0	0	0	0
	Local	0	0	0	0
	Total	400	0	40	440
Armstrong County Maintenance Facility	State	350	0	35	385
NEW WELD SHOP ADDITION: This project will provide for the construction of an addition for a weld shop including infrastructure, HVAC, and welding equipment.	Federal	0	0	0	0
	Local	0	0	0	0
	Total	350	0	35	385

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ADMINISTRATION PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Butler County Maintenance Facility	State	\$ 650	\$ 0	\$ 65	\$ 715
REPLACE HVAC SYSTEM: This project will	Federal	0	0	0	0
provide for the replacement of the HVAC system at the	Local	0	0	0	0
district 10-2 county maintenance facility	Total	650	0	65	715
Butler County Maintenance Facility	State	350	0	35	385
REPLACE ROOF: This project will provide	Federal	0	0	0	0
for the replacement of the garage and office roof to	Local	0	0	0	0
increase building efficiency	Total	350	0	35	385
Butler County Maintenance Facility	State	450	0	45	495
STRUCTURAL REPAIRS DISTRICT 10-2: This project will	Federal	0	0	0	0
provide for the structural repairs on walls, windows,	Local	0	0	0	0
doors, and transoms and widen overhead door openings	Total	450	0	45	495
Indiana County Office Facility	State	400	0	40	440
REPLACE HVAC SYSTEM, DISTRICT 10-0: This project	Federal	0	0	0	0
will replace the evaporative condenser, make-up air unit,	Local	0	0	0	0
chiller, and boiler #1 of the current HVAC system at the	Total	400	0	40	440
district 10-0 county facility					
Indiana County Maintenance Facility	State	525	0	52	577
REPLACE HVAC DISTRICT 10-4 SYSTEM: This project	Federal	0	0	0	0
will provide for a stand alone HVAC system at	Local	0	0	0	0
the district 10-4 county maintenance facility including the	Total	525	0	52	577
office and garage wings					
Northumberland County Maintenance Facility	State	600	0	60	660
CONSTRUCT NEW GARAGE BAY: This project	Federal	0	0	0	0
will provide for the construction of a 45x65 foot bay	Local	0	0	0	0
to allow for height clearance of larger vehicles	Total	600	0	60	660
Columbia County Maintenance Facility	State	375	0	37	412
NEW WELD SHOP ADDITION: This project will provide	Federal	0	0	0	0
for the construction of an addition for a weld shop	Local	0	0	0	0
including infrastructure, HVAC, and welding equipment.	Total	375	0	37	412
Erie County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for	Federal	0	0	0	0
the construction of a new vehicle wash building	Local	0	0	0	0
at the county maintenance facility	Total	500	0	50	550
Crawford County Maintenance Facility	State	500	0	50	550
NEW VEHICLE WASH: This project will provide for	Federal	0	0	0	0
the construction of a new vehicle wash building	Local	0	0	0	0
at the county maintenance facility	Total	500	0	50	550
Venango County Office Facility	State	700	0	70	770
REPLACE HVAC SYSTEM, DISTRICT 1-0: This project	Federal	0	0	0	0
will provide for the replacement of the HVAC system at	Local	0	0	0	0
the district 1-0 county office facility	Total	700	0	70	770

Department of Transportation 2007-08 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

ADMINISTRATION PROJECTS

Program: State Highway and Bridge Construction

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Carbon County Maintenance Facility	State \$ 330	\$ 0	\$ 30	\$ 360
RENOVATE METAL BUILDING: This project	Federal 0	0	0	0
will provide for the renovation of an existing metal	Local 0	0	0	0
building at the district 5-2 county maintenance facility	Total 330	0	30	360
Lackawanna County Maintenance Facility	State 600	0	60	660
RENOVATE PARKING & ACCESS RAMPS: This project	Federal 0	0	0	0
will provide for the renovation of and expansion of	Local 0	0	0	0
existing parking including entrance/exit ramps to	Total 600	0	60	660
accommodate additional parking				
Wyoming County Maintenance Facility	State 600	0	60	660
OFFICE RENOVATION/REPLACE HVAC SYSTEM: This	Federal 0	0	0	0
project will provide for the renovation of district office 4-7	Local 0	0	0	0
including replacement of the HVAC system	Total 600	0	60	660
Centre County Maintenance Facility	State 500	0	50	550
NEW VEHICLE WASH: This project will provide for	Federal 0	0	0	0
the construction of a new vehicle wash building	Local 0	0	0	0
at the county maintenance facility	Total 500	0	50	550
TOTAL STATE FUNDS.....	17,548	0	1,596	19,144
TOTAL FEDERAL FUNDS.....	0	0	0	0
TOTAL LOCAL FUNDS.....	0	0	0	0
PROGRAM TOTAL.....	<u>\$ 17,548</u>	<u>\$ 0</u>	<u>\$ 1,596</u>	<u>\$ 19,144</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)

	2008-09	2009-10	2010-11	2011-12
Agriculture.....	\$ 0	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	124,300	110,000	110,000	111,000
Corrections.....	30,000	30,000	30,000	30,000
Education.....	115,450	115,150	142,800	118,200
Emergency Management Agency.....	0	0	0	0
Environmental Protection.....	24,600	19,400	7,200	13,400
Fish and Boat Commission.....	2,000	1,500	1,000	1,000
Game Commission.....	2,000	1,000	1,000	1,000
General Services.....	0	0	0	0
Historical and Museum Commission.....	13,060	9,190	0	0
Military and Veterans Affairs.....	0	0	0	0
Public Welfare.....	25,880	25,740	26,350	0
State Police.....	0	0	0	0
Transportation.....	450,000	450,000	450,000	450,000
TOTAL.....	\$ 787,290	\$ 761,980	\$ 768,350	\$ 724,600

Capital Budget

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2008-09 through 2011-12. Amounts in this section are grouped by department, along with the general types of projects involved, and are identified by capital project category.

(Dollar Amounts in Thousands)

	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
FROM CAPITAL FACILITIES BOND FUNDS				
Agriculture				
PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the laborator	\$ 0	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of support, day use, camping facilities and utility systems at the State parks; construction of district offices, central garages, radio communications systems and rehabilitation of forest roads in forest districts. Also may include original furniture and equipment authorizations	84,300	69,000	68,000	68,000
Corrections				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of administrative, industrial, educational and housing facilities, and utilities at the State-owned correctional institution. Also may include original furniture and equipment authorization	30,000	30,000	30,000	30,000
Education				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction expansion, renovation and conversion of classroom and auxiliary buildings, utilities and recreational facilities for the State System Higher Education, State-Owned Schools and for the State-Related Universities. Also may include original furniture and equipment authorizations	115,450	115,150	142,800	118,200
Emergency Management Agency				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovations at the State Fire Academy, Emergency Operations Center around the State and other emergency facilities	0	0	0	0
Environmental Protection				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and improvement projects to protect the environment and the health and safety of citizens using State lands and waterways. These projects include flood protection construction. Also may include original furniture and equipment authorizations	24,600	15,800	0	0
Environmental Protection				
FLOOD CONTROL PROJECTS: Provides for the State share of Federal flood control projects including the construction and improvement of levees, dikes, walls, revetments, dams, lake reservoirs and other works deemed necessary to control floods. Also will control, preserve, and regulate the flow of rivers and streams	0	3,600	7,200	13,400
General Services				
PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to State office buildings and facilities	0	0	0	0

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Historical and Museum Commission	\$ 13,060	\$ 9,190	\$ 0	\$ 0
PUBLIC IMPROVEMENT PROJECTS: Provides for restoration and renovation of historic facilities, installation of fire and security systems, development of fixed exhibits and miscellaneous building and utility improvements at Commonwealth owned museums at historic sites. Also may include original furniture and equipment authorizations				
Military and Veterans Affairs	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for land acquisition renovations, additions and replacement at the State armories a veterans' homes. Also may include original furniture and equipment authorizations				
Public Welfare	25,880	25,740	26,350	0
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of patient buildings, support facilities and utilities at the State institutions for the mentally ill and mentally retarded, restoration centers and youth development centers. Also may include original furniture and equipment authorizations				
State Police	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for renovation expansion and construction of troop headquarters/station facilities and driver examination facilities. Also may include original furniture and equipment authorizations				
Transportation	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for construction of and additions to highway maintenance and district office building driver examination facilities, welcome centers and State-owned airport facilities. Also may include original furniture and equipment authorizations				
Transportation	150,000	150,000	150,000	150,000
TRANSPORTATION ASSISTANCE PROJECTS: Provides for the purchase/rehabilitation of rolling stock and equipment and for construction/renovation of facilities operated by local mass transportation agencies. Also includes the purchase and improvement of rail lines				
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program.....	\$ 293,290	\$ 264,880	\$ 267,150	\$ 216,200
Total — Flood Control Program.....	0	3,600	7,200	13,400
Total — Transportation Assistance Program.....	150,000	150,000	150,000	150,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS.....	\$ 443,290	\$ 418,480	\$ 424,350	\$ 379,600

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
FROM CURRENT REVENUES				
Conservation and Natural Resources	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000
PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation repair and development of State park and forest facilities which a critical for visitor safety and environmental protection or essent for facility operation.				
Conservation and Natural Resources	25,000	25,000	25,000	25,000
PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation and development of open space, forests, parks and scenic environment				
Fish and Boat Commission	2,000	1,500	1,000	1,000
PUBLIC IMPROVEMENT PROJECTS — FISH AND BOAT FUND: Provides for acquisition of property, construction of new capital asset and renovation of existing facilities for the development of fisheries at recreational boating facilities				
Game Commission	2,000	1,000	1,000	1,000
PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional State game land:				
Transportation	300,000	300,000	300,000	300,000
HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction c highways and bridges on the Commonwealth road system and maj Federally designated safety projects				
CURRENT REVENUES				
Total – Public Improvement Program.....	\$ 44,000	\$ 43,500	\$ 44,000	\$ 45,000
Total – Highway Program.....	300,000	300,000	300,000	300,000
SUBTOTAL – CURRENT REVENUES.....	\$ 344,000	\$ 343,500	\$ 344,000	\$ 345,000
TOTAL – ALL PROGRAMS.....	\$ 787,290	\$ 761,980	\$ 768,350	\$ 724,600

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	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Executive Offices.....	\$ 14,439	\$ 54,159	\$ 26,635	\$ 15,380	\$ 9,093
Agriculture.....	1,676	9,189	9,198	7,565	5,918
Conservation and Natural Resources.....	50,892	68,283	72,784	80,970	96,395
Community and Economic Development.....	225,176	376,910	409,632	277,576	109,244
Corrections.....	29,111	85,532	115,108	119,980	127,552
Education.....	177,563	220,088	177,404	170,622	179,409
Emergency Management Agency.....	452	1,584	2,777	2,831	2,841
Environmental Protection.....	19,464	18,232	17,875	20,257	22,804
Fish and Boat Commission.....	750	750	750	750	750
General Services.....	169,111	349,905	329,533	208,322	93,776
Historical and Museum Commission.....	7,366	19,214	23,823	23,432	22,091
Military and Veterans Affairs.....	14,528	13,979	17,855	18,116	18,181
Public Welfare.....	12,183	10,026	11,772	11,927	11,955
State Police.....	824	3,481	6,018	6,104	6,120
Transportation.....	551,384	568,184	580,639	581,598	582,350
TOTAL - ALL STATE FUNDS.....	\$ 1,274,919	\$ 1,799,515	\$ 1,801,803	\$ 1,545,430	\$ 1,288,478

Totals may not add due to rounding.

Capital Budget

Estimate of Capital Expenditures

This table provides estimated capital expenditures by department for currently authorized capital projects, projects recommended in this budget and potential future authorizations.

(Dollar Amounts in Thousands)

	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 2,685	\$ 23,051	\$ 16,195	\$ 9,965	\$ 3,678
Furniture and Equipment.....	6,353	11,899	5,025	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	361	3,249	5,415	5,415	5,415
Furniture and Equipment.....	5,040	15,960	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES.....	<u>\$ 14,439</u>	<u>\$ 54,159</u>	<u>\$ 26,635</u>	<u>\$ 15,380</u>	<u>\$ 9,093</u>
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,341	\$ 6,174	\$ 4,173	\$ 2,540	\$ 893
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	335	3,015	5,025	5,025	5,025
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - AGRICULTURE.....	<u>\$ 1,676</u>	<u>\$ 9,189</u>	<u>\$ 9,198</u>	<u>\$ 7,565</u>	<u>\$ 5,918</u>
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 23,080	\$ 26,345	\$ 22,128	\$ 18,664	\$ 14,967
Furniture and Equipment.....	51	67	22	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	813	7,316	12,193	12,193	12,193
Furniture and Equipment.....	1,532	4,598	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	843	8,277	19,535	38,225
Furniture and Equipment.....	0	1	3	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 25,476</u>	<u>\$ 39,170</u>	<u>\$ 42,623</u>	<u>\$ 50,392</u>	<u>\$ 65,385</u>
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,136	\$ 24,000	\$ 41,835	\$ 42,653	\$ 42,804
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 7,136</u>	<u>\$ 24,000</u>	<u>\$ 41,835</u>	<u>\$ 42,653</u>	<u>\$ 42,804</u>
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction.....	\$ 218,040	\$ 352,910	\$ 367,797	\$ 234,923	\$ 66,440
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT.....	<u>\$ 225,176</u>	<u>\$ 376,910</u>	<u>\$ 409,632</u>	<u>\$ 277,576</u>	<u>\$ 109,244</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2007-08</u> Estimated	<u>2008-09</u> Estimated	<u>2009-10</u> Estimated	<u>2010-11</u> Estimated	<u>2011-12</u> Estimated
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 18,068	\$ 15,306	\$ 20,016	\$ 20,407	\$ 20,479
Furniture and Equipment.....	30	57	19	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	6,138	55,244	92,073	92,073	92,073
Furniture and Equipment.....	4,875	14,625	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	300	3,000	7,500	15,000
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CORRECTIONS.....	<u>\$ 29,111</u>	<u>\$ 85,532</u>	<u>\$ 115,108</u>	<u>\$ 119,980</u>	<u>\$ 127,552</u>
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 170,474	\$ 191,652	\$ 150,176	\$ 129,578	\$ 107,305
Furniture and Equipment.....	3,337	11,252	3,751	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	796	7,160	11,934	11,934	11,934
Furniture and Equipment.....	2,956	8,869	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	1,155	11,543	29,110	60,170
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EDUCATION.....	<u>\$ 177,563</u>	<u>\$ 220,088</u>	<u>\$ 177,404</u>	<u>\$ 170,622</u>	<u>\$ 179,409</u>
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 452	\$ 1,584	\$ 2,777	\$ 2,831	\$ 2,841
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT.....	<u>\$ 452</u>	<u>\$ 1,584</u>	<u>\$ 2,777</u>	<u>\$ 2,831</u>	<u>\$ 2,841</u>
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 10,901	\$ 12,176	\$ 15,591	\$ 15,895	\$ 15,952
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	48	432	720	720	720
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal	<u>\$ 10,949</u>	<u>\$ 12,608</u>	<u>\$ 16,311</u>	<u>\$ 16,615</u>	<u>\$ 16,672</u>
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements.....	\$ 7,819	\$ 2,753	\$ 292	\$ 114	\$ 0
Projects in 2007-08 Budget					
Structures and Improvements.....	696	2,871	696	0	0
Future Projects (2008-12)					
Structures and Improvements.....	0	0	576	3,528	6,132
Subtotal	<u>\$ 8,515</u>	<u>\$ 5,624</u>	<u>\$ 1,564</u>	<u>\$ 3,642</u>	<u>\$ 6,132</u>
TOTAL - ENVIRONMENTAL PROTECTION.....	<u>\$ 19,464</u>	<u>\$ 18,232</u>	<u>\$ 17,875</u>	<u>\$ 20,257</u>	<u>\$ 22,804</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2007-08</u> <u>Estimated</u>	<u>2008-09</u> <u>Estimated</u>	<u>2009-10</u> <u>Estimated</u>	<u>2010-11</u> <u>Estimated</u>	<u>2011-12</u> <u>Estimated</u>
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 168,405	\$ 341,220	\$ 320,588	\$ 200,760	\$ 86,214
Furniture and Equipment.....	202	4,148	1,383	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	504	4,537	7,562	7,562	7,562
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - GENERAL SERVICES.....	<u>\$ 169,111</u>	<u>\$ 349,905</u>	<u>\$ 329,533</u>	<u>\$ 208,322</u>	<u>\$ 93,776</u>
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 5,804	\$ 13,171	\$ 21,453	\$ 21,588	\$ 20,390
Furniture and Equipment.....	2	374	125	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	62	562	936	936	936
Furniture and Equipment.....	1,498	4,743	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	364	1,309	908	765
TOTAL - HISTORICAL AND MUSEUM	<u>\$ 7,366</u>	<u>\$ 19,214</u>	<u>\$ 23,823</u>	<u>\$ 23,432</u>	<u>\$ 22,091</u>
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 14,523	\$ 13,720	\$ 17,769	\$ 18,116	\$ 18,181
Furniture and Equipment.....	5	259	86	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - MILITARY AFFAIRS.....	<u>\$ 14,528</u>	<u>\$ 13,979</u>	<u>\$ 17,855</u>	<u>\$ 18,116</u>	<u>\$ 18,181</u>
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 11,925	\$ 7,702	\$ 7,899	\$ 8,054	\$ 8,082
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	258	2,324	3,873	3,873	3,873
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - PUBLIC WELFARE.....	<u>\$ 12,183</u>	<u>\$ 10,026</u>	<u>\$ 11,772</u>	<u>\$ 11,927</u>	<u>\$ 11,955</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2007-08</u> Estimated	<u>2008-09</u> Estimated	<u>2009-10</u> Estimated	<u>2010-11</u> Estimated	<u>2011-12</u> Estimated
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 716	\$ 2,509	\$ 4,398	\$ 4,484	\$ 4,500
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	108	972	1,620	1,620	1,620
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - STATE POLICE	<u>\$ 824</u>	<u>\$ 3,481</u>	<u>\$ 6,018</u>	<u>\$ 6,104</u>	<u>\$ 6,120</u>
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 3,885	\$ 8,385	\$ 13,462	\$ 13,725	\$ 13,774
Furniture and Equipment.....	0	0	0	0	0
Projects in 2007-08 Budget					
Buildings and Structures.....	1,114	10,026	16,710	16,710	16,710
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2008-12)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 4,999</u>	<u>\$ 18,411</u>	<u>\$ 30,172</u>	<u>\$ 30,435</u>	<u>\$ 30,484</u>
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air.....	\$ 150,000	\$ 145,000	\$ 138,000	\$ 122,000	\$ 112,000
Projects in 2007-08 Budget					
Mass Transit, Rail and Air.....	0	5,000	7,000	9,000	5,000
Future Projects (2008-12)					
Mass Transit, Rail and Air.....	0	0	5,000	19,000	33,000
Subtotal.....	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
TOTAL - TRANSPORTATION.....	<u>\$ 154,999</u>	<u>\$ 168,411</u>	<u>\$ 180,172</u>	<u>\$ 180,435</u>	<u>\$ 180,484</u>
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures.....	\$ 449,932	\$ 784,130	\$ 839,341	\$ 723,466	\$ 631,516
Furniture and Equipment.....	25,881	77,216	11,723	908	765
Redevelopment Assistance Projects					
Acquisition and Construction.....	218,040	352,910	367,797	234,923	66,440
Flood Control Projects					
Structures and Improvements.....	8,515	5,624	1,564	3,642	6,132
Transportation Assistance Projects					
Mass Transit, Rail and Air.....	150,000	150,000	150,000	150,000	150,000
TOTAL.....	<u>\$ 852,368</u>	<u>\$ 1,369,880</u>	<u>\$ 1,370,425</u>	<u>\$ 1,112,939</u>	<u>\$ 854,853</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2007-08</u> Estimated	<u>2008-09</u> Estimated	<u>2009-10</u> Estimated	<u>2010-11</u> Estimated	<u>2011-12</u> Estimated
CURRENT REVENUES					
FISH AND BOAT FUND					
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Projects in 2007-08 Budget	0	0	0	0	0
Future Projects (2008-12)	0	0	0	0	0
TOTAL - FISH AND BOAT COMMISSION.....	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND					
Conservation and Natural Resources					
Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration					
Projects Currently Authorized.....	\$ 17,677	\$ 14,738	\$ 13,952	\$ 12,521	\$ 11,806
Projects in 2007-08 Budget	0	2,861	4,292	5,723	6,438
Future Projects (2008-12)	0	0	0	0	0
Subtotal.....	<u>\$ 17,677</u>	<u>\$ 17,599</u>	<u>\$ 18,244</u>	<u>\$ 18,244</u>	<u>\$ 18,244</u>
ENVIRONMENTAL STEWARDSHIP FUND					
Conservation and Natural Resources					
Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized.....	\$ 7,739	\$ 4,401	\$ 4,804	\$ 5,221	\$ 5,653
Projects in 2007-08 Budget	0	7,113	7,113	7,113	7,113
Future Projects (2008-12)	0	0	0	0	0
Subtotal.....	<u>\$ 7,739</u>	<u>\$ 11,514</u>	<u>\$ 11,917</u>	<u>\$ 12,334</u>	<u>\$ 12,766</u>
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 25,416</u>	<u>\$ 29,113</u>	<u>\$ 30,161</u>	<u>\$ 30,578</u>	<u>\$ 31,010</u>
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized.....	\$ 396,385	\$ 379,785	\$ 372,435	\$ 361,047	\$ 341,586
Projects in 2007-08 Budget	0	11,993	20,023	20,058	28,131
Future Projects (2008-12)	0	7,995	8,009	20,058	32,149
TOTAL - TRANSPORTATION.....	<u>\$ 396,385</u>	<u>\$ 399,773</u>	<u>\$ 400,467</u>	<u>\$ 401,163</u>	<u>\$ 401,866</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2007-08</u> <u>Estimated</u>	<u>2008-09</u> <u>Estimated</u>	<u>2009-10</u> <u>Estimated</u>	<u>2010-11</u> <u>Estimated</u>	<u>2011-12</u> <u>Estimated</u>
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Fish and Boat Fund.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund.....	17,677	17,599	18,244	18,244	18,244
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund.....	7,739	11,514	11,917	12,334	12,766
Highway and Bridge Projects					
Motor License Fund	396,385	399,773	400,467	401,163	401,866
TOTAL - CURRENT REVENUES.....	<u>\$ 422,551</u>	<u>\$ 429,636</u>	<u>\$ 431,378</u>	<u>\$ 432,491</u>	<u>\$ 433,626</u>
TOTAL - ALL STATE FUNDS.....	<u>\$ 1,274,919</u>	<u>\$ 1,799,515</u>	<u>\$ 1,801,803</u>	<u>\$ 1,545,430</u>	<u>\$ 1,288,478</u>

Totals may not add due to rounding.



PUBLIC DEBT

This section presents data on the debt obligations of the Commonwealth. Debt financing is used by the Commonwealth to finance its capital programs, finance voter-approved bond referendums, and fund certain disaster relief programs. Most long-term financing by the Commonwealth is provided by the issuance of general obligation debt. Appropriation-backed debt has been used in limited instances for capital purposes. Data on such debt is included in this presentation only in the calculation of the debt ratios shown.

The Commonwealth Constitution permits debt to be issued for (i) capital projects in approved capital budgets; (ii) purposes approved by voter referendum; and (iii) response to disasters. The following items are guidelines the Commonwealth follows in executing its capital and other debt financing activities:

- Referenda to authorize additional debt should be submitted to the voters only for critical needs when sufficient other resources are not available.
- The general obligation pledge of the Commonwealth is the preferred source of security for Commonwealth debt.
- A moral obligation pledge of the Commonwealth should not be given beyond those already given.
- Revenue pledges are to be used only by independent agencies and authorities that cannot pledge the Commonwealth's general obligation.
- Lease revenue debt should be used only when budgetary restraints prohibit current revenue funding for assets that are infrequently obtained and do not meet capital project definitions.
- Debt should be structured to mature within the useful life of the projects being financed.
- All long-term financing should be sold by competitive bid.
- Short-term borrowing should not comprise a majority of outstanding debt.
- Debt service paid by the General Fund should not exceed five percent of revenues.
- Capital projects addressing health, safety and public protection receive top priority for activation. New construction projects have the lowest priority.
- Highway capital projects should be funded from current revenues of the Motor License Fund.

DEBT AUTHORIZED, ISSUED AND OUTSTANDING

The following statement reflects the debt of the Commonwealth as of December 31, 2006. Issues for which all authorized debt has been previously issued and for which said debt has been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

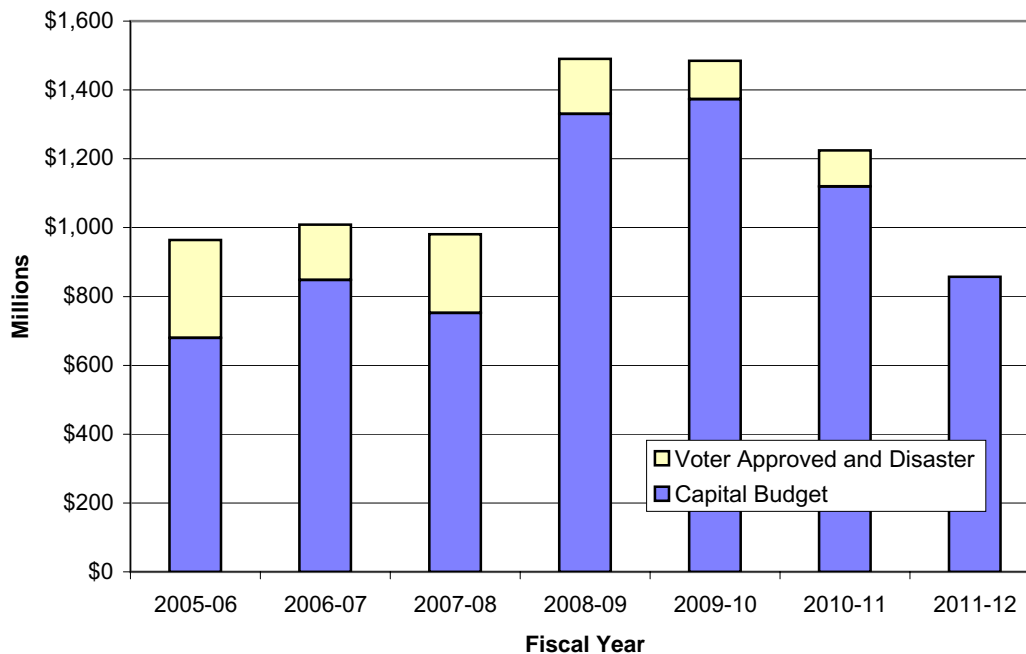
	(Dollar Amounts in Thousands)		
Debt Subject to Constitutional Limit	Total Debt Authorized	Total Original Debt Issued	Debt Outstanding*
Capital Budget.....	\$ 72,112,485	\$ 15,530,130	\$ 4,542,328
Capital Budget Refunding Bonds Outstanding.....	.....	.....	2,751,243
Less: Capital Debt Fund Balance.....	.....	.....	-1,422
Subtotal.....	<u>\$ 72,112,485</u>	<u>\$ 15,530,130</u>	<u>\$ 7,292,149</u>
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster			
Disaster Relief.....	\$ 192,708	\$ 170,800	\$ 0
Disaster Relief 1996.....	110,000	26,000	8,015
Economic Revitalization.....	190,000	176,000	2,540
Land and Water Development.....	500,000	499,700	1,270
Vietnam Veterans' Compensation.....	65,000	62,000	0
Volunteer Companies Loan.....	100,000	50,000	1,205
Water Facilities - 1981 Referendum.....	300,000	288,500	9,480
PENNVEST- 1988 & 1992 Referenda.....	650,000	483,000	114,910
Agricultural Conservation Easement.....	100,000	100,000	8,230
Local Criminal Justice.....	200,000	195,500	5,620
Nursing Home Loans.....	100,000	69,000	0
Keystone Recreation, Park and Conservation.....	50,000	50,000	1,400
Water Supply and Wastewater Infrastructure.....	250,000	65,000	65,000
Growing Greener.....	625,000	210,000	210,000
Persian Gulf Conflict Veterans' Compensation.....	20,000	0	0
Refunding Bonds Outstanding.....	.....	.....	427,273
Less: Non-capital Sinking Fund Balances.....	.....	.....	-42
Subtotal.....	<u>\$ 3,452,708</u>	<u>\$ 2,445,500</u>	<u>\$ 854,901</u>
TOTAL.....	<u><u>\$ 75,565,193</u></u>	<u><u>\$ 17,975,630</u></u>	<u><u>\$ 8,147,050</u></u>

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES 2005-06 Through 2011-12

This table shows the projected amount of general obligation bonds of the Commonwealth to be issued during the prior and current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.

New General Obligation Bond Issues

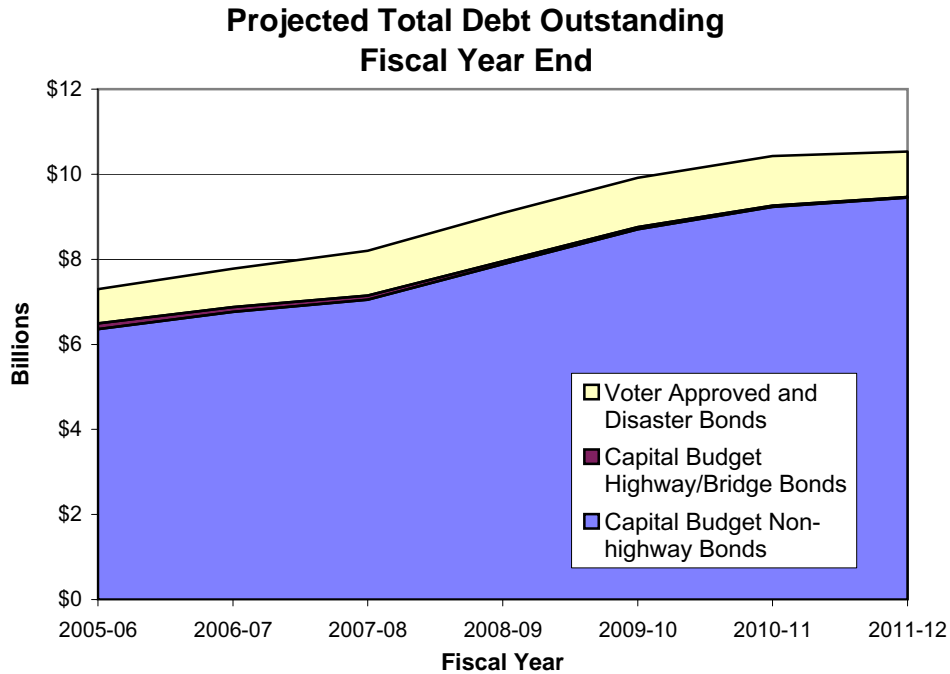


(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
General Obligation Bond Issues							
Capital Budget							
Buildings and Structures.....	\$ 355,000	\$ 400,000	\$ 320,000	\$ 780,000	\$ 835,000	\$ 735,000	\$ 650,000
Flood Control.....	10,000	0	7,000	5,000	2,000	3,000	6,000
Furnishings and Equipment.....	0	0	25,000	80,000	11,000	1,000	1,000
Redevelopment Assistance.....	165,000	353,000	250,000	315,000	375,000	230,000	50,000
Transportation Assistance.....	150,000	95,000	150,000	150,000	150,000	150,000	150,000
Subtotal.....	<u>\$ 680,000</u>	<u>\$ 848,000</u>	<u>\$ 752,000</u>	<u>\$ 1,330,000</u>	<u>\$ 1,373,000</u>	<u>\$ 1,119,000</u>	<u>\$ 857,000</u>
Voter Approved and Disaster							
Disaster Relief.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local Criminal Justice.....	1,000	0	0	0	0	0	0
PENNVEST -- 1988 & 1992 Referenda.....	50,000	70,000	40,000	10,000	0	0	0
Water and Wastewater Referendum.....	50,000	64,000	81,000	40,000	0	0	0
Growing Greener Referendum.....	183,000	27,000	105,000	105,000	105,000	100,000	0
Persian Gulf Conflict Veterans' Comp.....	0	0	3,000	5,000	7,000	5,000	0
Subtotal.....	<u>\$ 284,000</u>	<u>\$ 161,000</u>	<u>\$ 229,000</u>	<u>\$ 160,000</u>	<u>\$ 112,000</u>	<u>\$ 105,000</u>	<u>\$ 0</u>
TOTAL.....	<u><u>\$ 964,000</u></u>	<u><u>\$ 1,009,000</u></u>	<u><u>\$ 981,000</u></u>	<u><u>\$ 1,490,000</u></u>	<u><u>\$ 1,485,000</u></u>	<u><u>\$ 1,224,000</u></u>	<u><u>\$ 857,000</u></u>

GENERAL OBLIGATION DEBT OUTSTANDING 2005-06 Through 2011-12

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)].

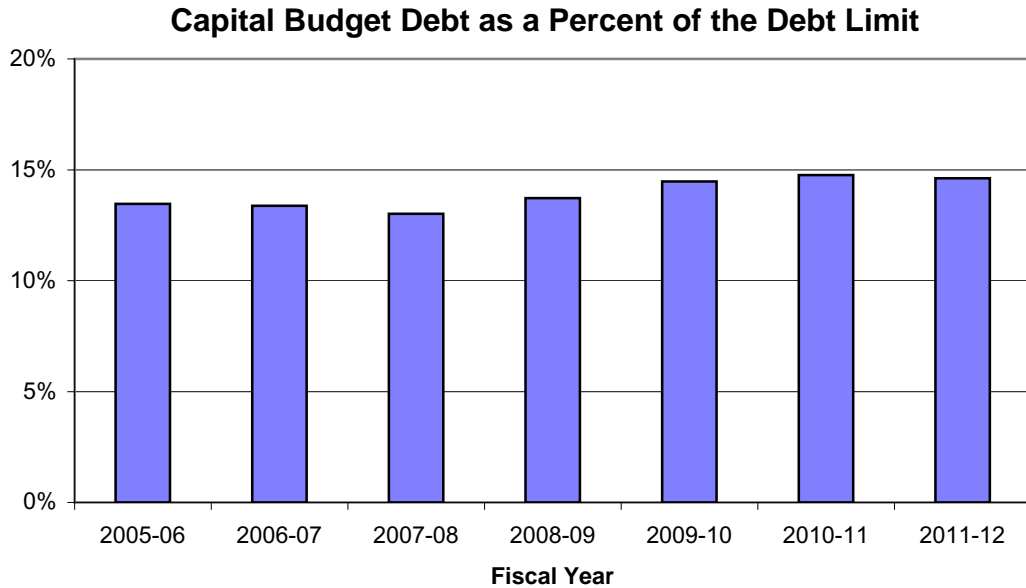


(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
Fiscal Year End Debt Outstanding							
Capital Budget Non-highway Bonds.....	\$ 6,358,197	\$ 6,765,332	\$ 7,052,803	\$ 7,881,106	\$ 8,707,794	\$ 9,228,111	\$ 9,446,776
Capital Budget Highway/Bridge Bonds..	137,171	113,322	91,143	70,435	52,713	35,017	19,067
Voter Approved and Disaster Bonds.....	799,603	902,471	1,058,500	1,135,258	1,156,546	1,166,202	1,064,626
TOTAL.....	\$ 7,294,971	\$ 7,781,125	\$ 8,202,446	\$ 9,086,799	\$ 9,917,053	\$10,429,330	\$10,530,469

CONSTITUTIONAL DEBT LIMIT 2005-06 Through 2011-12

The Commonwealth Constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for six fiscal years.



(Dollar Amounts in Thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated

Debt Limit Projection

Capital Budget Debt Subject to Constitutional Debt Limit:

Outstanding Debt							
Beginning of Fiscal Year.....	\$ 6,175,384	\$ 6,487,619	\$ 6,878,654	\$ 7,143,946	\$ 7,951,541	\$ 8,760,507	\$ 9,263,128
Debt to be Issued.....	680,000	848,000	752,000	1,330,000	1,373,000	1,119,000	857,000
Debt to be Retired*.....	-367,765	-456,965	-486,708	-522,405	-564,034	-616,379	-654,285
Outstanding Debt							
End of Fiscal Year**.....	<u>\$ 6,487,619</u>	<u>\$ 6,878,654</u>	<u>\$ 7,143,946</u>	<u>\$ 7,951,541</u>	<u>\$ 8,760,507</u>	<u>\$ 9,263,128</u>	<u>\$ 9,465,843</u>
Debt Limit (from below).....	48,188,903	51,419,376	54,899,685	57,923,005	60,518,556	62,750,080	64,773,096
Capital Budget Debt as a percent of Debt Limit.....	13.5%	13.4%	13.0%	13.7%	14.5%	14.8%	14.6%

Calculation of Debt Limit:

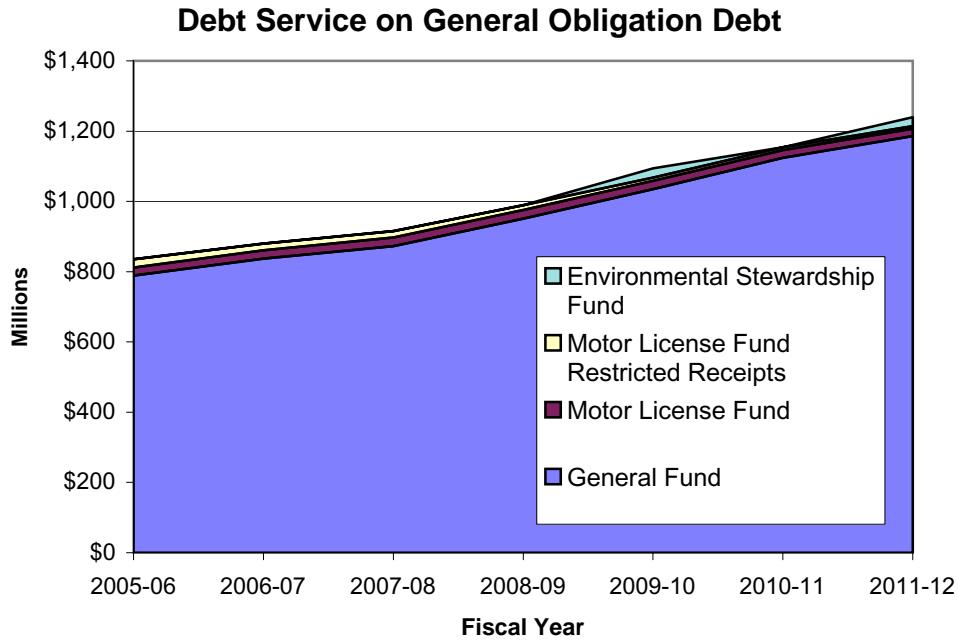
Average Tax Revenues							
Previous Five Years.....	\$ 27,536,516	\$ 29,382,500	\$ 31,371,248	\$ 33,098,860	\$ 34,582,032	\$ 35,857,189	\$ 37,013,198
Debt Limit (1.75 times revenues).....	<u>48,188,903</u>	<u>51,419,376</u>	<u>54,899,685</u>	<u>57,923,005</u>	<u>60,518,556</u>	<u>62,750,080</u>	<u>64,773,096</u>

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 2005-06 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2005-06 Through 2011-12

This table shows the estimated debt service payable by the Commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.



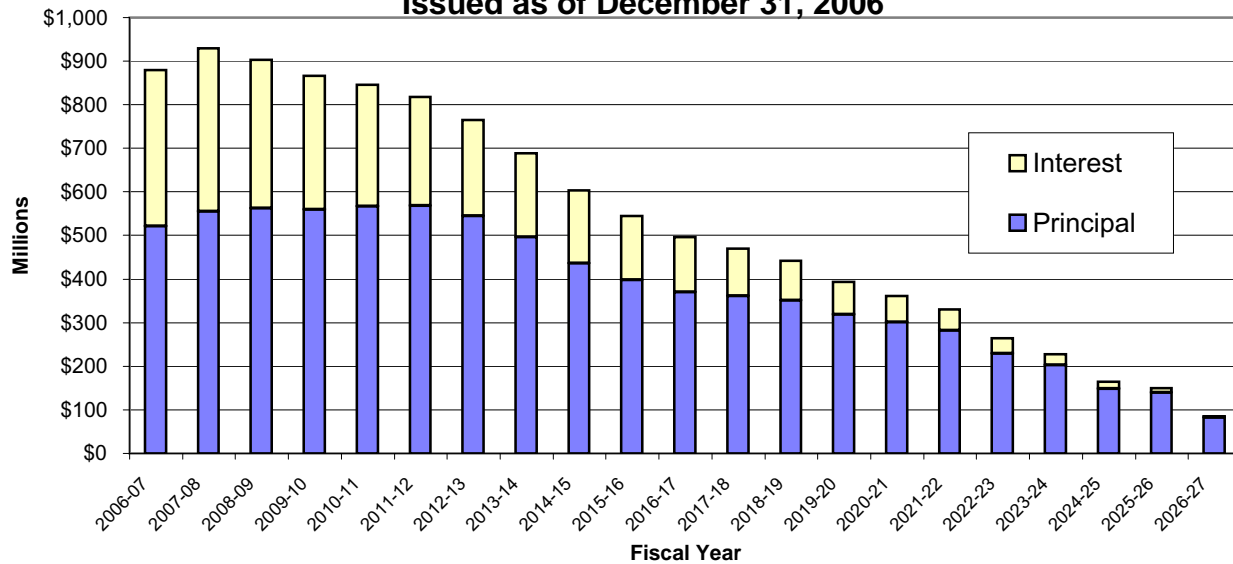
(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Estimated	2007-08 Budget	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated
General Fund							
Capital Budget Non-Highway.....	\$ 703,250	\$ 740,572	\$ 780,152	\$ 842,411	\$ 923,911	\$1,015,705	\$ 1,079,062
Voter Approved and Disaster.....	85,143	96,903	92,912	108,909	111,009	108,086	106,727
Subtotal.....	<u>\$ 788,393</u>	<u>\$ 837,475</u>	<u>\$ 873,064</u>	<u>\$ 951,320</u>	<u>\$1,034,920</u>	<u>\$1,123,791</u>	<u>\$ 1,185,789</u>
Environmental Stewardship Fund							
Growing Greener II.....	\$ 0	\$ 0	\$ 26,987	\$ 25,449	\$ 33,782	\$ 42,208	\$ 49,011
Motor License Fund							
Capital Budget -- Highways.....	\$ 12,097	\$ 11,422	\$ 12,546	\$ 12,228	\$ 11,877	\$ 11,380	\$ 10,512
Capital Budget.....	11,403	11,679	11,679	11,596	11,596	10,938	10,938
Subtotal.....	<u>\$ 23,500</u>	<u>\$ 23,101</u>	<u>\$ 24,225</u>	<u>\$ 23,824</u>	<u>\$ 23,473</u>	<u>\$ 22,318</u>	<u>\$ 21,450</u>
Motor License Fund Restricted Receipts							
Aviation -- Capital Budget.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Highway Bridge Improvement -- Capital Budget.....	23,816	19,069	17,960	14,071	8,834	8,373	6,643
Subtotal.....	<u>\$ 23,816</u>	<u>\$ 19,069</u>	<u>\$ 17,960</u>	<u>\$ 14,071</u>	<u>\$ 8,834</u>	<u>\$ 8,373</u>	<u>\$ 6,643</u>
TOTAL.....	<u>\$ 835,709</u>	<u>\$ 879,645</u>	<u>\$ 942,236</u>	<u>\$1,014,664</u>	<u>\$1,101,009</u>	<u>\$1,196,690</u>	<u>\$ 1,262,893</u>

**ANNUAL DEBT SERVICE ON OUTSTANDING
GENERAL OBLIGATION BONDS
Bonds Issued as of December 31, 2006**

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2006 are shown in the table below. Debt service on projected bond issues is excluded from this data.

**Principal and Interest on Outstanding Bonds
Issued as of December 31, 2006**



General Obligation Bond Annual Debt Service

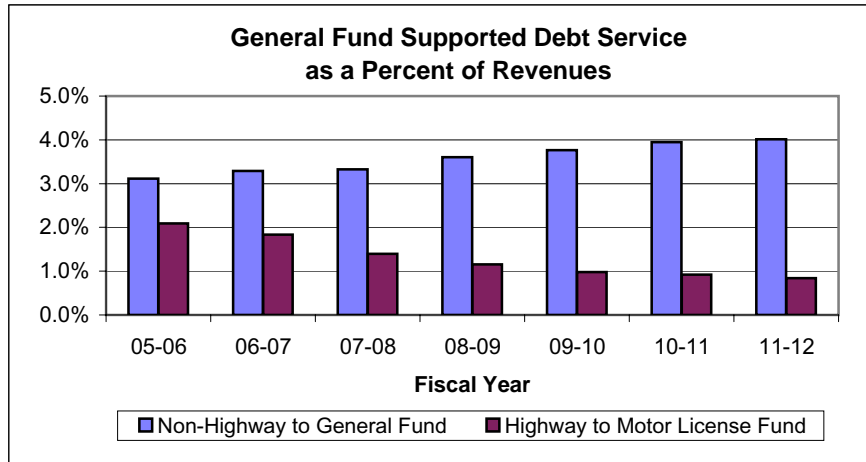
(Dollar Amounts in Thousands)

Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2006-07	\$ 486,275	\$ 333,883	\$ 820,158	\$ 22,559	\$ 7,931	\$ 30,490	\$ 12,940	\$ 16,046	\$ 28,986	\$ 879,634
2007-08	511,548	346,389	857,937	23,703	6,801	30,504	20,080	21,636	41,716	930,157
2008-09	521,446	314,761	836,207	20,709	5,589	26,298	20,745	19,719	40,464	902,969
2009-10	521,199	285,854	807,053	17,721	2,988	20,709	20,595	18,634	39,229	866,991
2010-11	529,009	258,490	787,499	17,696	2,056	19,752	20,610	17,545	38,155	845,406
2011-12	532,274	231,232	763,506	15,951	1,204	17,155	20,125	16,422	36,547	817,208
2012-13	515,344	204,035	719,379	8,946	565	9,511	21,040	15,331	36,371	765,261
2013-14	475,105	177,809	652,914	4,175	145	4,320	16,660	14,346	31,006	688,240
2014-15	418,855	153,741	572,596	775	20	795	16,450	13,493	29,943	603,334
2015-16	381,135	133,709	514,844	0	0	0	17,225	12,663	29,888	544,732
2016-17	351,555	115,206	466,761	0	0	0	18,100	11,794	29,894	496,655
2017-18	342,530	98,183	440,713	0	0	0	19,020	10,880	29,900	470,613
2018-19	330,280	81,622	411,902	0	0	0	19,975	9,920	29,895	441,797
2019-20	297,815	66,185	364,000	0	0	0	20,970	8,912	29,882	393,882
2020-21	278,810	53,129	331,939	0	0	0	22,025	7,876	29,901	361,840
2021-22	258,985	40,871	299,856	0	0	0	23,145	6,860	30,005	329,861
2022-23	204,060	30,312	234,372	0	0	0	24,305	5,764	30,069	264,441
2023-24	177,215	20,536	197,751	0	0	0	25,550	4,537	30,087	227,838
2024-25	121,975	12,805	134,780	0	0	0	26,645	3,334	29,979	164,759
2025-26	111,490	7,540	119,030	0	0	0	27,995	2,035	30,030	149,060
2026-27	62,310	2,613	64,923	0	0	0	19,765	654	20,419	85,342

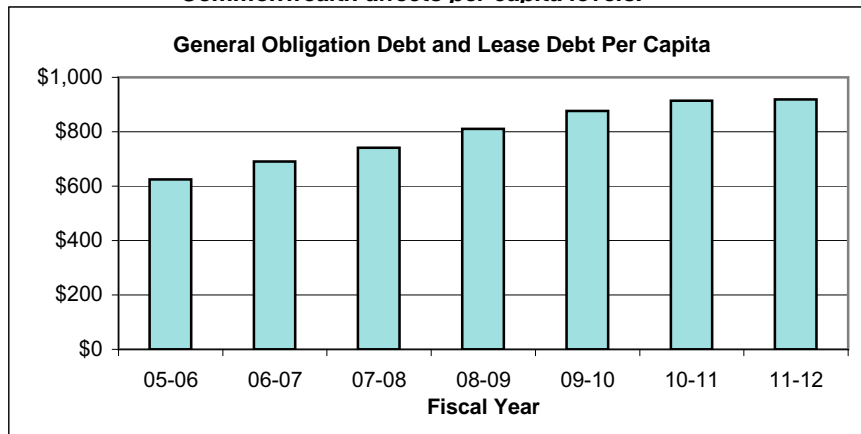
TRENDS IN DEBT SERVICE AND DEBT RATIOS 2005-06 Through 2011-12

The charts portray projections for indicators of the cost of projected annual debt service and the burden of projected debt outstanding. Debt service and outstanding debt includes general obligation debt and debt secured by lease rental payments or operating subsidies from various Commonwealth departments.

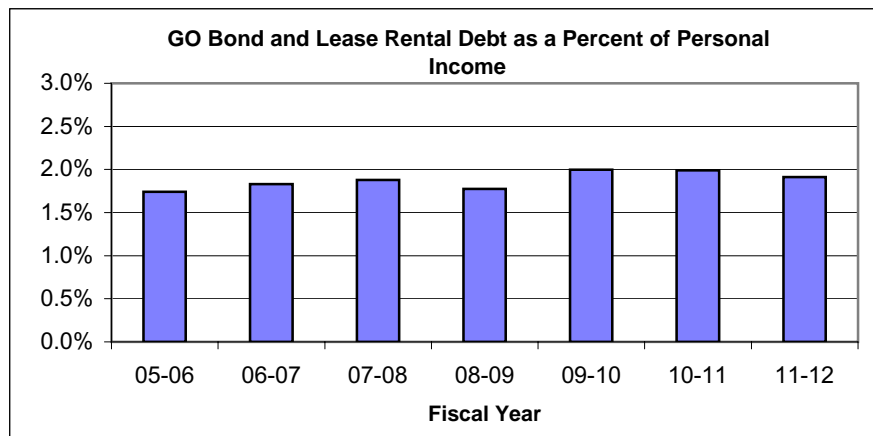
General Fund debt service as a percent of revenues remains below Standard & Poors criteria of 5% for issuers considered to have a "low debt burden."



Per capita debt levels remain relatively low, although the lack of population growth in the Commonwealth affects per capita levels.



Growing personal income keeps the planned bond issuance affordable.



OUTSTANDING INDEBTEDNESS OF PENNSYLVANIA AGENCIES AND AUTHORITIES

The indebtedness of the following agencies and authorities is not an obligation of the Commonwealth of Pennsylvania but represents the debt of those agencies and authorities created by the Commonwealth for a public purpose. These obligations are not considered as debt under Article VIII of the State Constitution.

**Bonds and
Notes as of
06/30/06
(in millions)**

<p>Delaware River Joint Toll Bridge Commission Created by Pennsylvania and New Jersey to construct, operate and maintain bridges crossing the upper Delaware River. Debt service on the bonds is paid from tolls and other revenues of the commission.</p>	\$ 186.9
<p>Delaware River Port Authority Created by Pennsylvania and New Jersey to control and operate bridges crossing the Delaware River, it may construct or acquire other bridges, tunnels and other projects for port improvement and development. The authority operates a rapid transit system, which it constructed. Debt service on the bonds is paid from tolls, fares, rents and other revenue of the authority.</p>	1,216.9
<p>Pennsylvania Economic Development Financing Authority Created to offer pooled bond issues of both taxable and tax-exempt bonds on behalf of local industrial and commercial development authorities for economic development projects. Debt service on the bonds is paid by loan interest and repayments and other authority revenues.</p>	1,418.5
<p>Pennsylvania Energy Development Authority Makes or guarantees loans for energy projects including the conversion and technological improvement of energy systems utilizing Pennsylvania coal or renewable energy resources. Debt service on the bonds is paid from the revenues of the authority.</p>	61.5
<p>Pennsylvania Higher Education Assistance Agency Makes or guarantees student loans for graduate and undergraduate programs to students or parents, lending institutions or postsecondary institutions. Debt service on the bonds is paid by loan interest and repayments and by other agency revenues.</p>	8,174.9
<p>Pennsylvania Higher Educational Facilities Authority Acquires, constructs, improves and leases (as lessor) college facilities and makes loans to colleges and universities within the Commonwealth. Debt service on the bonds is paid from rentals and from loan repayments collected for the use of the facilities.</p>	5,221.1
<p>Pennsylvania Housing Finance Agency Makes construction and permanent mortgage loans to qualified borrowers for the purchase and construction of multi and single family housing for low and moderate income persons or families. Debt service on the bonds is paid from mortgage loan interest and repayments and further secured by a "moral obligation" of the Commonwealth.</p>	3,426.8
<p>Pennsylvania Industrial Development Authority Makes mortgage loans to local nonprofit industrial development agencies for the financing of industrial development projects. Debt service on the bonds is paid from loan interest and repayments and other authority revenues.</p>	453.8
<p>Pennsylvania Infrastructure Investment Authority Provides low interest rate loans and grants for constructing new and for improving existing water supply and sewage disposal systems. Loans and grants are available to local governments and, in certain circumstances, to private companies. The bonds are secured by principal repayments and interest payments on loan.</p>	75.8
<p>Pennsylvania Turnpike Commission Constructs, maintains and operates the Pennsylvania Turnpike. Debt service on the bonds is paid from tolls and other revenue sources of the commission.</p>	2,746.9
<p>Philadelphia Regional Port Authority Operates port facilities in Bucks and Delaware counties, and the City of Philadelphia. Debt service on the bonds is paid by a pledge of the authority's revenues, rentals and receipt.</p>	45.9
<p>State Public School Building Authority Constructs, improves, equips and makes loans to local school districts for school facilities. Debt service on the bonds is paid from rentals collected for the use of the facilities and from loan repayments.</p>	1,415.3
<p>TOTAL.....</p>	<p><u>\$ 24,444.3</u></p>



OTHER SPECIAL FUNDS

APPENDIX

This section provides brief descriptive and financial data for Commonwealth funds not given an expanded treatment in other sections of the Governor's Budget. This information is presented to demonstrate the magnitude and complexity of the Commonwealth's financial structure as well as give some details of the various funds.

OTHER SPECIAL FUNDS

This appendix contains a brief presentation of all active Commonwealth funds not given an expanded treatment in the other sections of the budget.

In a limited number of cases certain expenditures from funds presented in this section are included in other presentations.

Generally, the Commonwealth uses a modified cash basis of accounting for financial reporting where certain revenues are reported when collected and, for certain taxes, when accrued and expenditures are reported when disbursed or committed. Unless otherwise noted in the fund description, all financial data shown herein is on a cash basis, which means that the beginning and ending balances include cash plus investments. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Disbursements represent checks issued or transfers made by the Treasury Department and do not include commitments, encumbrances or vouchers payable.

Several funds carrying long-term investments show an adjustment to reflect the current market value of those investments as of June 30, 2006.

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 groups to aid in identifying their purpose. These groups are defined below.

Governmental Funds: Collectively these funds account for and report activities that are associated with routine, ordinary governmental functions and

are financed largely by tax and grant revenues. The group includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

Special Revenue Funds — These funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities.

Capital Project Funds — Bond Funds are used to account for the receipt and disbursement of bond sale proceeds that normally finance the construction or acquisition of designated fixed assets.

Debt Service Funds — These funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Proprietary Funds: Include Enterprise Funds and Internal Service Funds. Such funds account for and report activities the way a private business or industry would. They include such activities as sale of goods or services, and lending and other financing activities where purchasers or customers pay a charge or a user fee.

Enterprise Funds — These funds accommodate the operation of public service programs financed wholly or mostly by user charges, or where the periodic determination of net income is deemed appropriate.

Internal Service Funds — These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds: These funds are used to account for assets held by the Commonwealth as trustee or agent for individuals, private organizations and other government units.

Acid Mine Drainage Abatement and Treatment Fund

This fund was created in 1992 to receive money authorized by Title IV of the Federal Surface Mining Control and Reclamation Act. This fund receives up to ten percent of the Commonwealth's Federal Title IV grant for abandoned mine reclamation. Funds are used for acid mine drainage abatement and treatment.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 23,095	\$ 22,812	\$ 15,506
Receipts:			
Federal Funds.....	\$ 0	\$ 0	\$ 2,500
Interest.....	1,504	1,506	1,507
Total Receipts.....	<u>1,504</u>	<u>1,506</u>	<u>4,007</u>
Total Funds Available	\$ 24,599	\$ 24,318	\$ 19,513
Disbursements:			
Environmental Protection.....	\$ 1,787	\$ 8,812	\$ 8,833
Total Disbursements.....	<u>-1,787</u>	<u>-8,812</u>	<u>-8,833</u>
Cash Balance, Ending	\$ 22,812	\$ 15,506	\$ 10,680

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 985	\$ 1,657	\$ 1,167
Receipts:			
Federal Unemployment Trust Fund.....	\$ 187,953	\$ 198,500	\$ 199,600
Federal — Other Funds.....	9,482	50	50
Other.....	598	560	565
Total Receipts.....	<u>198,033</u>	<u>199,110</u>	<u>200,215</u>
Total Funds Available	\$ 199,018	\$ 200,767	\$ 201,382
Disbursements:			
Labor and Industry.....	\$ 197,361	\$ 199,600	\$ 200,000
Total Disbursements.....	<u>-197,361</u>	<u>-199,600</u>	<u>-200,000</u>
Cash Balance, Ending	\$ 1,657	\$ 1,167	\$ 1,382

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 633	\$ 643	\$ 652
Receipts:			
Interest on Securities.....	\$ 43	\$ 43	\$ 43
Total Receipts.....	43	43	43
Total Funds Available	\$ 676	\$ 686	\$ 695
Disbursements:			
Treasury.....	\$ 33	\$ 34	\$ 34
Total Disbursements.....	-33	-34	-34
Cash Balance, Ending	\$ 643	\$ 652	\$ 661

Agricultural Conservation Easement Purchase Fund

This fund was created by Act 64 of 1988 to implement the referendum approved by the electorate November 8, 1988. That referendum authorized the Commonwealth to incur indebtedness of \$100 million to be used for farmland preservation through the purchase of agricultural conservation easements. Act 23 of 1992 increased the annual ceiling on easement purchases from bond sales from \$20 to \$25 million. All bonds authorized have been issued.

Act 89 of 2002 changed the annual transfer of cigarette tax revenues from the first two thirty-firsts of the cigarette tax to \$20,485,000 to be made in two equal payments by July 15th and January 15th. Act 15 of 1999 created a supplemental program for farmland preservation, and Act 1-A of 1999 appropriated \$43 million from the General Fund for that supplemental program. Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, provided for an additional General Fund transfer in 1999-00 for the basic program and provided for transfers from the Environmental Stewardship Fund beginning on July 1, 2000, through June 30, 2004, to fund the purchase of easements. Act 233 of 2002 provided a one-time deposit of \$16,500,000 from municipal waste landfill disposal fees collected under 27 Pa. C.S. 6301. Beginning in 2005-06 the program receives a set percentage (14.8%) of the Environmental Stewardship Fund for the continued purchase of agricultural easements.

The Growing Greener Bond Fund provided \$80 million for the purchase of county easements which will be made directly from the fund. The Department anticipates purchases from the bond fund of \$20 million in 2006-07, \$20 million in 2007-08, \$20 million in 2008-09 and \$20 million in 2009-10.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 32,365	\$ 28,913	\$ 10,578
Receipts:			
Interest on Securities.....	\$ 2,511	\$ 2,511	\$ 2,511
Transfer of Cigarette Tax.....	20,485	20,485	20,485
Transfer from the Environmental Stewardship Fund.....	10,679	8,354	10,015
Other.....	2,273	315	315
Total Receipts.....	35,948	31,665	33,326
Total Funds Available	\$ 68,313	\$ 60,578	\$ 43,904
Disbursements:			
Agriculture.....	\$ 39,400	\$ 50,000	\$ 40,000
Total Disbursements.....	-39,400	-50,000	-40,000
Cash Balance, Ending	\$ 28,913	\$ 10,578	\$ 3,904

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 1,943	\$ 1,886	\$ 1,831
Accrued Interest on Bonds Sold.....	0	0	0
Total Receipts	<u>1,943</u>	<u>1,886</u>	<u>1,831</u>
Total Funds Available	\$ 1,943	\$ 1,886	\$ 1,831
Disbursements:			
Treasury.....	\$ 1,943	\$ 1,886	\$ 1,831
Total Disbursements	<u>-1,943</u>	<u>-1,886</u>	<u>-1,831</u>
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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 417	\$ 448	\$ 218
Receipts:			
Operator Payments.....	\$ 3	\$ 0	\$ 0
Interest	28	20	20
Total Receipts	<u>31</u>	<u>20</u>	<u>20</u>
Total Funds Available	\$ 448	\$ 468	\$ 238
Disbursements:			
Environmental Protection	\$ 0	\$ 250	\$ 238
Total Disbursements	<u>0</u>	<u>-250</u>	<u>-238</u>
Cash Balance, Ending	\$ 448	\$ 218	\$ 0

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 3,055	\$ 3,240	\$ 2,690
Receipts:			
Assessments.....	\$ 6,217	\$ 6,270	\$ 6,439
Returned prior year grants.....	0	300	300
Interest on Securities.....	278	255	255
Total Receipts	<u>6,495</u>	<u>6,825</u>	<u>6,994</u>
Total Funds Available	\$ 9,550	\$ 10,065	\$ 9,684
Disbursements:			
Automobile Theft Prevention Authority.....	\$ 6,310	\$ 7,375	\$ 7,475
Total Disbursements	<u>-6,310</u>	<u>-7,375</u>	<u>-7,475</u>
Cash Balance, Ending	\$ <u>3,240</u>	\$ <u>2,690</u>	\$ <u>2,209</u>

Ben Franklin Technology Development Authority Fund

Act 38 of 2001 created the Ben Franklin Technology Development Authority Fund. This fund merges the activities of the Ben Franklin Partnership and the Pennsylvania Technology Development Authority (PTIA) under one authority. The Ben Franklin component assists small and medium sized technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. PTIA provides high-tech financing to small and medium-sized businesses; stimulates the adoption and expansion of electronic commerce; and coordinates and expands university-based research and development in high-tech fields. Revenue to the fund includes annual transfers from the General Fund, loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 27,978	\$ 27,949	\$ 25,505
Receipts:			
Transfer from General Fund.....	\$ 50,300	\$ 50,200	\$ 52,700
Federal Revenue.....	664	2,000	2,000
Transfer from Industrial Authority Loan Fund.....	0	0	0
Loan Repayments.....	766	1,000	1,000
Interest on Securities.....	1,972	1,925	1,725
Other.....	601	700	700
Total Receipts	<u>54,303</u>	<u>55,825</u>	<u>58,125</u>
Total Funds Available	\$ 82,281	\$ 83,774	\$ 83,630
Disbursements:			
Community and Economic Development			
Administration.....	\$ 595	\$ 809	\$ 977
Loans.....	5,933	4,000	4,000
Grants.....	47,804	53,460	55,485
Total Disbursements	<u>-54,332</u>	<u>-58,269</u>	<u>-60,462</u>
Cash Balance, Ending	\$ <u>27,949</u>	\$ <u>25,505</u>	\$ <u>23,168</u>

Benefit Completion Fund

This fund was created in 2003 to accumulate reserves for the payment of pensions to eligible former State employees with a statutory benefit entitlement under the State Employees' Retirement Code that exceeds the limits of Section 415(b) of the Internal Revenue Code (IRC). Reserves in this fund will be disbursed to members of the retirement system in accordance with the provision of IRC Section 415(m).

The fund receives revenue from employer contributions and interest income. Employer contributions are an actuarially determined percentage of payroll sufficient to fund the benefit payments of the forthcoming calendar year and the on-going expenses to administer the plan. Management of the fund and payment of benefits is overseen by the State Employees' Retirement Board.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,517	\$ 2,845	\$ 3,113
Receipts:			
Employer Contributions	\$ 473	\$ 1,018	\$ 1,018
Interest Income.....	97	100	37
Total Receipts	570	1,118	1,055
Total Funds Available	\$ 3,087	\$ 3,963	\$ 4,168
Disbursements:			
State Employees' Retirement System.....	242	850	850
Total Disbursements.....	-242	-850	-850
Cash Balance, Ending	\$ 2,845	\$ 3,113	\$ 3,318

Broadband Outreach and Aggregation Fund

Act 183 of 2004 established the Broadband Outreach and Aggregation Fund to fund grants and outreach programs with the ultimate purpose of increasing broadband access in unserved or underserved areas. Deposits to the fund include assessments levied and collected by the Public Utility Commission on certain local exchange telecommunications companies. Up to three percent of annual proceeds can be used by the agency for administrative costs. The total amount of the fund shall not exceed \$5 million annually.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 407
Receipts:			
Assessments.....	\$ 0	\$ 2,400	\$ 2,400
Income on Investments.....	0	10	25
Other.....	0	1	2
Total Receipts	0	2,411	2,427
Total Funds Available	\$ 0	\$ 2,411	\$ 2,834
Disbursements:			
Treasury.....	\$ 0	\$ 4	\$ 5
Community and Economic Development.....	0	2,000	2,400
Total Disbursements	0	2,004	-2,405
Cash Balance, Ending	\$ 0	\$ 407	\$ 429

Budget Stabilization Reserve Fund

This fund was created on July 15, 2002 by Act 91 of 2002 to replace the Tax Stabilization Reserve Fund. The fund provides financial assistance to minimize future revenue shortfalls and deficits, and promote greater continuity and predictability in the funding of vital government services. It minimizes the need to increase taxes to balance the budget of the Commonwealth during periods of economic distress. Act 91 provides revenue through an annual transfer of twenty-five percent of the General Fund's fiscal year ending surplus beginning in 2002-03. If the fund's ending balance would equal or exceed six percent of actual General Fund revenues for the fiscal year in which the surplus occurs, the General Fund transfer would be reduced to ten percent. Appropriations from the fund require approval by two-thirds of the members of the General Assembly.

Act 41 of 2005 adjusted the rate to fifteen percent for the 2004-05 fiscal year; the balance transfer was \$64.4 million. Twenty-five percent of the 2005-06 balance, \$171.4 million was transferred to the fund; this budget projects a transfer to the fund of \$12.5 million at the end of fiscal year 2006-07.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 264,512	\$ 340,672	\$ 529,088
Receipts:			
Transfer from General Fund.....	\$ 64,380	\$ 171,362	\$ 12,492
Interest	11,780	17,054	21,413
Total Receipts	76,160	188,416	33,905
Total Funds Available	\$ 340,672	\$ 529,088	\$ 562,993
Disbursements:			
Transfer to General Fund	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 340,672	\$ 529,088	\$ 562,993

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 83,311	\$ 7,746	\$ 18,382
Receipts:			
Transfer from Other Funds.....	\$ 740,721	\$ 861,460	\$ 912,973
Rentals - State-Aided and State-Related Institutions.....	183	99	194
Interest Subsidy - Higher Education Construction Projects.....	0	0	0
Sale of Bonds- Bond Anticipation Notes Payment.....	0	0	0
Refunding Bond Maturing Escrow Funds.....	348,001	497,131	288,295
Accrued Interest on Bonds Sold.....	0	0	0
Interest on Securities.....	311	28	100
Total Receipts	1,089,216	1,358,718	1,201,562
Total Funds Available	\$ 1,172,527	\$ 1,366,464	\$ 1,219,944
Disbursements:			
Treasury.....	\$ 1,164,781	\$ 1,348,082	\$ 1,201,268
Total Disbursements	-1,164,781	-1,348,082	-1,201,268
Cash Balance, Ending	\$ 7,746	\$ 18,382	\$ 18,676

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 297,924	\$ 404,736	\$ 361,818
Receipts:			
Sale of Bonds.....	\$ 721,758	\$ 839,520	\$ 744,480
Intra Account Transfer.....	20,000	0	0
Interest on Securities.....	11,158	11,001	12,454
Other	44,354	56,359	20,000
Total Receipts	797,270	906,880	776,934
Total Funds Available	\$ 1,095,194	\$ 1,311,616	\$ 1,138,752
Disbursements:			
Community and Economic Development.....	\$ 207,424	\$ 307,924	\$ 219,290
Environmental Protection.....	7,701	1,727	8,550
General Services.....	313,628	493,330	478,774
Transportation.....	139,275	146,655	150,750
Other.....	22,430	162	0
Total Disbursements	-690,458	-949,798	-857,364
Cash Balance, Ending	\$ 404,736	\$ 361,818	\$ 281,388

Capitol Restoration Trust Fund

This fund was created by Act 327 of 1982 to finance the maintenance, restoration, preservation and rehabilitation of artifacts, documents and other historical objects or resources located within and around or associated with the State Capitol Building, and the acquisition of artifacts, documents and other historical objects or resources which contribute to the historical significance of the State Capitol Building. This fund is administered by the Capitol Preservation Committee. Revenue is derived from gifts, donations and legacies of money from individuals, organizations, public or private corporations, and from the sale of commemorative medals and other items of a similar nature which promote the historic preservation and restoration of the State Capitol Building.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 206	\$ 187	\$ 202
Receipts:			
Contributions and Sales.....	\$ 22	\$ 25	\$ 15
Other.....	13	0	0
Total Receipts	35	25	15
Total Funds Available	\$ 241	\$ 212	\$ 217
Disbursements:			
Capitol Preservation Committee.....	\$ 54	\$ 10	\$ 5
Total Disbursements	-54	-10	-5
Cash Balance, Ending	\$ 187	\$ 202	\$ 212

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 (CAT fund) is to pay all medical claims owed by the Catastrophic Loss Trust Fund. Monies in the former Catastrophic Loss Trust Fund were transferred to this fund effective July 1, 1989.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund. The act mandated that all surcharges levied and collected under the CAT fund will be remitted to the Mcare Fund beginning in January 2004.

This fund will continue to pay claimants from the balance and interest earnings of the fund until no further obligations exist. The most recent actuarial report estimates final expenditure in 2086.

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 10,982	\$ 110,062	\$ 104,055
Receipts:			
Repayment of Loan.....	\$ 97,000	\$ 0	\$ 0
Interest	6,647	4,252	4,252
Miscellaneous.....	4,196	5	0
Total Receipts	<u>107,843</u>	<u>4,257</u>	<u>4,252</u>
Total Funds Available	\$ 118,825	\$ 114,319	\$ 108,307
Disbursements:			
Insurance.....	\$ 8,763	\$ 10,264	\$ 9,077
Total Disbursements	<u>-8,763</u>	<u>-10,264</u>	<u>-9,077</u>
Cash Balance, Ending	\$ 110,062	\$ 104,055	\$ 99,230

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,957	\$ 1,805	\$ 1,209
Receipts:			
Marriage/Divorce Surcharge.....	\$ 1,132	\$ 1,132	\$ 1,132
Miscellaneous Revenue.....	145	122	122
Total Receipts	<u>1,277</u>	<u>1,254</u>	<u>1,254</u>
Total Funds Available	\$ 3,234	\$ 3,059	\$ 2,463
Disbursements:			
Public Welfare.....	\$ 1,429	\$ 1,850	\$ 1,850
Total Disbursements	<u>-1,429</u>	<u>-1,850</u>	<u>-1,850</u>
Cash Balance, Ending	\$ 1,805	\$ 1,209	\$ 613

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 44,111	\$ 49,695	\$ 35,189
Receipts:			
Fines and Penalties.....	\$ 5,442	\$ 2,100	\$ 2,100
Fees.....	20,286	20,250	20,250
Interest.....	3,551	2,614	2,614
Other.....	36	52	52
Total Receipts	<u>29,315</u>	<u>25,016</u>	<u>25,016</u>
Total Funds Available	\$ 73,426	\$ 74,711	\$ 60,205
Disbursements:			
Environmental Protection	\$ 23,731	\$ 39,522	\$ 38,618
Total Disbursements	<u>-23,731</u>	<u>-39,522</u>	<u>-38,618</u>
Cash Balance, Ending	\$ 49,695	\$ 35,189	\$ 21,587

Coal and Clay Mine Subsidence Insurance Fund

This fund was created by Act 484 of 1961 to provide insurance to home owners in mining areas against damages resulting from subsidence. Revenue is derived from premiums paid by policyholders for subsidence insurance. Act 155 of 2002 updated this insurance program by further defining and establishing coverage by insurance providers, and requiring the Department of Environmental Protection to prepare an annual report on the program and insurance sales. Disbursements are used to cover the payment of insurance claims and commissions to insurance agents who forward insurance applications as outlined in Act 155.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 47,645	\$ 54,658	\$ 57,319
Receipts:			
Premiums Collected.....	\$ 6,171	\$ 5,000	\$ 5,000
Interest.....	3,352	3,000	3,000
Other.....	0	30	30
Total Receipts	<u>9,523</u>	<u>8,030</u>	<u>8,030</u>
Total Funds Available	<u>\$ 57,168</u>	<u>\$ 62,688</u>	<u>\$ 65,349</u>
Disbursements:			
Environmental Protection	\$ 2,510	\$ 5,369	\$ 5,494
Total Disbursements	<u>-2,510</u>	<u>-5,369</u>	<u>-5,494</u>
Cash Balance, Ending	<u>\$ 54,658</u>	<u>\$ 57,319</u>	<u>\$ 59,855</u>

Coal Lands Improvement Fund

This fund was created by Act 117 of 1965 to finance the restoration of land acquired by the Commonwealth through eminent domain or amicable methods which has been defaced by open pit or strip mining and has been declared a health hazard. Initially the fund was provided a \$1 million appropriation, but subsequent revenue is derived from the sale of restored land and interest on investments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,354	\$ 2,507	\$ 2,447
Receipts:			
Sale of Land.....	\$ 0	\$ 0	\$ 0
Interest	153	140	140
Total Receipts	<u>153</u>	<u>140</u>	<u>140</u>
Total Funds Available	<u>\$ 2,507</u>	<u>\$ 2,647</u>	<u>\$ 2,587</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 200	\$ 250
Total Disbursements	<u>0</u>	<u>-200</u>	<u>-250</u>
Cash Balance, Ending	<u>\$ 2,507</u>	<u>\$ 2,447</u>	<u>\$ 2,337</u>

Community College Capital Fund

This fund was established by Act 46 of 2005. Fund revenue consists of an appropriation in the General Fund for transfer to the Community College Capital Fund. Monies in this fund can be disbursed only for payment of the Commonwealth's annual share of approved capital debt service and lease payments to Pennsylvania's community colleges.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 4,158	\$ 5,158
Receipts:			
Transfer from General Fund.....	\$ 37,864	\$ 42,006	\$ 44,506
Interest.....	1,128	1,000	1,000
Total Receipts.....	<u>38,992</u>	<u>43,006</u>	<u>45,506</u>
Total Funds Available	<u>\$ 38,992</u>	<u>\$ 47,164</u>	<u>\$ 50,664</u>
Disbursements:			
Treasury.....	\$ 34,834	\$ 42,006	\$ 44,506
Total Disbursements.....	<u>-34,834</u>	<u>-42,006</u>	<u>-44,506</u>
Cash Balance, Ending	<u>\$ 4,158</u>	<u>\$ 5,158</u>	<u>\$ 6,158</u>

Compulsive and Problem Gambling Treatment Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Compulsive and Problem Gambling Treatment Fund for the purpose of supporting a compulsive and problem gambling program within the Department of Health. This program will provide public education, awareness, and training regarding both the problem of compulsive and problem gambling as well as its treatment and prevention. Funding for this program is provided from revenues based on the greater of \$1.5 million or .001 multiplied by the gross terminal revenue of all active and operating gaming entities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from the State Gaming Fund.....	\$ 0	\$ 1,500	\$ 1,500
Other	0	0	0
Total Receipts	<u>0</u>	<u>1,500</u>	<u>1,500</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
Disbursements:			
Health.....	\$ 0	\$ -1,500	\$ -1,500
Total Disbursements	<u>0</u>	<u>-1,500</u>	<u>-1,500</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 74	\$ 79	\$ 81
Receipts:			
Interest on Securities	\$ 5	\$ 2	\$ 3
Total Receipts	5	2	3
Total Funds Available	\$ 79	\$ 81	\$ 84
Disbursements:			
Historical and Museum Commission	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 79	\$ 81	\$ 84

Conservation District Fund

Act 110 of 2006 created the Conservation District Fund to assist local conservation districts in the conservation of soil, water, and natural resources. Revenue may be provided from State appropriations, Federal appropriations, interest earnings, and other funds available to the State Conservation Commission.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfers from General Fund.....	\$ 0	\$ 0	\$ 4,310
Total Receipts	0	0	4,310
Total Funds Available	\$ 0	\$ 0	\$ 4,310
Disbursements:			
Environmental Protection.....	\$ 0	\$ 0	\$ 3,100
Agriculture.....	0	0	1,210
Total Disbursements	0	0	-4,310
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 7,903	\$ 7,150	\$ 7,423
Receipts:			
Employe Contributions	\$ 133,762	\$ 140,449 ^a	\$ 147,473 ^a
Premium on Sale of Securities.....	-228 ^a	-239 ^a	-251 ^a
Interest	21,016 ^b	23,885 ^b	24,368 ^b
Total Receipts	154,550	164,095	171,590
Total Funds Available	\$ 162,453	\$ 171,245	\$ 179,013
Disbursements:			
Executive Offices.....	\$ 115,363	\$ 118,824	\$ 122,389
State Employees' Retirement System	39,940	44,998	47,822
Total Disbursements	-155,303	-163,822	-170,211
Cash Balance, Ending	\$ 7,150	\$ 7,423	\$ 8,802

^a Securities sold at at discount.

^b Includes interest earned on funds controlled by SERS and the Treasury Department.

Deferred Compensation Fund — Short-Term Portfolio

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employees to defer a portion of their salaries into a retirement savings plan. Available for the employees' investment selection is the Treasury Short-Term Money Market Account. In order to maintain the identity of the investments and deferred compensation contributions, the Deferred Compensation Fund - Short-Term Portfolio was established.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 29,243	\$ 32,377	\$ 33,996
Receipts:			
Transfers from Deferred Compensation Fund.....	\$ 7,356	\$ 7,135	\$ 7,207
Interest	1,255	1,268	1,280
Total Receipts	8,611	8,403	8,487
Total Funds Available	\$ 37,854	\$ 40,780	\$ 42,483
Disbursements:			
State Employees' Retirement System	\$ 5,477	\$ 6,784	\$ 7,468
Total Disbursements	-5,477	-6,784	-7,468
Cash Balance, Ending	\$ 32,377	\$ 33,996	\$ 35,015

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. The 2005-06 total funds available were transferred to the Disaster Relief Redemption Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 331	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 0
Miscellaneous Revenue.....	6	0	0
Total Receipts	6	0	0
Total Funds Available	\$ 337	\$ 0	\$ 0
Disbursements:			
Emergency Management Agency.....	\$ 337	\$ 0	\$ 0
Total Disbursements	-337	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 2	\$ 2
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 0
Transfer from General Fund.....	2,043	1,960	1,877
Accrued Interest on Bonds Sold.....	0	0	0
Miscellaneous Revenue.....	2	0	0
Total Receipts	2,045	1,960	1,877
Total Funds Available	\$ 2,045	\$ 1,962	\$ 1,879
Disbursements:			
Treasury.....	\$ 2,043	\$ 1,960	\$ 1,877
Total Disbursements	-2,043	-1,960	-1,877
Cash Balance, Ending	\$ 2	\$ 2	\$ 2

DNA Detection Fund

This fund was created by Act 14 of Special Session One of 1995 to account for the collection and processing of Deoxyribonucleic Acid (DNA) samples by State Police from individuals convicted, adjudicated delinquent, or granted accelerated rehabilitation disposition for a felony sex offense or other specified offense. Revenues are derived from mandatory fees which are assessed on sexual offenders. Expenditures are made to establish and maintain a DNA database and DNA bank. Act 57 of 2002 reestablished this fund as well as the State DNA Data Base and State DNA Data Bank. Additional requirements provide for testing and the imposition of related costs on certain offenders, while further defining the apportionment of liability and damages against defendants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 456	\$ 894	\$ 883
Receipts:			
Assessments.....	\$ 629	\$ 629	\$ 629
Interest.....	33	34	34
Total Receipts	662	663	663
Total Funds Available	\$ 1,118	\$ 1,557	\$ 1,546
Disbursements:			
State Police.....	\$ 224	\$ 674	\$ 1,498
Total Disbursements	-224	-674	-1,498
Cash Balance, Ending	\$ 894	\$ 883	\$ 48

Education Technology Fund

Act 183 of 2004 established the Education Technology Fund to increase broadband access for school entities. Up to three percent of annual proceeds can be used by the agency for administrative costs with the remaining balance to be used to provide grants to school entities. Revenues for this fund are generated from an assessment on nonrural telecommunications carriers. Additional revenues may include appropriated funds, contributions by other State agencies, Federal funds, or any public or private source. The Education Technology Fund shall terminate on June 30, 2011, and any remaining funds shall be returned on a pro rata basis to the local exchange telecommunications companies that contributed to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 2,011	\$ 2,011
Receipts:			
Assessments.....	\$ 10,000	\$ 7,000	\$ 7,000
Other.....	260	3,000	3,000
Total Receipts	10,260	10,000	10,000
Total Funds Available	\$ 10,260	\$ 12,011	\$ 12,011
Disbursements:			
Education.....	\$ 8,249	\$ 10,000	\$ 10,000
Total Disbursements	-8,249	-10,000	-10,000
Cash Balance, Ending	\$ 2,011	\$ 2,011	\$ 2,011

Educational Assistance Program Fund

The Educational Assistance Program Fund was established in Act 212 of 2004 to deposit monies and related investment income to fund the Educational Assistance Program for members of the National Guard which is administered by the Department of Military and Veterans Affairs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 8,165	\$ 4,865
Receipts:			
Transfer from General Fund.....	\$ 10,000	\$ 8,100	\$ 8,100
Interest.....	451	600	392
Total Receipts	<u>10,451</u>	<u>8,700</u>	<u>8,492</u>
Total Funds Available	<u>\$ 10,451</u>	<u>\$ 16,865</u>	<u>\$ 13,357</u>
Disbursements:			
Military and Veterans Affairs.....	\$ 2,286 ^a	\$ 12,000	\$ 12,000
Total Disbursements	<u>-2,286</u>	<u>-12,000</u>	<u>-12,000</u>
Cash Balance, Ending	<u>\$ 8,165</u>	<u>\$ 4,865</u>	<u>\$ 1,357</u>

^a Funds were also expended out of the General Fund continuing appropriation for this program.

Emergency Energy Assistance Fund

Act 81 of 2005 created the Emergency Energy Assistance Fund. The purpose of the fund was to provide for emergency energy assistance for 2005-06 when the Governor issued a declaration that either weather conditions, natural or man-made disasters, or high energy prices or a combination thereof were a threat to public health and the available Federal home energy assistance funds were not sufficient to meet this need. Revenue was provided through a transfer of a portion of the gross receipts tax collected in 2005-06.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 19,300	\$ 0	\$ 0
Miscellaneous Revenue.....	0	0	0
Total Receipts	<u>19,300</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 19,300</u>	<u>\$ 0</u>	<u>\$ 0</u>
Disbursements:			
Public Welfare.....	\$ 19,300	\$ 0	\$ 0
Total Disbursements	<u>-19,300</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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. Revenue is derived from a \$10 fine levied on all moving traffic violations and a \$25 fee imposed on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

These fines are in addition to other fines imposed at the discretion of the court. This statement includes both the Emergency Medical and Catastrophic Medical and Rehabilitation components of the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 25,896	\$ 25,747	\$ 20,406
Receipts:			
Fines	\$ 13,237	\$ 13,237	\$ 13,237
Interest	1,737	1,737	1,737
Total Receipts	14,974	14,974	14,974
Total Funds Available	\$ 40,870	\$ 40,721	\$ 35,380
Disbursements:			
Health	\$ 15,123	\$ 20,315	\$ 17,600
Total Disbursements	-15,123	-20,315	-17,600
Cash Balance, Ending	\$ 25,747	\$ 20,406	\$ 17,780

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 4,485	\$ 4,240	\$ 4,084
Receipts:			
Vending Stand Equipment Rentals	\$ 200	\$ 225	\$ 230
Vending Machine Receipts	350	600	625
Interest	294	254	260
Other	174	30	40
Total Receipts	1,018	1,109	1,155
Total Funds Available	\$ 5,503	\$ 5,349	\$ 5,239
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 5
Labor and Industry.....	1,263	1,265	1,270
Total Disbursements	-1,263	-1,265	-1,275
	\$ 4,240	\$ 4,084	\$ 3,964

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,767	\$ 1,084	\$ 257
Receipts:			
Interest.....	\$ 172	\$ 115	\$ 115
Other.....	405	0	0
Total Receipts	\$ 577	\$ 115	\$ 115
Total Funds Available	\$ 3,344	\$ 1,199	\$ 372
Disbursements:			
Environmental Protection.....	\$ 660	\$ 235	\$ 163
Public Welfare.....	1,600	707	244
Total Disbursements	-2,260	-942	-407
Cash Balance, Ending	\$ 1,084	\$ 257	\$ -35

Energy Development Fund

The Energy Development Fund was created by Act 280 of 1982. The fund provides the vehicle to accomplish the purposes of the Pennsylvania Energy Development Authority including the sale of bonds. Activities of the fund included preparation of the energy development plan, payment of administrative costs, the making of grants and loans for limited research intended to make the greatest possible contributions to energy conservation and development, and the establishment of reserves in respect to loans guaranteed or bonds issued by the authority. The fund is supported by interest earnings. Executive Order 2004-5 transferred the responsibility for managing this fund and providing services to the Pennsylvania Energy Development Authority from the Department of Community and Economic Development (DCED) to the Department of Environmental Protection (DEP).

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 10,296	\$ 5,696	\$ 4,943
Receipts:			
PEDA Application Fees.....	\$ 4	\$ 0	\$ 0
Transfer from the Alternative Fuels Incentive Grants Account.....	42	0	0
Interest	604	262	227
Total Receipts	<u>650</u>	<u>262</u>	<u>227</u>
Total Funds Available	<u>\$ 10,946</u>	<u>\$ 5,958</u>	<u>\$ 5,170</u>
Disbursements:			
Community and Economic Development Energy Development Loans.....	\$ 1,750	\$ 0	\$ 0
Environmental Protection Administration.....	\$ 3,498	\$ 75	\$ 75
Loans/Grants.....	2	940	0
Total Disbursements	<u>-5,250</u>	<u>-1,015</u>	<u>-75</u>
Cash Balance, Ending	<u>\$ 5,696</u>	<u>\$ 4,943</u>	<u>\$ 5,095</u>

Environmental Education Fund

This fund was authorized by Act 24 of 1993 to provide environmental education programs and to provide grants to schools and other organizations. Funding is from the transfer of 5 percent of fines and penalties deposited in the special funds and restricted revenue accounts which are administered by the Department of Environmental Protection. Act 18 of 1995 requires that not less than 25 percent of the annual receipts of this fund shall be provided to the Department of Conservation and Natural Resources.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,294	\$ 1,618	\$ 937
Receipts:			
Transfers from Other Funds.....	\$ 731	\$ 709	\$ 600
Interest.....	110	100	90
Total Receipts	841	809	690
Total Funds Available	\$ 2,135	\$ 2,427	\$ 1,627
Disbursements:			
Conservation and Natural Resources.....	\$ 155	\$ 370	\$ 293
Environmental Protection	362	1,120	879
Total Disbursements	-517	-1,490	-1,172
Cash Balance, Ending	\$ 1,618	\$ 937	\$ 455

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 81,663	\$ 82,338	\$ 82,333
Receipts:			
Tax Payable to Municipalities.....	\$ 82,150	\$ 91,000	\$ 83,000
Total Receipts	82,150	91,000	83,000
Total Funds Available	\$ 163,813	\$ 173,338	\$ 165,333
Disbursements:			
Auditor General.....	\$ 81,475	\$ 91,000	\$ 83,000
Treasury.....	0	5	5
Total Disbursements	-81,475	-91,005	-83,005
Cash Balance, Ending	\$ 82,338	\$ 82,333	\$ 82,328

Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund

This fund was established by Act 102 of 1994 and derives revenue from private contributions, voluntary deductions from State Individual Income Tax returns, and a voluntary \$1 add-on to the fee for an original or renewal driver's license, State identification card or vehicle registration.

After the payment of initial departmental operating costs associated with the fund and in support of the Organ Donation Advisory Committee, any remaining funds are spent as prescribed by the act: 10 percent for hospital and medical expenses, funeral expenses and incidental expenses incurred by the donor or the donor's family in conjunction with making a vital organ donation; 50 percent for grants to certified organ procurement organizations for the development and implementation of organ donation awareness programs; 15 percent in cooperation with certified organ procurement organizations for the "project-make-a-choice program;" and 25 percent for the implementation of organ donation awareness programs in secondary schools.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,049	\$ 2,168	\$ 1,641
Receipts:			
Driver's License Applicants.....	\$ 291	\$ 291	\$ 291
State Income Tax Contribution.....	30	30	30
Vehicle Registration.....	449	449	449
Interest on Securities.....	141	141	141
Total Receipts	<u>911</u>	<u>911</u>	<u>911</u>
Total Funds Available	\$ 2,960	\$ 3,079	\$ 2,552
Disbursements:			
Education.....	\$ 195	\$ 165	\$ 225
Transportation.....	0	30	0
Health.....	597	1,243	720
Total Disbursements	<u>-792</u>	<u>-1,438</u>	<u>-945</u>
Cash Balance, Ending	\$ <u>2,168</u>	\$ <u>1,641</u>	\$ <u>1,607</u>

Growing Greener Bond Fund

This fund was created under the authority of Act 45 of 2005 to receive and distribute the proceeds from the sale of \$625 million in bonds. This money will be used to finance various environmental projects such as watershed protection, mine drainage remediation, advanced energy, flood protection, brownfields remediation, State parks and forests facilities, open space conservation, farmland preservation, capital improvement projects for fishing, boating and hunting, and for county environmental initiatives.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 181,395	\$ 111,201
Receipts:			
Referendum Bonds.....	\$ 192,817	\$ 27,000	\$ 105,000
Interest.....	0	0	0
Fees.....	0	0	0
Interest.....	1,020	1,000	1,000
Total Receipts	<u>193,837</u>	<u>28,000</u>	<u>106,000</u>
Total Funds Available	\$ 193,837	\$ 209,395	\$ 217,201
Disbursements:			
Treasury	\$ 119	\$ 0	\$ 0
Agriculture	0	20,000	20,000
Community and Economic Development	6,797	12,000	18,000
Conservation and Natural Resources	2,850	25,000	26,000
Environmental Protection	51	22,000	46,000
Fish and Boat Commission	2,625	2,000	3,000
Game Commission	0	3,000	7,000
County Environmental Initiative Program Grants	0	14,194	10,000
Total Disbursements	<u>-12,442</u>	<u>-98,194</u>	<u>-130,000</u>
Cash Balance, Ending	\$ 181,395	\$ 111,201	\$ 87,201

Growing Greener Bond Sinking Fund

Payment of interest and principal due on outstanding Growing Greener bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Growing Greener Bond Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 9,401	\$ 17,586
Total Receipts	<u>0</u>	<u>9,401</u>	<u>17,586</u>
Total Funds Available	\$ 0	\$ 9,401	\$ 17,586
Disbursements:			
Treasury.....	\$ 0	\$ 9,401	\$ 17,586
Total Disbursements	<u>0</u>	<u>-9,401</u>	<u>-17,586</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Hazardous Material Response Fund

This fund was created by Act 165 of 1990 and amended by Act 121 of 2000 to carry out Pennsylvania's responsibilities under Title III of the Federal Superfund Amendments and Reauthorization Act (SARA Title III). Revenue is generated from toxic chemical registration fees and toxic chemical release form fees. Expenditures are for training programs for hazardous material response teams, public education programs, grants to counties for SARA Title III activities, cost recovery grants, facility and vehicle inspections and testing and administration of the program including data collection and management.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 4,557	\$ 5,289	\$ 5,316
Receipts:			
Toxic Chemical Release Form Fee	\$ 1,182	\$ 1,270	\$ 1,270
Chemical Inventory Fee	314	300	300
Interest on Securities	349	75	75
Other.....	233	80	80
Total Receipts	<u>2,078</u>	<u>1,725</u>	<u>1,725</u>
Total Funds Available	\$ 6,635	\$ 7,014	\$ 7,041
Disbursements:			
Emergency Management Agency	\$ 999	\$ 1,475	\$ 1,475
Labor and Industry	347	223	170
Total Disbursements	<u>-1,346</u>	<u>-1,698</u>	<u>-1,645</u>
Cash Balance, Ending	<u>\$ 5,289</u>	<u>\$ 5,316</u>	<u>\$ 5,396</u>

Hazardous Sites Cleanup Fund

This fund was created by Act 58 of 1987 to finance the cleanup and restoration of abandoned hazardous waste sites in the Commonwealth. Expenditures from this fund are for cleaning up abandoned hazardous waste sites throughout the Commonwealth and restoring the land to productive use. Revenue is generated from a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. Prior to fiscal year 2002-03, the fund received one-quarter mill of the Capital Stock and Franchise Tax. Act 45 of 2005 provides for transfers to Hazardous Sites from the Environmental Stewardship Fund in 2005-06 and 2006-07. This budget proposes a \$2.25 per ton fee on the disposal of municipal waste in order to preserve this fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 32,714	\$ 26,354	\$ 25,397
Receipts:			
Transfer from Environmental Stewardship Fund.....	\$ 20,000	\$ 30,000	\$ 0
Proposed Municipal Waste Disposal fee.....	0	0	37,679
Hazardous Waste Fee.....	2,075	2,000	2,000
Cost Recovery.....	2,550	2,000	2,000
Interest.....	1,907	500	500
Other.....	5	0	0
Total Receipts	<u>26,537</u>	<u>34,500</u>	<u>42,179</u>
Total Funds Available	\$ 59,251	\$ 60,854	\$ 67,576
Disbursements:			
Environmental Protection.....	\$ 32,897	\$ 35,457	\$ 47,300
Total Disbursements	<u>-32,897</u>	<u>-35,457</u>	<u>-47,300</u>
Cash Balance, Ending	\$ 26,354	\$ 25,397	\$ 20,276

Higher Education Assistance Fund

This fund statement presents financial activity within the Higher Education Assistance Fund that is related only to programs funded by State and federal appropriations. The Pennsylvania Higher Education Assistance Agency (PHEAA) administers other programs through the Higher Education Assistance Fund which are not included in this presentation. Moneys in this fund are currently used primarily for the following purposes: (1) provision of grants to students; (2) provision of grants to nonsectarian private postsecondary educational institutions; (3) provision of grants to institutions of higher learning for the purpose of helping the institution secure Federal funds to provide direct financial aid to students; (4) provision of funds to institutions for College Work Study Programs; (5) provision for grants to minority students entering graduate professional schools under the Bond-Hill Program; (6) provision for loan forgiveness for graduates with agricultural degrees; (7) provision of funds to recruit gifted students to Cheyney University; (8) provision of scholarships to encourage Pennsylvania students to pursue education in science and technology fields; and (9) provision for matching funds to support student interns with emerging technology companies within Pennsylvania. Revenues to this fund are derived from General Fund appropriations by the General Assembly, Federal funds, and interest earnings. 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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 67,420	\$ 51,288	\$ 42,033
Receipts:			
Transfer from General Fund	\$ 428,741	\$ 451,647	\$ 451,347
Investment Earnings	6,720	3,774	4,603
Federal Revenue.....	6,586	8,602	7,321
Other.....	25,260	73,267	89,321
Total Receipts	467,307	537,290	552,592
Total Funds Available	\$ 534,727	\$ 588,578	\$ 594,625
Disbursements:			
Treasury	\$ 30	\$ 40	\$ 40
Higher Education Assistance Agency.....	483,409	546,505	552,111
Total Disbursements	-483,439	-546,545	-552,151
Cash Balance, Ending	\$ 51,288	\$ 42,033	\$ 42,474

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,092	\$ 1,133	\$ 793
Receipts:			
Licenses and Fees.....	\$ 313	\$ 325	\$ 325
Other.....	74	50	70
Total Receipts	387	375	395
Total Funds Available	\$ 1,479	\$ 1,508	\$ 1,188
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 0
Transportation.....	346	715	715
Total Disbursements	-346	-715	-715
Cash Balance, Ending	\$ 1,133	\$ 793	\$ 473

Historical Preservation Fund

This fund was created for expenditure by the Historical and Museum Commission for the preservation, care and maintenance of State historical properties, museums and records and for the financing of historical research and publication programs. Money in the fund can also be used to purchase publications and souvenirs of a historical nature for sale at commission administered properties. This fund is made up of moneys from the sale of publications by the Pennsylvania Historical and Museum Commission and all moneys received from admission fees or other sales by the commission at the State historical properties and/or museums. Act 173 of 2002 enables the commission to sell most Commonwealth publications to the public and provides that net proceeds from the publication sales and from the sale of historical properties administered by the commission shall be deposited into the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 4,001	\$ 3,282	\$ 2,682
Receipts:			
Admission Fees.....	\$ 1,034	\$ 1,000	\$ 1,000
Interest	246	200	200
Other.....	1,681	1,700	1,700
Total Receipts	<u>2,961</u>	<u>2,900</u>	<u>2,900</u>
Total Funds Available	\$ 6,962	\$ 6,182	\$ 5,582
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Historical and Museum Commission.....	3,680	3,495	3,495
Total Disbursements	<u>-3,680</u>	<u>-3,500</u>	<u>-3,500</u>
Cash Balance, Ending	<u>\$ 3,282</u>	<u>\$ 2,682</u>	<u>\$ 2,082</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 42	\$ 6	\$ 8
Receipts:			
Federal Revenue.....	\$ 660	\$ 1,000	\$ 1,000
Miscellaneous.....	2	2	2
Total Receipts	<u>662</u>	<u>1,002</u>	<u>1,002</u>
Total Funds Available	<u>\$ 704</u>	<u>\$ 1,008</u>	<u>\$ 1,010</u>
Disbursements:			
Community and Economic Development			
Administration	\$ 698	\$ 1,000	\$ 1,009
Total Disbursements	<u>-698</u>	<u>-1,000</u>	<u>-1,009</u>
Cash Balance, Ending	<u>\$ 6</u>	<u>\$ 8</u>	<u>\$ 1</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 7	\$ 8	\$ 4
Receipts:			
Interest on Securities.....	\$ 1	\$ 1	\$ 1
Other.....	0	0	0
Total Receipts	<u>1</u>	<u>1</u>	<u>1</u>
Total Funds Available	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 5</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Community and Economic Development.....	0	0	0
Total Disbursements	<u>0</u>	<u>5</u>	<u>5</u>
Cash Balance, Ending	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ 0</u>

Industrial Sites Cleanup Fund

Act 2 of 1995 created the Industrial Sites Cleanup Fund to provide grants and loans to political subdivisions, local economic development agencies, and others who as part of an economic development strategy undertake voluntary cleanup of property contaminated by industrial activity. Act 6 of 2000 allows the Department of Community and Economic Development to provide performance-based loans, which may be forgiven if performance measures are met. Also, Act 6 expanded the program to include remediation of non-hazardous waste or debris. Revenue to the fund consists of transfers from the Hazardous Sites Cleanup Fund, any funds appropriated by the General Assembly, interest earnings, and loan repayments. Grants and loans are prioritized based on the benefit of the project to the public health and safety, the cost effectiveness of the project, the economic distress of the area, and the potential of the project to result in economic development.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 13,722	\$ 11,632	\$ 7,187
Receipts:			
Loan Principal and Interest.....	728	1,100	1,100
Interest on Securities.....	892	680	264
Total Receipts	1,620	1,780	1,364
Total Funds Available	\$ 15,342	\$ 13,412	\$ 8,551
Disbursements:			
Community and Economic Development			
Administration.....	\$ 167	\$ 225	\$ 225
Loans.....	1,148	3,000	3,000
Grants.....	2,395	3,000	3,000
Total Disbursements	-3,710	-6,225	-6,225
Cash Balance, Ending	\$ 11,632	\$ 7,187	\$ 2,326

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,131	\$ 2,716	\$ 2,506
Receipts:			
Assessments.....	\$ 10,342	\$ 10,467	\$ 10,749
Fines and Penalties Income.....	0	200	200
Returned prior year grants.....	0	500	500
Interest on Securities.....	270	310	310
Total Receipts	10,612	11,477	11,759
Total Funds Available	\$ 12,743	\$ 14,193	\$ 14,265
Disbursements:			
Insurance Fraud Prevention Authority.....	\$ 10,027	\$ 11,687	\$ 12,170
Total Disbursements	-10,027	-11,687	-12,170
Cash Balance, Ending	\$ 2,716	\$ 2,506	\$ 2,095

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of Commonwealth Court under Article V of the Insurance Department Act. This fund is utilized to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are utilized to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 179,279	\$ 127,685	\$ 72,015
Receipts:			
Carrier Assets.....	\$ 2,202	\$ 15,900	\$ 23,700
Net Investment Adjustment.....	-1,537	0	0
Interest	9,681	4,830	3,260
Total Receipts	10,346	20,730	26,960
Total Funds Available	\$ 189,625	\$ 148,415	\$ 98,975
Disbursements:			
Insurance.....	\$ 61,940	\$ 76,400	\$ 26,300
Total Disbursements	-61,940	-76,400	-26,300
Cash Balance, Ending	\$ 127,685	\$ 72,015	\$ 72,675

Job Training Fund

This fund was created by Act 5 of 2005 to facilitate advances in workforce development in the Commonwealth. The Job Training Fund will award annual grants to entities in specified rural counties which run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs. Receipts in the fund are transfers from the Special Administration Fund and are supplemented by interest earnings and other monies appropriated to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 2,341	\$ 1,871
Receipts:			
Special Administration Fund.....	\$ 3,000	\$ 3,400	\$ 3,400
Other.....	127	130	133
Total Receipts	3,127	3,530	3,533
Total Funds Available	\$ 3,127	\$ 5,871	\$ 5,404
Disbursements:			
Labor and Industry.....	\$ 786	\$ 4,000	\$ 3,500
Total Disbursements	-786	-4,000	-3,500
Cash Balance, Ending	\$ 2,341	\$ 1,871	\$ 1,904

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund	\$ 1,976	\$ 777	\$ 742
Total Receipts	<u>1,976</u>	<u>777</u>	<u>742</u>
Total Funds Available	<u>\$ 1,976</u>	<u>\$ 777</u>	<u>\$ 742</u>
Disbursements:			
Treasury.....	\$ 1,976	\$ 777	\$ 742
Total Disbursements	<u>-1,976</u>	<u>-777</u>	<u>-742</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,613	\$ 1,613	\$ 858
Receipts:			
Sale of Refuse Bank Materials.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 1,613</u>	<u>\$ 1,613</u>	<u>\$ 858</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection	0	750	750
Total Disbursements	<u>0</u>	<u>-755</u>	<u>-755</u>
Cash Balance, Ending	<u>\$ 1,613</u>	<u>\$ 858</u>	<u>\$ 103</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 89	\$ 189	\$ 189
Receipts:			
Transfer from General Fund.....	\$ 120	\$ 254	\$ 253
Interest on Securities.....	233	0	0
Total Receipts	353	254	253
Total Funds Available	\$ 442	\$ 443	\$ 442
Disbursements:			
Treasury.....	\$ 253	\$ 254	\$ 253
Total Disbursements	-253	-254	-253
Cash Balance, Ending	\$ 189	\$ 189	\$ 189

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 5,629	\$ 6,108	\$ 629
Receipts:			
Tax on Gasoline	\$ 25,186	\$ 25,971	\$ 26,197
Tax on Diesel Fuel	7,066	7,144	7,207
Total Receipts	32,252	33,115	33,404
Total Funds Available	\$ 37,881	\$ 39,223	\$ 34,033
Disbursements:			
Treasury.....	\$ 91	\$ 500	\$ 500
Transportation.....	31,682	38,094	32,950
Total Disbursements.....	-31,773	-38,594	-33,450
Cash Balance, Ending.....	\$ 6,108	\$ 629	\$ 583

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,432	\$ 2,534	\$ 2,629
Receipts:			
Liquor License Fees.....	\$ 4,521	\$ 4,520	\$ 4,520
Beer License Fees.....	106	110	110
Other.....	21	30	30
Total Receipts	<u>4,648</u>	<u>4,660</u>	<u>4,660</u>
Total Funds Available	\$ 7,080	\$ 7,194	\$ 7,289
Disbursements:			
Treasury.....	\$ 0	\$ 15	\$ 15
Liquor Control Board.....	4,546	4,550	4,550
Total Disbursements	<u>-4,546</u>	<u>-4,565</u>	<u>-4,565</u>
Cash Balance, Ending	<u>\$ 2,534</u>	<u>\$ 2,629</u>	<u>\$ 2,724</u>

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 501	\$ 1,388	\$ 1,401
Receipts:			
Sale of Bonds.....	\$ 1,049	\$ 2,800	\$ 0
Interest.....	16	13	13
Total Receipts	<u>1,065</u>	<u>2,813</u>	<u>13</u>
Total Funds Available	\$ 1,566	\$ 4,201	\$ 1,414
Disbursements:			
Corrections.....	\$ 178	\$ 2,800	\$ 1,127
Total Disbursements	<u>-178</u>	<u>-2,800</u>	<u>-1,127</u>
Cash Balance, Ending	<u>\$ 1,388</u>	<u>\$ 1,401</u>	<u>\$ 287</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 1,203	\$ 918	\$ 921
Accrued Interest on Bonds Sold.....	0	0	0
Total Receipts	<u>1,203</u>	<u>918</u>	<u>921</u>
Total Funds Available	<u>\$ 1,203</u>	<u>\$ 918</u>	<u>\$ 921</u>
Disbursements:			
Treasury.....	\$ 1,203	\$ 918	\$ 921
Total Disbursements	<u>-1,203</u>	<u>-918</u>	<u>-921</u>
Cash Balance, Ending	<u>\$ 0</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,365	\$ 2,606	\$ 2,426
Receipts:			
Loan Repayments.....	\$ 619	\$ 715	\$ 720
Interest	167	105	98
Total Receipts	<u>786</u>	<u>820</u>	<u>818</u>
Total Funds Available	<u>\$ 3,151</u>	<u>\$ 3,426</u>	<u>\$ 3,244</u>
Disbursements:			
Community and Economic Development Loans.....	\$ 545	\$ 1,000	\$ 1,000
Total Disbursements	<u>-545</u>	<u>-1,000</u>	<u>-1,000</u>
Cash Balance, Ending	<u>\$ 2,606</u>	<u>\$ 2,426</u>	<u>\$ 2,244</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,798	\$ 2,784	\$ 2,552
Receipts:			
Fines and Penalties (a).....	\$ 0	\$ 0	\$ 0
Licenses and Fees (a).....	0	0	0
Interest.....	185	100	100
Total Receipts	185	100	100
Total Funds Available	\$ 2,983	\$ 2,884	\$ 2,652
Disbursements:			
Environmental Protection	\$ 199	\$ 332	\$ 447
Total Disbursements	-199	-332	-447
Cash Balance, Ending	\$ 2,784	\$ 2,552	\$ 2,205

^a These revenues will not be received until the Commonwealth's low-level disposal site becomes operational.

Machinery and Equipment Loan Fund

This fund was established by Act 120 of 1988 to provide low-interest machinery and equipment financing for Pennsylvania businesses in order to facilitate their growth, competitiveness and value-added capacity. The fund was initially capitalized by an appropriation from the Pennsylvania Economic Revitalization Fund (PERF). It is now funded from loan repayments, transfers from the General Fund and interest earnings. Act 22 of 2004 required the Commonwealth Financing Authority to transfer \$75 million in bond proceeds to the Department of Community and Economic Development for deposit in the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 32,585	\$ 43,985	\$ 109,008
Receipts:			
Transfer from Commonwealth Finance Authority.....	\$ 0	\$ 70,000	\$ 5,000
Loan Repayments.....	27,975	28,562	32,650
Miscellaneous.....	0	300	350
Interest on Securities.....	2,519	3,101	2,576
Total Receipts	30,494	101,963	40,576
Total Funds Available	\$ 63,079	\$ 145,948	\$ 149,584
Disbursements:			
Community and Economic Development			
Administration.....	\$ 547	\$ 650	\$ 650
Loans.....	18,547	36,290	83,500
Total Disbursements	-19,094	-36,940	-84,150
Cash Balance, Ending	\$ 43,985	\$ 109,008	\$ 65,434

Manufacturing Fund

This fund, created in 1915, is a self-sustaining enterprise that provides institutionalized offenders an opportunity for vocational rehabilitation. Receipts are derived from the sale of inmate manufactured goods to government agencies or government-aided organizations. Expenditures are made for the purchase of raw materials, machinery replacement, inmate wages, and other costs related to the sale and manufacture of their products. Act 2A of 2006 authorized a one-time funds transfer of \$17.5 million to the Department of Corrections during 2006-07.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 36,418	\$ 37,632	\$ 10,827
Receipts:			
Sale of Products.....	\$ 30,621	\$ 36,000	\$ 58,000
Interest.....	2,482	1,300	2,000
Other.....	36	100	100
Total Receipts	33,139	37,400	60,100
Total Funds Available	\$ 69,557	\$ 75,032	\$ 70,927
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Corrections.....	31,925	64,200	63,796
Total Disbursements	-31,925	-64,205	-63,801
Cash Balance, Ending	\$ 37,632	\$ 10,827	\$ 7,126

Medical Care Availability and Reduction of Error Fund

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act, established the Medical Care Availability and Reduction of Error Fund and transferred to it the assets, liabilities, rights and responsibilities of the Medical Professional Liability Catastrophe Loss Fund effective October 15, 2002. The Mcare Fund is used to pay claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of the basic insurance coverage required by the act. In addition to the transfer of assets from the Medical Professional Liability Catastrophe Loss Fund, revenue includes an assessment on health care providers. Beginning in 2004, the moving violation surcharge revenue which accrued to the Catastrophic Loss Benefits Continuation Fund accrues to this fund for a period of ten years.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 141,468	\$ 154,986	\$ 157,685
Receipts:			
Assessments.....	\$ 193,711	\$ 140,000	\$ 121,000
Income on Investments.....	8,439	5,000	4,000
Reinsurance Proceeds.....	459	54	54
Moving Violation Surcharge.....	41,728	42,000	42,000
Transfer from Health Care Provider Retention	230,000	50,000	50,000
Other.....	1,813	54	54
Total Receipts	476,150	237,108	217,108
Total Funds Available	\$ 617,618	\$ 392,094	\$ 374,793
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Insurance.....	229,943	234,404	300,358
Loan Repayment.....	232,689	0	0
Total Disbursements	-462,632	-234,409	-300,363
Cash Balance, Ending	\$ 154,986	\$ 157,685	\$ 74,430

Military Family Relief Assistance Fund

The Military Family Relief Assistance Fund was created by Act 40 of 2005 to provide for short-term financial relief to families in need due to deployment of a family member. Act 40 provided contributions to the fund to be made through the Personal Income Tax form. These provisions for inclusion on the tax return form expire after 5 years. Act 65 of 2005 provides for the administration of the program by the Department of Military and Veterans Affairs and the specifics of the program. The department can also accept donations for the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 147	\$ 307
Receipts:			
Tax return donations.....	\$ 148	\$ 200	\$ 250
Donations.....	0	60	100
Interest.....	0	0	5
Total Receipts	148	260	355
Total Funds Available	\$ 148	\$ 407	\$ 662
Disbursements:			
Military and Veterans Affairs.....	\$ 1	\$ 100	\$ 350
Total Disbursements	-1	-100	-350
Cash Balance, Ending	\$ 147	\$ 307	\$ 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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,825	\$ 2,149	\$ 2,058
Receipts:			
License and Fees	\$ 1,766	\$ 2,500	\$ 2,500
Fines and Penalties.....	95	50	50
Miscellaneous Revenue.....	160	101	101
Total Receipts	2,021	2,651	2,651
Total Funds Available	\$ 4,846	\$ 4,800	\$ 4,709
Disbursements:			
Milk Marketing Board.....	\$ 2,697	\$ 2,737	\$ 2,814
Treasury.....	0	5	5
Total Disbursements	-2,697	-2,742	-2,819
Cash Balance, Ending	\$ 2,149	\$ 2,058	\$ 1,890

Minority Business Development Fund

This fund was created by Act 206 of 1974 to accommodate the operation of the Pennsylvania Minority Business Development Authority. Revenues to the fund are from loan repayments, transfer of General Fund appropriations and interest. The authority has the power to issue bonds or other obligations which would provide further revenue to the fund. Expenditures are made for loans to minority business enterprises and for operating expenses of the authority.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 6,209	\$ 5,418	\$ 2,818
Receipts:			
Transfer from General Fund	\$ 0	\$ 0	\$ 0
Interest on Securities.....	398	360	236
Loan Principal and Interest Repayments.....	711	1,285	1,425
Other.....	16	30	40
Total Receipts	1,125	1,675	1,701
Total Funds Available	\$ 7,334	\$ 7,093	\$ 4,519
Disbursements:			
Community and Economic Development.....	\$ 1,916	\$ 4,275	\$ 4,292
Total Disbursements	-1,916	-4,275	-4,292
Cash Balance, Ending	\$ 5,418	\$ 2,818	\$ 227

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,336	\$ 1,427	\$ 1,392
Receipts:			
Dealer/Agent Assessment.....	\$ 0	\$ 85	\$ 85
Interest	91	50	50
Total Receipts	91	135	135
Total Funds Available	\$ 1,427	\$ 1,562	\$ 1,527
Disbursements:			
Transportation.....	\$ 0	\$ 170	\$ 170
Total Disbursements	0	-170	-170
Cash Balance, Ending	\$ 1,427	\$ 1,392	\$ 1,357

Municipal Pension Aid Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Beginning in July 1985, this fund receives a portion of the revenues from the Foreign Casualty Insurance Premium Tax and the Foreign Fire Insurance Premium Tax. These revenues and earnings are for distribution to municipalities for various municipal, police and fire pension funds, including post-retirement adjustments mandated by Act 147 of 1988. Beginning in 2005-06, fund disbursements will include additional post-retirement adjustments according to the provisions of Act 64 of 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 191,766	\$ 202,031	\$ 204,063
Receipts:			
Foreign Casualty Insurance Premium Tax.....	\$ 191,228	\$ 191,228	\$ 193,000
Foreign Fire Insurance Premium Tax.....	15,763	15,809	17,000
Interest	3,205	3,000	2,000
Total Receipts	210,196	210,037	212,000
Total Funds Available	\$ 401,962	\$ 412,068	\$ 416,063
Disbursements:			
Auditor General.....	\$ 199,931 ^a	\$ 208,000 ^b	\$ 220,000 ^c
Treasury.....	0	5	5
Total Disbursements	-199,931	-208,005	-220,005
Cash Balance, Ending	\$ 202,031	\$ 204,063	\$ 196,058

^aIncludes post-retirement payment of \$ 3,626,273 as authorized by Act 147 of 1988.

^bIncludes post-retirement payment of \$4,000,000 as authorized by Act 147 of 1988 and \$8,000,000 per Act 64.

^cIncludes post-retirement payment of \$4,100,000 as authorized by Act 147 of 1988 and \$8,100,000 per Act 64.

Municipalities Financial Recovery Revolving Aid Fund

This fund was created by Act 157 of 1988 to make loans and grants to assist municipalities that are declared financially distressed. Initial funding was provided through the transfer of unused funds remaining from a 1986-87 General Fund appropriation for Distressed Community Emergency Aid. In addition, Act 157 stipulated that all repayments on loans made from the fund should be redeposited into the fund and used to make additional loans and grants to distressed municipalities. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 5,591	\$ 6,029	\$ 4,404
Receipts:			
Transfer from General Fund.....	\$ 1,500	\$ 1,500	\$ 1,500
Loan Repayments.....	221	450	550
Interest	416	225	185
Total Receipts	<u>2,137</u>	<u>2,175</u>	<u>2,235</u>
Total Funds Available	<u>\$ 7,728</u>	<u>\$ 8,204</u>	<u>\$ 6,639</u>
Disbursements:			
Community and Economic Development			
Program Fees.....	\$ 1,264	\$ 1,500	\$ 1,500
Loans.....	210	1,600	1,600
Grants.....	225	700	700
Total Disbursements	<u>-1,699</u>	<u>-3,800</u>	<u>-3,800</u>
Cash Balance, Ending	<u>\$ 6,029</u>	<u>\$ 4,404</u>	<u>\$ 2,839</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 10,837	\$ 11,768	\$ 10,172
Receipts:			
Licenses and Fees.....	\$ 251	\$ 244	\$ 250
Penalties.....	134	35	68
Interest.....	740	300	418
Collateral.....	96	0	0
Payment in Lieu of Bonds.....	6	25	25
Total Receipts	<u>1,227</u>	<u>604</u>	<u>761</u>
Total Funds Available	<u>\$ 12,064</u>	<u>\$ 12,372</u>	<u>\$ 10,933</u>
Disbursements:			
Environmental Protection	\$ 296	\$ 2,200	\$ 2,200
Total Disbursements	<u>-296</u>	<u>-2,200</u>	<u>-2,200</u>
Cash Balance, Ending	<u>\$ 11,768</u>	<u>\$ 10,172</u>	<u>\$ 8,733</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,448	\$ 1,897	\$ 1,254
Receipts:			
Transfer from General Fund.....	\$ 3,280	\$ 3,280	\$ 3,280
Interest.....	102	350	350
Fees.....	0	33	33
Fines	23	1	1
Total Receipts	<u>3,405</u>	<u>3,664</u>	<u>3,664</u>
Total Funds Available	\$ 5,853	\$ 5,561	\$ 4,918
Disbursements:			
Agriculture	\$ 1,999	\$ 2,220	\$ 2,587
Environmental Protection	1,957	2,087	2,087
Total Disbursements	<u>-3,956</u>	<u>-4,307</u>	<u>-4,674</u>
Cash Balance, Ending	\$ 1,897	\$ 1,254	\$ 244

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 6,125	\$ 6,237	\$ 4,062
Receipts:			
Rents and Royalties.....	\$ 4,355	\$ 4,355	\$ 4,355
Interest.....	470	470	470
Total Receipts	<u>4,825</u>	<u>4,825</u>	<u>4,825</u>
Total Funds Available	\$ 10,950	\$ 11,062	\$ 8,887
Disbursements:			
Conservation and Natural Resources.....	\$ 4,713	\$ 7,000	\$ 5,011
Total Disbursements	<u>-4,713</u>	<u>-7,000</u>	<u>-5,011</u>
Cash Balance, Ending	\$ 6,237	\$ 4,062	\$ 3,876

Patient Safety Trust Fund

Act 13 of 2002, known as the Medical Care Availability and Reduction of Error Act, established the Patient Safety Trust Fund for the purpose of independent review of medical facilities which will result in ensuring patient safety and reducing medical errors. Revenue to the fund includes a surcharge on medical facility licensing fees. These fees are assessed by the Department of Health, deposited in the General Fund, and transferred to the Patient Safety Fund. The Patient Safety Authority established by Act 13 contracts with entities who collect, analyze and evaluate data regarding reports of serious events and incidents at medical facilities and identify patterns in frequency or severity at individual medical facilities or in certain regions of this Commonwealth. The authority and the individual facilities will be advised of changes in health care practices and procedures which are recommended for the purpose of reducing the number and severity of serious events and incidents. The authority may recommend regulatory or statutory changes which may help improve patient safety in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 4,536	\$ 4,507	\$ 2,676
Receipts:			
Surcharges.....	\$ 2,672	\$ 2,869	\$ 5,000
Interest	268	300	500
Total Receipts	<u>2,940</u>	<u>3,169</u>	<u>5,500</u>
Total Funds Available	\$ 7,476	\$ 7,676	\$ 8,176
Disbursements:			
State.....	\$ 2,969	\$ 5,000	\$ 5,000
Total Disbursements	<u>-2,969</u>	<u>-5,000</u>	<u>-5,000</u>
Cash Balance, Ending	\$ 4,507	\$ 2,676	\$ 3,176

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 172	\$ 179	\$ 28
Receipts:			
Interest on Securities.....	\$ 6	\$ 7	\$ 1
Other.....	1 ^a	2	0
Total Receipts.....	<u>7</u>	<u>9</u>	<u>1</u>
Total Funds Available	\$ 179	\$ 188	\$ 29
Disbursements:			
Agriculture.....	\$ 0	\$ 98	\$ 18
Conservation and Natural Resources.....	0	62	11
Total Disbursements.....	<u>0</u>	<u>-160</u>	<u>-29</u>
Cash Balance, Ending	\$ 179	\$ 28	\$ 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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 614	\$ 507	\$ 510
Interest on Securities.....	0	0	0
Total Receipts	<u>614</u>	<u>507</u>	<u>510</u>
Total Funds Available	<u>\$ 614</u>	<u>\$ 507</u>	<u>\$ 510</u>
Disbursements:			
Treasury.....	\$ 614	\$ 507	\$ 510
Total Disbursements	<u>-614</u>	<u>-507</u>	<u>-510</u>
Cash Balance, Ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Pennsylvania Gaming Economic Development and Tourism Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Pennsylvania Gaming Economic Development and Tourism Fund to receive a daily assessment of 5% of each licensed gaming entity's gross terminal revenue. The fund, which will be administered by the Department of Community and Economic Development, will be distributed through specific enacted capital budgets.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 18,300
Receipts:			
Gross Terminal Revenues.....	\$ 0	\$ 18,300	\$ 66,600
Other	0	0	0
Total Receipts	<u>0</u>	<u>18,300</u>	<u>66,600</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 18,300</u>	<u>\$ 84,900</u>
Disbursements:			
Community and Economic Development.....	\$ 0	\$ 0 ^a	\$ 0 ^a
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u><u>\$ 0</u></u>	<u><u>\$ 18,300</u></u>	<u><u>\$ 84,900</u></u>

^aFunds will be distributed through specific enacted capital budgets.

Pennsylvania Historical and Museum Commission Trust Fund

This fund, created by Act 113 of 1931, is administered by the Governor, Auditor General, State Treasurer and the Pennsylvania Historical and Museum Commission. The interest received from investment of the \$33,000 perpetual endowment to this fund in bonds of the Commonwealth or any of its political subdivisions is credited to the fund. Interest earned on investments is used for the restoration, maintenance and improvement of the Cornwall Charcoal Furnace, Cornwall Borough, Lebanon County.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 131	\$ 140	\$ 143
Receipts:			
Interest	\$ 9	\$ 3	\$ 4
Total Receipts	<u>9</u>	<u>3</u>	<u>4</u>
Total Funds Available	\$ 140	\$ 143	\$ 147
Disbursements:			
Historical and Museum Commission.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 140</u>	<u>\$ 143</u>	<u>\$ 147</u>

Pennsylvania Infrastructure Bank

This fund was established by Act 57 of 1997 to make loans to, or enter into leases with, qualified borrowers to finance the costs of transportation projects. Acts 165 and 7A of 2004 expanded this program to include financing of rail freight infrastructure. Receipts are derived from Federal funds and the transfer of required matching State funds from the Motor License Fund, the Public Transportation Assistance Fund and the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 37,092	\$ 30,135	\$ 13,783
Receipts:			
Loan Repayments.....	\$ 2,810	\$ 2,902	\$ 5,084
Interest	2,255	749	270
Total Receipts	<u>5,065</u>	<u>3,651</u>	<u>5,354</u>
Total Funds Available	\$ 42,157	\$ 33,786	\$ 19,137
Disbursements:			
Transportation.....	\$ 12,022	\$ 20,003	\$ 17,003
Total Disbursements	<u>-12,022</u>	<u>-20,003</u>	<u>-17,003</u>
Cash Balance, Ending	<u>\$ 30,135</u>	<u>\$ 13,783</u>	<u>\$ 2,134</u>

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employees Retirement Law and the Municipal Police Retirement Law and combined all employes covered under both into a State-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employes, firemen and police of political subdivisions (counties, cities, boroughs and townships of the first and second class). Any municipality may elect by ordinance to join the system. Revenues are generated from the contributions of the members of the system and investment earnings. The board established under Act 15 has control over the system's operation. The net investment adjustment shown below is to reflect carrying value of long-term investments as of June 30. A municipality may, upon meeting the requirements set forth in Act 15, elect to withdraw from participation in this fund. Withdrawals may substantially increase the level of disbursements reflected in this presentation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,247,028	\$ 1,360,301	\$ 1,440,000
Receipts:			
Contributions.....	\$ 37,903	\$ 39,800	\$ 41,800
Interest on Securities	78,374	63,000	68,000
Net Investment Adjustment.....	52,678	38,129	44,630
Total Receipts	<u>168,955</u>	<u>140,929</u>	<u>154,430</u>
Total Funds Available	\$ 1,415,983	\$ 1,501,230	\$ 1,594,430
Disbursements:			
Treasury.....	\$ 1	\$ 30	\$ 30
Municipal Retirement Board.....	55,681	61,200	67,400
Total Disbursements	<u>-55,682</u>	<u>-61,230</u>	<u>-67,430</u>
Cash Balance, Ending	\$ 1,360,301	\$ 1,440,000	\$ 1,527,000

Pennsylvania Race Horse Development Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Pennsylvania Race Horse Development Fund to support and advance the Commonwealth's horse racing industry. Operating tracks receive a daily assessment as determined by the Department of Revenue. The daily assessment from each licensed gaming entity is based on a formula established in the Act, which is capped at 12% of an entity's gross terminal revenue for that day. Proceeds are distributed to licensees conducting live horse racing. Track owners deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks commit the remaining proceeds to the Breeders' Fund and a Horseman's Organization Fund. Standardbred tracks commit proceeds to the Sire Stakes Fund, the Pennsylvania Standardbred Breeders Development Fund, and a Horsemen's Organizational Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Gross Terminal Revenues.....	\$ 0	\$ 47,528	\$ 159,768
Other	0	0	0
Total Receipts	0	47,528	159,768
Total Funds Available	\$ 0	\$ 47,528	\$ 159,768
Disbursements:			
Agriculture.....	\$ 0	\$ 47,528	\$ 159,768
Total Disbursements	0	47,528	159,768
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission. Revenues come from General Fund appropriations and public or private contributions. Funds were expended to erect a monument to Pennsylvania Veterans who served in armed conflicts in which the United States was a participant. Act 63 of 2002 expanded the use of this fund to operation and maintenance of the memorial.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 512	\$ 413	\$ 371
Receipts:			
Public/Private Donations.....	\$ 19	\$ 18	\$ 0
Interest	30	30	30
Total Receipts	49	48	30
Total Funds Available	\$ 561	\$ 461	\$ 401
Disbursements:			
Military and Veterans Affairs.....	\$ 148	\$ 90	\$ 120
Total Disbursements	-148	-90	-120
Cash Balance, Ending	<u>\$ 413</u>	<u>\$ 371</u>	<u>\$ 281</u>

PENNVEST Bond Authorization Fund

This fund, created under the authority of Act 16 of 1988, receives the proceeds from the sale of bonds authorized by general referendum, transfers from the Water Facilities Loan Fund or from the Capital Facilities Fund for site development. Expenditures are for transfers of funds to the PENNVEST Fund, the PENNVEST Drinking Water Revolving Fund, the PENNVEST Water Pollution Control Revolving Fund, the PENNVEST Revolving Fund or the PENNVEST Non-Revolving Equity Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 3,893	\$ 8,734	\$ 18,734
Receipts:			
Referendum Bonds.....	\$ 53,334	\$ 70,000	\$ 40,000
Interest.....	1,151	1,200	1,200
Total Receipts	54,485	71,200	41,200
Total Funds Available	\$ 58,378	\$ 79,934	\$ 59,934
Disbursements:			
Infrastructure Investment Authority:			
Treasury	\$ 24	\$ 0	\$ 0
PENNVEST Fund	1,099	1,200	1,200
PENNVEST Non-Revolving Fund.....	39,318	50,000	40,000
PENNVEST Revolving Fund.....	3,390	0	0
PENNVEST Drinking Water Revolving.....	2,476	2,000	2,000
PENNVEST Water Pollution Control.....	3,337	8,000	8,000
Total Disbursements	-49,644	-61,200	-51,200
Cash Balance, Ending	\$ 8,734	\$ 18,734	\$ 8,734

PENNVEST Drinking Water Revolving Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from the Federal Government to establish a revolving loan program for drinking water projects. Required matching State funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund. Because of the lag in receiving Federal funds, cash is borrowed from other PENNVEST funds. Negative receipts reflect the repayment of these loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 48,962	\$ 59,550	\$ 36,560
Receipts:			
Bond Authorization Fund.....	\$ 2,476	\$ 2,000	\$ 2,000
PENNVEST Fund.....	2,405	2,500	6,694
Federal Funds.....	28,109	25,000	30,000
Interest and Principal Payments.....	14,391	15,000	18,000
Investment Income.....	3,763	2,500	3,500
Total Receipts	<u>51,144</u>	<u>47,000</u>	<u>60,194</u>
Total Funds Available	\$ 100,106	\$ 106,550	\$ 96,754
Disbursements:			
Infrastructure Investment Authority.....	\$ 40,556	\$ 69,990	\$ 72,329
Total Disbursements	<u>-40,556</u>	<u>-69,990</u>	<u>-72,329</u>
Cash Balance, Ending	\$ 59,550	\$ 36,560	\$ 24,425

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 113,263	\$ 84,405	\$ 67,115
Receipts:			
Revolving Loan Payments.....	\$ 46,458	\$ 48,000	\$ 48,500
Bond Authorization Fund.....	1,099	1,200	1,200
Transfer from Environmental Stewardship Fund.....	17,214	13,722	20,971
Interest.....	5,831	4,000	3,000
Total Receipts	<u>70,602</u>	<u>66,922</u>	<u>73,671</u>
Total Funds Available	\$ 183,865	\$ 151,327	\$ 140,786
Disbursements:			
Infrastructure Investment Authority:			
Loans and Grants.....	\$ 1,607	\$ 4,010	\$ 3,589
Administration.....	2,238	3,202	3,510
Growing Greener Grants.....	19,409	25,000	20,000
Loans.....	76,206	52,000	48,000
Total Disbursements	<u>-99,460</u>	<u>-84,212</u>	<u>-75,099</u>
Cash Balance, Ending	\$ 84,405	\$ 67,115	\$ 65,687

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Bond Authorization Fund.....	\$ 39,318	\$ 50,000	\$ 40,000
Investment Income.....	18	0	0
Total Receipts	<u>39,336</u>	<u>50,000</u>	<u>40,000</u>
Total Funds Available	\$ 39,336	\$ 50,000	\$ 40,000
Disbursements:			
Infrastructure Investment Authority.....	\$ 39,336	\$ 50,000	\$ 40,000
Total Disbursements	<u>-39,336</u>	<u>-50,000</u>	<u>-40,000</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

PENNVEST Redemption Fund

This fund, created under the authority of Act 16 of 1988, receives repayments of non-revolving loans and investment interest along with the annual appropriation from the General Fund for general obligation debt service. Revenues are used to pay debt service on general obligation bonds issued for PENNVEST.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 7
Receipts:			
Transfer from General Fund.....	\$ 7,210	\$ 7,171	\$ 9,276
Interest on Securities.....	0	7	0
Non-Revolving Loan Repayments.....	0	622	4,139
Total Receipts	<u>7,210</u>	<u>7,800</u>	<u>13,415</u>
Total Funds Available	\$ 7,210	\$ 7,800	\$ 13,422
Disbursements:			
Treasury.....	\$ 7,210	\$ 7,793	\$ 13,415
Total Disbursements	<u>-7,210</u>	<u>-7,793</u>	<u>-13,415</u>
Cash Balance, Ending	\$ 0	\$ 7	\$ 7

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. Funds are used for revolving loans which can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Fund. In FY 2006-07, funds are being redirected to the PENNVEST Non-Revolving Equity Fund and other PENNVEST funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-05 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 34	\$ 32	\$ 32
Receipts:			
Bond Authorization Fund.....	\$ 3,390	\$ 0	\$ 0
Interest.....	-2	0	0
Total Receipts	<u>3,388</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 3,422	\$ 32	\$ 32
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects.....	\$ 1,880	\$ 0	\$ 0
Sewer Projects.....	1,510	0	0
Storm Water Projects.....	0	0	0
Total Disbursements	<u>-3,390</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	\$ 32	\$ 32	\$ 32

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 181,581	\$ 207,466	\$ 169,416
Receipts:			
PENNVEST Fund.....	\$ 5,834	\$ 10,000	\$ 7,770
Bond Authorization Fund.....	3,337	8,000	8,000
Federal Funds.....	48,618	50,000	50,000
Interest and Principal Payments.....	59,791	55,000	60,000
Investment Income.....	13,314	12,000	12,500
Total Receipts	<u>130,894</u>	<u>135,000</u>	<u>138,270</u>
Total Funds Available	\$ 312,475	\$ 342,466	\$ 307,686
Disbursements:			
Infrastructure Investment Authority.....	\$ 105,009	\$ 173,050	\$ 202,820
Total Disbursements	<u>-105,009</u>	<u>-173,050</u>	<u>-202,820</u>
Cash Balance, Ending	\$ 207,466	\$ 169,416	\$ 104,866

Persian Gulf Conflict Veterans' Compensation Bond Fund

This fund was created by Act 29 of 2006 to receive and distribute the proceeds from the sale of \$20 million in bonds approved by the electorate in November of 2006. This money will be used for payments of compensation to Commonwealth veterans who were active in the Persian Gulf Theater of operations during the period from August 2, 1990 to August 31, 1991 and who have received the Southwest Asia Service Medal. The maximum compensation is \$525 except in the cases of death or if the veteran was a prisoner of war. In such instances the maximum compensation shall be \$5,000. Applications will be accepted until August 31, 2016.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 3,000
Total Receipts	<u>0</u>	<u>0</u>	<u>3,000</u>
Total Funds Available	\$ 0	\$ 0	\$ 3,000
Disbursements:			
Military and Veterans Affairs.....	\$ 0	\$ 0	\$ 3,000
Total Disbursements	<u>0</u>	<u>0</u>	<u>-3,000</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Persian Gulf Conflict Veterans' Compensation Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Persian Gulf Conflict Veterans' Compensation Program. The annual appropriation from the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from Treasury.....	\$ 0	\$ 0	\$ 29
Total Receipts	<u>0</u>	<u>0</u>	<u>29</u>
Total Funds Available	\$ 0	\$ 0	\$ 29
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 29
Total Disbursements	<u>0</u>	<u>0</u>	<u>-29</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Pharmaceutical Assistance Fund

The revenue for the Pharmaceutical Assistance Fund is received from the Lottery Fund and the Tobacco Settlement Fund. This fund provides a limited pharmaceutical assistance program for older Pennsylvanians who are 65 years of age or over and whose annual income does not exceed the maximum specified for program eligibility. Pharmaceutical product claims for the Department of Public Welfare's Special Pharmaceutical Benefits Program, disease specific programs in the Department of Health and the State Workers' Insurance Fund are also processed through the PACE Fund. Funds not expended in the fiscal year in which they are appropriated are available for use in the following fiscal year. For additional information on the programs refer to the program descriptions in the Departments of Aging, Health, Public Welfare and Labor and Industry.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 100,791	\$ 50,259	\$ 25,739
Receipts:			
Transfer from Lottery Fund.....	\$ 380,000	\$ 204,000	\$ 278,400
Transfer from Tobacco Settlement Fund.....	0	56,199 ^a	13,395
Interest on Securities.....	4,100	1,000	1,000
Disease Specific Programs.....	5,824	7,972	7,972
Special Pharmaceutical Services.....	45,454	55,347	54,673
State Workers' Insurance Fund.....	717	500	500
Other.....	0	0	0
Total Receipts	<u>436,095</u>	<u>325,018</u>	<u>355,940</u>
Total Funds Available	\$ 536,886	\$ 375,277	\$ 381,679
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Aging.....	437,906	285,714	277,439
Health.....	5,285 ^b	7,972 ^b	7,972 ^b
Public Welfare.....	43,044 ^b	55,347 ^b	54,673 ^b
Labor and Industry.....	392 ^b	500 ^b	500 ^b
Total Disbursements	<u>-486,627</u>	<u>-349,538</u>	<u>-340,589</u>
Cash Balance, Ending	<u>\$ 50,259</u>	<u>\$ 25,739</u>	<u>\$ 41,090</u>

^a 2006-07 Transfer from the Tobacco Settlement Fund includes \$29,301,000 transferred at the close of the 2005-06 fiscal year and \$26,898,000 to be transferred in 2006-07.

^b 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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 728	\$ 667	\$ 2,183
Receipts:			
Transfer from Philadelphia Regional Port Authority.....	\$ 6,527	\$ 7,975	\$ 2,880
Interest on Securities.....	66	41	41
Total Receipts	<u>6,593</u>	<u>8,016</u>	<u>2,921</u>
Total Funds Available	\$ 7,321	\$ 8,683	\$ 5,104
Disbursements:			
Philadelphia Regional Port Operations.....	\$ 6,654	\$ 6,500	\$ 3,000
Total Disbursements	<u>-6,654</u>	<u>-6,500</u>	<u>-3,000</u>
Cash Balance, Ending	\$ <u>667</u>	\$ <u>2,183</u>	\$ <u>2,104</u>

Port of Pittsburgh Commission Fund

The Port of Pittsburgh Commission was created by Act 133 of 1992 to promote and encourage capital investment in port facilities and port-related projects within the port district encompassing Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Lawrence, Washington and Westmoreland counties.

Act 140 of 2000 expanded the authority of the commission to allow for economic development projects, including certain recreation projects that are sponsored by third parties. Act 111 of 2001 added Indiana County, and Act 131 of 2006 added Blair County to the Port District.

Grants to the commission to support its operations, and previously to Allegheny County for port-related improvements, are deposited into this fund along with interest earnings from deposited funds. The commission also has the authority to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,010	\$ 2,092	\$ 2,370
Receipts:			
Transfer from General Fund.....	\$ 1,000	\$ 1,500	\$ 500
Other.....	255	178	165
Interest	130	100	89
Total Receipts	<u>1,385</u>	<u>1,778</u>	<u>754</u>
Total Funds Available	\$ 3,395	\$ 3,870	\$ 3,124
Disbursements:			
Port of Pittsburgh Commission.....	\$ 1,303	\$ 1,500	\$ 1,250
Total Disbursements	<u>-1,303</u>	<u>-1,500</u>	<u>-1,250</u>
Cash Balance, Ending	\$ <u>2,092</u>	\$ <u>2,370</u>	\$ <u>1,874</u>

Property Tax Relief Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, created the Property Tax Relief Fund to provide local property and wage tax relief payments to school districts. Act 1 of Special Session 1 of 2006, the Taxpayer Relief Act, further provides for the distribution of funds from the Property Tax Relief Fund to school districts and municipalities. The fund receives revenue from the State Gaming Fund representing the balance of money collected in the State Gaming Fund after other distributions.

This budget proposes increasing the Sales and Use Tax rate by one percent; in 2007-08 the increase will provide \$420 million of sales tax revenue to the Property Tax Relief Fund. Half of the increase in the sales tax will be directed to the Property Tax Relief Fund beginning in 2008-09.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 236,487
Receipts:			
Transfer from State Gaming Fund	\$ 0	\$ 228,087	\$ 570,009
Sales and Use Tax.....	0	0	420,000
Other.....	0	8,400	33,933
Total Receipts	<u>0</u>	<u>236,487</u>	<u>1,023,942</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 236,487</u>	<u>\$ 1,260,429</u>
Disbursements:			
Property Tax Relief Reserve Account.....	\$ 0	\$ 0	\$ 150,000
Property Tax Relief	0	0	708,000
Total Disbursements.....	<u>0</u>	<u>0</u>	<u>858,000</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 236,487</u>	<u>\$ 402,429</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, and a motor vehicle lease tax fee.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 6,867	\$ 6,639	\$ 3,539
Receipts:			
Sales and Use Tax.....	\$ 79,561	\$ 82,400	\$ 96,800
Other Taxes and Fees.....	96,052	94,400	95,400
Interest	897	500	500
Total Receipts	<u>176,510</u>	<u>177,300</u>	<u>192,700</u>
Total Funds Available	<u>\$ 183,377</u>	<u>\$ 183,939</u>	<u>\$ 196,239</u>
Disbursements:			
Transportation:			
Administration.....	\$ 4,742	\$ 4,751	\$ 4,762
Grants.....	171,996	175,649	180,138
Total Disbursements	<u>-176,738</u>	<u>-180,400</u>	<u>-184,900</u>
Cash Balance, Ending	<u>\$ 6,639</u>	<u>\$ 3,539</u>	<u>\$ 11,339</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 12,596	\$ 29,733	\$ 46,865
Receipts:			
Reimbursements to General Services.....	\$ 44,096	\$ 284,829	\$ 269,440
Reimbursements to Executive Offices.....	11,377	69,363	56,000
General Fund Loan.....	14,300	14,300	14,300
Other.....	1,423	2,797	625
Total Receipts	<u>71,196</u>	<u>371,289</u>	<u>340,365</u>
Total Funds Available	\$ 83,792	\$ 401,022	\$ 387,230
Disbursements:			
Executive Offices.....	\$ 6,336	\$ 62,920	\$ 56,000
Treasury.....	0	5	5
Loan Repayment.....	14,300	14,300	14,300
General Services.....	33,423	276,932	264,089
Total Disbursements	<u>54,059</u>	<u>354,157</u>	<u>334,394</u>
Cash Balance, Ending	\$ 29,733	\$ 46,865	\$ 52,836

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 649	\$ 471	\$ 516
Receipts:			
Additional License Fees.....	\$ 99	\$ 100	\$ 100
Interest	43	45	45
Total Receipts	<u>142</u>	<u>145</u>	<u>145</u>
Total Funds Available	\$ 791	\$ 616	\$ 661
Disbursements:			
State.....	\$ 320	\$ 100	\$ 100
Total Disbursements	<u>-320</u>	<u>-100</u>	<u>-100</u>
Cash Balance, Ending	\$ 471	\$ 516	\$ 561

Recycling Fund

This fund was created by Act 101 of 1988 to finance the planning, processing, resource recovery and recycling of solid waste. Revenue is generated by a fee on all waste disposed of in landfills or processed by resource recovery facilities. Expenditures are for recycling and planning grants, market and waste minimization studies, and public information and education activities throughout the Commonwealth. Act 125 of 1998 allowed for up to \$1.5 million annually for five years of Recycling Fund money to finance the cleanup of illegally deposited waste on State forest and State park lands.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 62,204	\$ 70,429	\$ 57,466
Receipts:			
Recycling Fees.....	\$ 44,643	\$ 47,000	\$ 47,000
Fines and Penalties.....	0	3	3
Interest	4,726	1,500	1,500
Environmental Technology Loan Repayments and Interest.....	72	147	147
Other.....	912	0	25
Total Receipts	50,353	48,650	48,675
Total Funds Available	\$ 112,557	\$ 119,079	\$ 106,141
Disbursements:			
Environmental Protection	\$ 42,128	\$ 61,613	\$ 61,613
Total Disbursements	-42,128	-61,613	-61,613
Cash Balance, Ending	\$ 70,429	\$ 57,466	\$ 44,528

Rehabilitation Center Fund

This fund was created May 13, 1959 by Act 55 of 1959 for the operation of the Hiram G. Andrews Rehabilitation Center and is funded from fees for services rendered by the center. Most of these services are rendered to vocational rehabilitation clients. The Department of Labor and Industry is pursuing diversification and privatization of services offered at the center. These plans include training enhancement for clients of the center and economic development opportunities for the Johnstown region.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 5,741	\$ 5,218	\$ 3,768
Receipts:			
Client Fees	\$ 19,747	\$ 19,900	\$ 20,000
Interest.....	386	350	350
Other.....	2,292	2,300	2,400
Total Receipts	<u>22,425</u>	<u>22,550</u>	<u>22,750</u>
Total Funds Available	\$ 28,166	\$ 27,768	\$ 26,518
Disbursements:			
Labor and Industry.....	22,948	24,000	24,500
Total Disbursements	<u>-22,948</u>	<u>-24,000</u>	<u>-24,500</u>
Cash Balance, Ending	<u>\$ 5,218</u>	<u>\$ 3,768</u>	<u>\$ 2,018</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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 26	\$ 28	\$ 0
Receipts:			
Interest	\$ 2	\$ 0	\$ 0
Total Receipts	<u>2</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 28	\$ 28	\$ 0
Disbursements:			
Environmental Protection	\$ 0	\$ 28	\$ 0
Total Disbursements	<u>0</u>	<u>-28</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 28</u>	<u>\$ 0</u>	<u>\$ 0</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 2,645	\$ 2,758	\$ 2,723
Receipts:			
Interest transfer to Land and Water			
Sinking Fund.....	\$ -170	\$ 0	\$ 0
Interest on Securities.....	179	0	0
Premium Payments.....	104	90	90
Total Receipts	113	90	90
Total Funds Available	<u>\$ 2,758</u>	<u>\$ 2,848</u>	<u>\$ 2,813</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 125	\$ 125
Total Disbursements	0	-125	-125
Cash Balance, Ending	<u>\$ 2,758</u>	<u>\$ 2,723</u>	<u>\$ 2,688</u>

Rightful Owners' Claims Payment Fund

This fund was created by Act 45 of 2003 to make reimbursements and prompt payment of claims by an owner for a restitution payment previously held as unclaimed by any court, public corporation, public authority or instrumentality of the Commonwealth, or by a public officer or political subdivision. Under the act, five percent of the funds transferred annually to the Treasury will be deposited into the Rightful Owners' Claims Payment Fund to create the capability to make a reimbursement in the event a claim is filed. The remaining ninety-five percent balance of the restitution monies that are annually escheated from the entities identified are to be deposited to the Crime Victims' Compensation Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 28	\$ 6	\$ 3
Receipts:			
Transfers from Unclaimed Property Accounts.....	\$ 33	\$ 8	\$ 8
Interest.....	1	1	1
Total Receipts	34	9	9
Total Funds Available	<u>\$ 62</u>	<u>\$ 15</u>	<u>\$ 12</u>
Disbursements:			
Treasury Payments to Claimants.....	\$ 56	\$ 12	\$ 9
Total Disbursements.....	-56	-12	-9
Cash Balance, Ending	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 3</u>

School Employees' Retirement Fund

The Public School Employees' Retirement Fund provides for receipt and accounting of member and employer contributions, investment of those funds and payment of benefits to retired school employees.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The Commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

Act 40 of 2003 changed the retirement system's amortization period from ten years to an actuarially acceptable thirty year basis thus lowering employer contribution costs.

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 51,788,137	\$ 57,060,770	\$ 59,151,258
Receipts:			
Transfer from General Fund —			
Employer Contribution (non-school entities).....	\$ 465	\$ 2,570	\$ 2,950
Transfers from State Retirement System.....	15,565	11,960	12,440
Contributions of School Employees.....	801,220	854,080	888,240
Contributions of Employers.....	436,432	748,210	869,629
Interest on Securities.....	82,788	1,400,000	1,400,000
Net Investment Adjustment.....	7,954,145	3,472,918	3,650,630
Directed Commissions.....	0	3,000	3,000
Other.....	59,415	0	0
Total Receipts	<u>9,350,030</u>	<u>6,492,738</u>	<u>6,826,889</u>
Total Funds Available	\$ 61,138,167	\$ 63,553,508	\$ 65,978,147
Disbursements:			
Treasury	\$ 123	\$ 250	\$ 250
Public School Employees'			
Retirement Board	4,077,274	4,402,000	4,842,000
Total Disbursements	<u>-4,077,397</u>	<u>-4,402,250</u>	<u>-4,842,250</u>
Cash Balance, Ending	\$ 57,060,770	\$ 59,151,258	\$ 61,135,897

School Retirees' Health Insurance Fund

This fund was created by Act 9 of 2001. The fund is used to establish and maintain a reserve sufficient to pay the expected claims experience of the Health Options Program (HOP). The HOP is a Public School Employees' Retirement System (PSERS) sponsored voluntary health insurance program for the sole benefit of PSERS retirees, their spouses or surviving spouses, and their dependents. The revenue for HOP is from premiums paid by its participants for the benefit coverage they elect and, beginning in 2006, Federal funds to subsidize Medicare Part D prescription drug benefits for HOP participants enrolled in that program. The May 2002 initial transfer consisted of funds paid in by those insured and associated investment revenue in the amount of \$27.340 million that had accumulated in the Public School Employees' Retirement Fund prior to the creation of the separate health insurance fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 44,025	\$ 72,553	\$ 71,474
Receipts:			
Contributions for Membership.....	\$ 40,626	\$ 30,000	\$ 31,000
Investment Income.....	1,843	2,671	2,805
Total Receipts	<u>42,469</u>	<u>32,671</u>	<u>33,805</u>
Total Funds Available	\$ 86,494	\$ 105,224	\$ 105,279
Disbursements:			
School Employees Retirement System.....	\$ 13,941	\$ 33,750	\$ 31,000
Total Disbursements	<u>-13,941</u>	<u>-33,750</u>	<u>-31,000</u>
Cash Balance, Ending	<u>\$ 72,553</u>	<u>\$ 71,474</u>	<u>\$ 74,279</u>

Self-Insurance Guaranty Fund

This fund was created by Act 44 of 1993, the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claims arising from defaulting self-insurance employers and defaulting members of self-insurance pooling arrangements under the Workers' Compensation Act for injuries occurring on or after 10/30/93. The fund is maintained by assessments on self-insurers. Act 53 of 2000 provides for payments of claims resulting from injuries prior to 10/30/93 through a Prefund Account funded by transfers from the Workers' Compensation Administration Fund. Act 49 of 2001 limited annual transfers to the Prefund Account to \$3.8 million. The Prefund Account and the fund are administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 21,819	\$ 30,827	\$ 30,170
Receipts:			
Assessments/Self-Insurer's Security.....	\$ 11,014	\$ 5,000	\$ 5,000
Transfer from the Workmen's Compensation Fund.....	3,977	3,800	3,600
Interest.....	835	243	243
Total Receipts	15,826	9,043	8,843
Total Funds Available	\$ 37,645	\$ 39,870	\$ 39,013
Disbursements:			
Labor and Industry.....	\$ 6,818	\$ 9,700	\$ 8,700
Total Disbursements	-6,818	-9,700	-8,700
Cash Balance, Ending	\$ 30,827	\$ 30,170	\$ 30,313

Small Business First Fund

Act 67 of 1996 created the Small Business First Fund. The fund replaced the Air Quality Improvement Fund, Storage Tank Loan Fund and the Pennsylvania Capital Loan Fund. Balances and program commitments in those funds were transferred to the Small Business First Fund. The fund may receive transfers from the Minority Business Development Fund to facilitate its programs for small businesses.

This program provides low-interest loans for small businesses of 100 employees or less. Eligible projects include land and building acquisition and construction; machinery and equipment purchases; working capital; compliance with environmental regulations and municipal or commercial recycling. In addition, companies eligible to participate in this program are those impacted by the reduction in defense-related activities and those involved in exports, advanced technology and the hospitality industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 31,455	\$ 40,575	\$ 37,112
Receipts:			
Loan Repayments.....	\$ 26,337	\$ 24,305	\$ 26,115
Interest on Securities.....	2,434	1,822	1,537
Miscellaneous.....	344	10	10
Total Receipts	29,115	26,137	27,662
Total Funds Available	\$ 60,570	\$ 66,712	\$ 64,774
Disbursements:			
Community and Economic Development			
Administration.....	\$ 690	\$ 1,600	\$ 1,600
Loans.....	19,305	28,000	35,700
Total Disbursements	-19,995	-29,600	-37,300
Cash Balance, Ending	\$ 40,575	\$ 37,112	\$ 27,474

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 744	\$ 653	\$ 588
Receipts:			
Interest.....	\$ 46	\$ 35	\$ 35
Total Receipts	46	35	35
Total Funds Available	\$ 790	\$ 688	\$ 623
Disbursements:			
Environmental Protection	\$ 137	\$ 100	\$ 100
Total Disbursements	-137	-100	-100
Cash Balance, Ending	\$ 653	\$ 588	\$ 523

Special Administration Fund

The purpose of this fund, administered by the Department of Labor and Industry, is to cover those administrative expenses of the Unemployment Compensation Law not properly and validly chargeable to the Administration Fund. The receipts of the fund are generated from interest and penalties collected from claimants and employers under provisions of the Unemployment Compensation Law. Act 5 of 2005 requires that all moneys in excess of \$200,000 in the fund, less encumbrances for litigation, shall be transferred by June 25th of each year to either the Unemployment Compensation Contribution Fund or the Job Training Fund or both.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 5,004	\$ 3,550	\$ 200
Receipts:			
Interest and Penalties.....	\$ 5,883	\$ 5,783	\$ 5,466
Other.....	213	202	184
Total Receipts	<u>6,096</u>	<u>5,985</u>	<u>5,650</u>
Total Funds Available	\$ 11,100	\$ 9,535	\$ 5,850
Disbursements:			
Labor and Industry.....	\$ 7,550	\$ 9,335	\$ 5,650
Total Disbursements	<u>-7,550</u>	<u>-9,335</u>	<u>-5,650</u>
Cash Balance, Ending	\$ <u>3,550</u>	\$ <u>200</u>	\$ <u>200</u>

State College Experimental Farm Fund

Act 56, approved May 13, 1887, authorized the sale of the eastern and western experimental farms which were purchased with Federal land grant monies in 1862. These farms were sold for \$17,000 in 1888 and the proceeds were placed in this fund to be invested in bonds of the Commonwealth at 6 percent per annum with the interest serving as an ongoing revenue to this fund. Several times a year the interest earned is disbursed to the Pennsylvania State University.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 25	\$ 25	\$ 25
Receipts:			
Miscellaneous.....	\$ 2	\$ 1	\$ 1
Total Receipts	<u>2</u>	<u>1</u>	<u>1</u>
Total Funds Available	\$ 27	\$ 26	\$ 26
Disbursements:			
Treasury.....	\$ 2	\$ 1	\$ 1
Total Disbursements	<u>-2</u>	<u>-1</u>	<u>-1</u>
Cash Balance, Ending	\$ <u>25</u>	\$ <u>25</u>	\$ <u>25</u>

State Employees' Retirement Fund

This fund was created in 1924 to accumulate reserves for the payment of pensions to eligible former State employees. Money in this fund is used to pay retirement, disability and death benefits to members of the State Employees' Retirement System and their beneficiaries. Membership in the system is mandatory for most State employees and available to employees of non-State entities, such as the Pennsylvania State University, the Turnpike Commission, the Delaware River Port Authority and other public and quasi-public institutions authorized by the Retirement Code.

The fund receives revenue from employee contributions, employer contributions and income derived from its investment portfolio. Employer contributions are an actuarially determined percentage of payroll sufficient to fund current and future benefit payments. Investment income is used to credit interest to each member's account; to pay the administrative expenses of the retirement system; and to accumulate monies for the payment of future benefits. Management of the fund and payment of benefits are overseen by the State Employees' Retirement Board.

Act 40 of 2003 changed the retirement system's amortization period from ten years to an actuarially acceptable thirty year basis thus lowering employer contribution costs.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is to reflect the carrying value of long-term investments as of June 30 and is estimated for 2006-07 and 2007-08.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 26,796,956	\$ 29,687,505	\$ 30,666,761
Receipts:			
Contributions of Employees.....	\$ 313,517	\$ 314,500	\$ 324,000
State Share Contribution.....	148,836	204,000	218,000
Transfer to Annuity Reserve Account.....	18,722	0	0
Income from Securities.....	40,144	745,881	770,362
Directed Commissions.....	479	750	600
Net Investment Adjustment.....	4,353,065	1,969,125	2,033,756
Total Receipts	<u>4,874,763</u>	<u>3,234,256</u>	<u>3,346,718</u>
Total Funds Available	\$ 31,671,719	\$ 32,921,761	\$ 34,013,479
Disbursements:			
Treasury.....	\$ 294	\$ 0	\$ 0
State Employees' Retirement System.....	1,983,920	2,255,000	2,480,000
Total Disbursements	<u>-1,984,214</u>	<u>-2,255,000</u>	<u>-2,480,000</u>
Cash Balance, Ending	<u>\$ 29,687,505</u>	<u>\$ 30,666,761</u>	<u>\$ 31,533,479</u>

State Gaming Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the State Gaming Fund to receive all license fees provided for in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. The fund will also receive four percent of the GTR to be distributed to counties and municipalities as specified by the act. Proceeds from the State Gaming Fund will be disbursed on an annual basis as follows: (1) \$1,500,000 or .001 percent of the GTR, whichever is greater, to the Compulsive and Problem Gambling Treatment Fund in the Department of Health, (2) Payments in Lieu of Taxes by the Department of Conservation and Natural Resources, the Fish and Boat Commission, and the Game Commission, (3) \$25 million to the Pennsylvania Emergency Management Agency for Volunteer Company Grants, (4) \$5,000,000 for Local Law Enforcement Grants, and (5) four percent of the GTR for Local Share Distribution where gaming facilities are located. The remaining balance in the State Gaming Fund will be transferred to the Property Tax Relief Fund and the Lottery Fund to be used to fund property tax relief as provided in Act 1 of Special Session 1 of 2006.

Each slot machine licensee is required to pay a one-time \$50 million fee in advance of beginning operations. Also, a deposit of \$5 million in a restricted account in the State Treasury is required for use by the State Gaming Control Board and other authorized agencies for administrative costs. This budget recommends the following administrative appropriations to be funded through these restricted accounts: Gaming Control Board \$31.266 million, Department of Revenue \$8.273 million, State Police \$13.629 million, and the Attorney General \$799,000.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
License Fees.....	\$ 0	\$ 300,000	\$ 250,000
State Tax Revenue.....	0	124,500	452,700
Local Share Assessment.....	0	14,700	53,300
Other	0	4,677	7,299
Total Receipts	0	443,877	763,299
Total Funds Available	\$ 0	\$ 443,877	\$ 763,299
Disbursements:			
Transfer to General Fund.....	\$ 0	\$61,100 ^a	\$ 0
Transfer to Compulsive and Problem Gambling Treatment Fund.....	0	1,500	1,500
Payment in Lieu of Taxes:			
Conservation and Natural Resources.....	0	5,000	5,000
Fish and Boat Commission.....	0	40	40
Game Commission.....	0	3,450	3,450
Emergency Management Agency Volunteer Company Grants.....	0	25,000	25,000
Gaming Control Board			
Local Law Enforcement Grants.....	0	5,000	5,000
Local Share Distribution.....	0	14,700	53,300
Transfer to Lottery Fund.....	0	100,000	100,000
Transfer to Property Tax Relief Fund.....	0	228,087	570,009
Total Disbursements	\$ 0	-443,877	-763,299
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

^a This amount includes (1) \$36.1 million repayment of the 2004-05 General Fund start-up loan and (2) \$25 million repayment for the 2005-06 Volunteer Company Grants program.

State Insurance Fund

Act 227 of 1915 created this fund which finances expenditures related to the rebuilding, restoring or replacing of buildings, structures, equipment or other property owned by the Commonwealth that have been damaged or destroyed by fire or other casualty. This includes natural or man-made disasters. Revenue is derived from interest earned by the fund, interest received from the Fire Insurance Tax Fund and from reimbursements by insurance companies. If needed, money may also be directly appropriated to this fund. Receipts of the fund include reimbursement from the Commonwealth's excess insurance policy, which is responsible for damages for any occurrence in excess of \$1 million.

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 10,043	\$ 10,975	\$ 11,515
Receipts:			
Recovered Damages.....	\$ 232	\$ 10	\$ 10
Interest	1,815	1,880	1,950
Total Receipts	<u>2,047</u>	<u>1,890</u>	<u>1,960</u>
Total Funds Available	\$ 12,090	\$ 12,865	\$ 13,475
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 5
General Services.....	1,115	1,350	2,850
Total Disbursements	<u>-1,115</u>	<u>-1,350</u>	<u>-2,855</u>
Cash Balance, Ending	\$ 10,975	\$ 11,515	\$ 10,620

State Restaurant Fund

This fund was created by Act 259 of 1943 to finance the purchase and maintenance of equipment for the operation of the restaurant in the State Capitol as well as any other restaurants in other State Office Buildings. At present, the Capitol East Wing Cafeteria and the facility located in the Keystone Building are the only restaurants operated through this fund. Revenue is derived from the profits earned from those operations.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,640	\$ 1,718	\$ 1,721
Receipts:			
Revenue from Operations.....	\$ 0	\$ 84	\$ 82
Other.....	176	70	75
Total Receipts	<u>176</u>	<u>154</u>	<u>157</u>
Total Funds Available	\$ 1,816	\$ 1,872	\$ 1,878
Disbursements:			
General Services.....	\$ 98	\$ 151	\$ 150
Total Disbursements	<u>-98</u>	<u>-151</u>	<u>-150</u>
Cash Balance, Ending	\$ 1,718	\$ 1,721	\$ 1,728

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)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 545	\$ 577	\$ 589
Receipts:			
Treasury Interest.....	\$ 42	\$ 42	\$ 42
Total Receipts	<u>42</u>	<u>42</u>	<u>42</u>
Total Funds Available	<u>\$ 587</u>	<u>\$ 619</u>	<u>\$ 631</u>
Disbursements:			
Education.....	\$ 10	\$ 30	\$ 25
Total Disbursements	<u>-10</u>	<u>-30</u>	<u>-25</u>
Cash Balance, Ending	<u>\$ 577</u>	<u>\$ 589</u>	<u>\$ 606</u>

State Stores Fund

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police receive funds for the enforcement of the Liquor Code. The Department of Health receives funds for alcohol abuse programs. This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 94,775	\$ 95,663	\$ 29,970
Receipts:			
Fees.....	\$ 10,980	\$ 10,979	\$ 10,979
Fines and Penalties.....	1,878	1,879	1,879
Sale of Goods.....	1,579,052	1,695,098	1,801,052
Recovered Losses and Damages.....	1,675	1,336	1,336
General Fund Loans.....	85,000	85,000	85,000
Other.....	9,950	8,382	8,382
Total Receipts	1,688,535	1,802,674	1,908,628
Total Funds Available	\$ 1,783,310	\$ 1,898,337	\$ 1,938,598
Disbursements:			
Treasury.....	\$ 2	\$ 15	\$ 15
Health.....	2,264	2,040	2,065
Liquor Control Board	1,666,768	1,842,990	1,863,165
State Police.....	18,613	23,322	23,665
Total Disbursements	-1,687,647	-1,868,367	-1,888,910
Cash Balance, Ending	\$ 95,663	\$ 29,970	\$ 49,688

State Treasury Armory Fund

Created in accordance with Act 92 of 1975, this fund receives monies derived from the sale of any armory building, armory site or other real estate. Funds are expended solely for the purchase of equipment, furniture and fixtures or for the construction of new armories in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,320	\$ 1,147	\$ 1,132
Receipts:			
Armory Rentals.....	\$ 254	\$ 400	\$ 400
Sale of Armories and Land.....	130	175	175
Interest.....	84	60	60
Total Receipts	468	635	635
Total Funds Available	\$ 1,788	\$ 1,782	\$ 1,767
Disbursements:			
Military and Veterans Affairs.....	\$ 641	\$ 650	\$ 650
Total Disbursements	-641	-650	-650
Cash Balance, Ending	\$ 1,147	\$ 1,132	\$ 1,117

State Worker's Insurance Fund

The State Worker's Insurance Fund (SWIF) was created by Act 338 of 1915, and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 68 of 1990 provides for the transfer of money from SWIF. Annual payments are made to the General Fund equal to the amount which would have been paid in taxes had SWIF been subject to taxes. The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such a surplus exists, the SWIF Board may then recommend distribution of the surplus as refunds to current or former policyholders. The funds recommended by the board to be transferred or refunded to policyholders must be approved and appropriated by the General Assembly.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 1,712,742	\$ 1,792,853	\$ 1,865,006
Receipts:			
Premiums.....	\$ 420,451	\$ 433,157	\$ 446,152
Interest.....	81,822	84,277	86,805
Other.....	7,591	7,400	7,300
Total Receipts	<u>509,864</u>	<u>524,834</u>	<u>540,257</u>
Total Funds Available	<u>\$ 2,222,606</u>	<u>\$ 2,317,687</u>	<u>\$ 2,405,263</u>
Disbursements:			
Treasury.....	\$ 0	\$ 35	\$ 35
Labor and Industry.....	421,158	443,793	456,807
Premium Tax Payment to the General Fund.....	8,595	8,853	9,118
Total Disbursements	<u>-429,753</u>	<u>-452,681</u>	<u>-465,960</u>
Cash Balance, Ending	<u>\$ 1,792,853</u>	<u>\$ 1,865,006</u>	<u>\$ 1,939,303</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 10,640	\$ 13,010	\$ 7,298
Receipts:			
Registration Fees.....	\$ 3,327	\$ 3,218	\$ 3,218
Federal Funds - EPA.....	2,783	0	0
Fines and Penalties.....	955	475	475
Interest.....	805	433	433
Other.....	2,894	650	650
Total Receipts	10,764	4,776	4,776
Total Funds Available	\$ 21,404	\$ 17,786	\$ 12,074
Disbursements:			
Environmental Protection.....	\$ 8,394	\$ 10,488	\$ 11,759
Total Disbursements	-8,394	-10,488	-11,759
Cash Balance, Ending	\$ 13,010	\$ 7,298	\$ 315

Substance Abuse Education and Demand Reduction Fund

This fund was created by Act 198 of 2002. The purpose of the fund is to provide research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse and to offer statewide programs to assist families in accessing those services. The fund also provides for Statewide programs to educate employers, unions and employees about the dangers of substance abuse in the workplace and provide comprehensive drug-free workplace programs and technical resources for businesses. Revenue to the fund consists of assessments on individuals convicted, adjudicated delinquent or granted accelerated rehabilitative disposition and also those individuals who plead guilty or nolo contendere to either a violation of the Controlled Substance, Drug, Device and Cosmetic Act or a violation relating to driving under the influence of alcohol or controlled substance.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 3,594	\$ 6,100	\$ 7,963
Receipts:			
Assessments.....	\$ 2,790	\$ 2,686	\$ 2,700
Interest.....	302	144	156
Total Receipts	3,092	2,830	2,856
Total Funds Available	\$ 6,686	\$ 8,930	\$ 10,819
Disbursements:			
Executive Offices.....	\$ 586	\$ 688	\$ 6,200
Attorney General.....	0	279	270
Total Disbursements	-586	-967	-6,470
Cash Balance, Ending	\$ 6,100	\$ 7,963	\$ 4,349

Supplemental State Assistance Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including disbursement of funds to distressed municipal pension systems based on certifications provided by the Public Employe Retirement Commission (PERC). Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations. By statute, this program and fund terminated in 2003. The unspent balance within the fund shall be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 60	\$ 64	\$ 0
Receipts:			
General Fund Appropriation.....	\$ 0	\$ 0	\$ 0
Interest	4	0	0
Total Receipts	4	0	0
Total Funds Available	\$ 64	\$ 64	\$ 0
Disbursements:			
Auditor General.....	\$ 0	\$ 0	\$ 0
Transfer to General Fund.....	0	64	0
Total Disbursements	0	-64	0
Cash Balance, Ending	\$ 64	\$ 0	\$ 0

Surface Mining Conservation and Reclamation Fund

This fund was created in 1945 to finance reclamation projects on land scarred by surface mining. Projects include recontouring, terracing and planting of trees, shrubs and grasses. Revenues are provided by charging surface mining operators for licenses and permits and by fining them for failure to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 50,653	\$ 53,920	\$ 53,423
Receipts:			
Licenses and Fees.....	\$ 133	\$ 225	\$ 250
Fines and Penalties.....	124	355	365
Interest.....	3,428	1,700	2,015
Forfeiture of Bonds.....	206	0	0
Trust Account Collateral.....	893	0	0
Miscellaneous.....	1,189	0	0
Total Receipts	5,973	2,280	2,630
Total Funds Available	\$ 56,626	\$ 56,200	\$ 56,053
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 5
Environmental Protection.....	2,706	2,777	2,793
Total Disbursements	-2,706	-2,777	-2,798
Cash Balance, Ending	\$ 53,920	\$ 53,423	\$ 53,255

Tuition Account Guaranteed Savings Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. This fund offers a guaranteed rate of return tied to tuition inflation. Revenue is derived primarily from application fees, Tuition Account Guaranteed Savings Program contracts and investment income. Fund expenditures consist mainly of payments to educational institutions for tuition and administrative costs.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 981,328	\$ 1,094,490	\$ 1,199,725
Receipts:			
Application Fees	\$ 78	\$ 115	\$ 120
Tuition Purchases.....	113,919	120,000	130,000
Investment Earnings.....	29,921	35,000	40,000
Net Investment Adjustment.....	164,892	150,000	150,000
Transfer from Investment Program.....	64	70	70
Other.....	1	50	50
Total Receipts	308,875	305,235	320,240
Total Funds Available	\$ 1,290,203	\$ 1,399,725	\$ 1,519,965
Disbursements:			
Treasury.....	195,713	200,000	205,000
Total Disbursements	-195,713	-200,000	-205,000
Cash Balance, Ending	\$ 1,094,490	\$ 1,199,725	\$ 1,314,965

Tuition Account Investment Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. The Tuition Account Investment Program, launched in July 2002, provides market-based investment returns and offers participants several investment options based on age, investment risk, or socially responsible investments comprising a mix of equity and fixed income portfolios. Fund revenue is derived primarily from Tuition Account Investment Program contracts and investment income. Fund expenditures consist mainly of redemption of program contracts.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 233,891	\$ 327,597	\$ 420,997
Receipts:			
TAP Investment Purchases.....	\$ 88,731	\$ 90,000	\$ 94,000
Investment Earnings.....	945	900	920
Net Investment Adjustment.....	14,617	14,500	14,500
Total Receipts	104,293	105,400	109,420
Total Funds Available	\$ 338,184	\$ 432,997	\$ 530,417
Disbursements:			
Treasury.....	\$ 10,587	\$ 12,000	\$ 14,000
Total Disbursements	-10,587	-12,000	-14,000
Cash Balance, Ending	\$ 327,597	\$ 420,997	\$ 516,417

Underground Storage Tank Indemnification Fund

The Storage Tank and Spill Prevention Act, Act 32 of 1989, as amended, established the Underground Storage Tank Indemnification Fund to administer a program to provide claim payments to owners and operators of underground storage tanks who incur liability for taking corrective action or for bodily injury or property damage caused by a release from underground storage tanks. Expenses for administration of the fund are also covered. The fund is administered by the Insurance Department in conjunction with a nine member Underground Storage Tank Indemnification Board.

Act 32 authorized the board to establish, by regulation, fees to be paid by underground storage tank owners and operators to fund the program. Effective January 1, 2004, tank owners pay a gallon fee of \$0.011 per gallon. Owners of diesel fuel and heating oil tanks pay a capacity fee of \$.083 in lieu of the gallon fee. These regulatory fee increases are ten percent over the previous fees and are necessary to maintain the actuarial soundness of the fund as prescribed by Act 32.

Act 13 of 1998 established a new loan program to assist owners of regulated underground storage tanks to upgrade their underground storage tank systems to meet Federal Environmental Protection Agency upgrade requirements or to remove them from service. Act 100 of 2000 expanded the upgrade loan program to include the removal of underground storage tanks. The Department of Community and Economic Development administers the loan program as part of its business loans program. The act also established an environmental cleanup program and a pollution prevention program which are administered by the Department of Environmental Protection. The net investment adjustment is included to reflect the current market value of long-term investments as of June 30. A loan of \$100 million was made to the General Fund on October 15, 2002 in accordance with Act 91 of 2002 and is to be repaid over ten years beginning in 2004.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 118,725	\$ 124,068	\$ 97,172
Receipts:			
Gallon Fee	\$ 55,312	\$ 52,949	\$ 56,222
Tank Capacity Fee	6,277	7,635	6,400
Investment Income	5,974	4,216	4,411
Net Investment Adjustment.....	2,071	0	0
Upgrade Loan Repayments.....	0	688	1,742
Loan Repayment From General Fund.....	7,500	6,000	6,000
Miscellaneous Fees	1,322	116	0
Total Receipts	<u>78,456</u>	<u>71,604</u>	<u>74,775</u>
Total Funds Available	\$ 197,181	\$ 195,672	\$ 171,947
Disbursements:			
Treasury.....	\$ 0	\$ 15	\$ 15
Community and Economic Development.....	38	1,545	1,024
Environmental Protection.....	2,799	12,000	12,000
Insurance.....	70,276	84,940	79,383
Total Disbursements	<u>-73,113</u>	<u>-98,500</u>	<u>-92,422</u>
Cash Balance, Ending	<u>\$ 124,068</u>	<u>\$ 97,172</u>	<u>\$ 79,525</u>

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Regular Unemployment Compensation Program.....	\$ 1,905,918	\$ 1,983,504	\$ 2,078,550
Federal Receipts in Transit ^a	4,530	4,700	4,900
Other.....	88,154	88,310	91,370
Total Receipts	<u>1,998,602</u>	<u>2,076,514</u>	<u>2,174,820</u>
Total Funds Available	\$ 1,998,602	\$ 2,076,514	\$ 2,174,820
Disbursements:			
Labor and Industry.....	\$ 1,998,602	\$ 2,076,514	\$ 2,174,820
Total Disbursements	<u>-1,998,602</u>	<u>-2,076,514</u>	<u>-2,174,820</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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 91	\$ 3,069	\$ 1
Receipts:			
Contributions of Employers and Employees.....	\$ 2,471,728	\$ 2,403,100	\$ 2,256,600
Other.....	803	790	740
Total Receipts	<u>2,472,531</u>	<u>2,403,890</u>	<u>2,257,340</u>
Total Funds Available	\$ 2,472,622	\$ 2,406,959	\$ 2,257,341
Disbursements:			
Labor and Industry.....	\$ 2,469,553	\$ 2,406,958	\$ 2,257,340
Total Disbursements	<u>-2,469,553</u>	<u>-2,406,958</u>	<u>-2,257,340</u>
Cash Balance, Ending	\$ 3,069	\$ 1	\$ 1

Uninsured Employers Guaranty Fund

This fund was created by Act 147 of 2006, amending the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claimants, or their dependents, workers' compensation benefits where the employer liable for the payments failed to insure or self-insure its workers' compensation liability at the time the injuries took place. A one time transfer of \$1,000,000 from the Workmen's Compensation Administration Fund will be used for funding until June 30, 2007. Funding will then be maintained by assessments on insurers and self-insured employers. Assessments are limited to 0.1% of the total compensation paid by all insurers or self-insured employers during the previous calendar year.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Assessments/Self-Insurer's Security.....	\$ 0	\$ 0	\$ 2,000
Transfer from Workmen's Compensation Administration Fund.....	0	1,000	0
Interest.....	0	0	0
Total Receipts	0	1,000	2,000
Total Funds Available	\$ 0	\$ 1,000	\$ 2,000
Disbursements:			
Labor and Industry.....	\$ 0	\$ 1,000	\$ 2,000
Total Disbursements	0	-1,000	-2,000
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 achieve independent living status. Services can be provided directly or through a purchase of service arrangement. Receipts for this fund come from Federal vocational rehabilitation funds, transfer of General Fund appropriations for matching the Federal funds, interest earned and local match.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 3,911	\$ 11,246	\$ 11,246
Receipts:			
Transfer from General Fund.....	\$ 39,122	\$ 39,122	\$ 39,122
Federal Vocational Rehabilitation Funds.....	124,289	137,302	136,899
Other.....	1,336	800	1,200
Total Receipts	<u>164,747</u>	<u>177,224</u>	<u>177,221</u>
Total Funds Available	\$ 168,658	\$ 188,470	\$ 188,467
Disbursements:			
Labor and Industry.....	157,412	177,224	177,413
Total Disbursements	<u>-157,412</u>	<u>-177,224</u>	<u>-177,413</u>
Cash Balance, Ending	\$ 11,246	\$ 11,246	\$ 11,054

Volunteer Companies Loan Fund

Bond referenda in 1975, 1981, 1990, and 2002 authorized a total of \$100 million of bonds to be issued for acquisition and replacement of volunteer fire, ambulance and rescue company equipment and facilities. Act 208 of 1976 established a revolving loan fund known as the Volunteer Companies Loan Fund; loans provided for under these bond issues are administered by the 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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 13,401	\$ 17,225	\$ 16,476
Receipts:			
Loan Principal Repayments.....	\$ 15,219	\$ 14,250	\$ 14,250
Loan Interest.....	2,190	2,250	2,250
Interest on Securities.....	1,013	251	251
Total Receipts	<u>18,422</u>	<u>16,751</u>	<u>16,751</u>
Total Funds Available	\$ 31,823	\$ 33,976	\$ 33,227
Disbursements:			
Emergency Management Agency.....	\$ 14,598	\$ 17,500	\$ 17,500
Total Disbursements	<u>-14,598</u>	<u>-17,500</u>	<u>-17,500</u>
Cash Balance, Ending	\$ 17,225	\$ 16,476	\$ 15,727

Volunteer Companies Loan Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Volunteer Companies Loan Fund. The annual appropriation from the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 732	\$ 616	\$ 403
Total Receipts	<u>732</u>	<u>616</u>	<u>403</u>
Total Funds Available	<u>\$ 732</u>	<u>\$ 616</u>	<u>\$ 403</u>
Disbursements:			
Treasury.....	\$ 732	\$ 616	\$ 403
Total Disbursements	<u>-732</u>	<u>-616</u>	<u>-403</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Water Facilities Loan Fund

This fund was created by Act 167 of 1982 to implement the water project loan referendum approved by the electorate on November 3, 1981. That referendum authorized the Commonwealth to incur an indebtedness of \$300 million for use as loans to repair, construct, reconstruct, rehabilitate, extend and improve water supply systems or to repair, reconstruct or rehabilitate flood control facilities, dams and port facilities. Act 16 of 1988 transferred the functions of the Water Facilities Loan Board to the Pennsylvania Infrastructure Investment Authority as part of the PENNVEST program. Remaining bond authorization is expected to be used in the future.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Water Facilities Loan Redemption Fund

Payment of interest and principal due on outstanding water facilities loan bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Water Facilities Loan Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 3,060	\$ 2,058	\$ 1,861
Total Receipts	<u>3,060</u>	<u>2,058</u>	<u>1,861</u>
Total Funds Available	<u>\$ 3,060</u>	<u>\$ 2,058</u>	<u>\$ 1,861</u>
Disbursements:			
Treasury.....	\$ 3,060	\$ 2,058	\$ 1,861
Total Disbursements	<u>-3,060</u>	<u>-2,058</u>	<u>-1,861</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Water Supply and Wastewater Treatment Fund

Act 218 of 2004 established the Water Supply and Wastewater Infrastructure Capitalization Program. Funding for the program is generated from the \$250 million bond issue approved by the electorate in November of 2004. Funds are allocated to the Commonwealth Financing Authority and the Infrastructure Investment Authority (PENNVEST) to be used for grants and loans for new and existing water supply and wastewater system projects in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 53,190	\$ 4,670
Receipts:			
Sale of Bonds.....	\$ 52,796	\$ 64,000	\$ 81,000
Interest.....	425	2,480	2,700
Total Receipts	<u>53,221</u>	<u>66,480</u>	<u>83,700</u>
Total Funds Available	<u>\$ 53,221</u>	<u>\$ 119,670</u>	<u>\$ 88,370</u>
Disbursements:			
Treasury.....	\$ 31	\$ 0	\$ 0
Community & Economic Development - Public.....	0	73,000	54,000
Community & Economic Development - Private.....	0	7,000	10,000
PENNVEST.....	0	35,000	15,000
Total Disbursements	<u>-31</u>	<u>-115,000</u>	<u>-79,000</u>
Cash Balance, Ending	<u>\$ 53,190</u>	<u>\$ 4,670</u>	<u>\$ 9,370</u>

Water Supply and Wastewater Treatment Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Water Supply and Wastewater Treatment Program. The annual appropriation from the the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from Treasury.....	\$ 0	\$ 2,824	\$ 9,467
Total Receipts	<u>0</u>	<u>2,824</u>	<u>9,467</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 2,824</u>	<u>\$ 9,467</u>
Disbursements:			
Treasury.....	0	2,824	9,467
Total Disbursements	<u>0</u>	<u>-2,824</u>	<u>-9,467</u>
Cash Balance, Ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Wild Resource Conservation Fund

This fund was created by Act 170 of 1982. Revenue is derived primarily from tax rebate check-offs and voluntary contributions. The fund collects information relating to population, distribution, habitat needs, limiting factors and other biological and ecological data to classify plants and to determine necessary management measures. These management measures include promotion of a Statewide system of private wild plant sanctuaries; permitting of removal, collection or transplanting of endangered or threatened plant species; and regulation of the digging, harvesting, sale and exploitation of designated species.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 214	\$ 179	\$ 16
Receipts:			
Tax Check-Offs.....	\$ 134	\$ 134	\$ 134
Interest on Securities.....	12	12	12
Voluntary Donations.....	5	5	5
License Plate Sales.....	31	33	33
Other.....	37	35	35
Total Receipts	<u>219</u>	<u>219</u>	<u>219</u>
Total Funds Available	<u>\$ 433</u>	<u>\$ 398</u>	<u>\$ 235</u>
Disbursements:			
Conservation and Natural Resources.....	\$ 254	\$ 382	\$ 235
Total Disbursements	<u>-254</u>	<u>-382</u>	<u>-235</u>
Cash Balance, Ending	<u><u>\$ 179</u></u>	<u><u>\$ 16</u></u>	<u><u>\$ 0</u></u>

Wireless E-911 Emergency Services Fund

Act 56 of 2003, the Public Safety Emergency Telephone Act, established the Wireless E-911 Emergency Services Fund to support a Statewide integrated wireless E-911 plan. The fund is used to collect and deposit a surcharge collected by wireless service providers on a monthly basis, the proceeds of which are remitted to the fund quarterly. Up to two percent of annual surcharge proceeds can be used by the agency for administrative costs with the remaining available balance being used for approved county grants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 65,296	\$ 14,821	\$ 20,981
Receipts:			
Surcharges	\$ 80,054	\$ 100,000	\$ 110,000
Income on Investments.....	2,073	2,000	2,000
Total Receipts	<u>82,127</u>	<u>102,000</u>	<u>112,000</u>
Total Funds Available	\$ 147,423	\$ 116,821	\$ 132,981
Disbursements:			
Emergency Management Agency			
Administration.....	\$ 1,614	\$ 1,840	\$ 2,200
Grants.....	130,988	94,000	107,800
Total Disbursements	<u>-132,602</u>	<u>-95,840</u>	<u>-110,000</u>
Cash Balance, Ending	\$ 14,821	\$ 20,981	\$ 22,981

Workers' Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Through June 30, 2000, payment equal to one percent of the net written premiums received for workers' compensation insurance policies written in the Commonwealth by stock companies, mutual carriers and reciprocal exchanges during the preceding annual reporting period were credited to the fund. Such payments were required only if the balance less known liabilities of the fund was determined to be less than five percent of the loss reserves of all such companies for payments of benefits under the Workers' Compensation Act.

Act 49 of 2000 removed the statutory annual assessment procedures in conjunction with giving prudent person investment authority to the Insurance Commissioner jointly with the State Treasurer for the investment of moneys in the fund. This change is expected to generate increased earnings to the fund, thereby reducing the frequency of the assessment. The act requires the Insurance Department to manage the fund to maintain its actuarial soundness and a minimum balance of \$500 million as of December 31 of any given year. If the fund balance falls below \$500 million by calendar year end, the department will assess contributions to restore the balance in the fund in a timely manner. An assessment was made in 2003 based upon the 2002 calendar year financial data, based on the December 31, 2006 balance in the fund, an assessment is unlikely at this time.

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 491,865	\$ 490,051	\$ 457,944
Receipts:			
Premium Contributions	\$ 42,976	\$ 29,920	\$ 23,222
Interest on Securities	18,811	22,918	22,688
Net Investment Adjustment.....	7,424	0	0
Miscellaneous.....	14	0	0
Total Receipts	<u>69,225</u>	<u>52,838</u>	<u>45,910</u>
Total Funds Available	\$ 561,090	\$ 542,889	\$ 503,854
Disbursements:			
Treasury	\$ 44	\$ 5	\$ 5
Insurance	70,995	84,940	49,610
Total Disbursements	<u>-71,039</u>	<u>-84,945</u>	<u>-49,615</u>
Cash Balance, Ending	<u>\$ 490,051</u>	<u>\$ 457,944</u>	<u>\$ 454,239</u>

Workmen's Compensation Administration Fund

This fund was created by Act 2 of 1976 to finance the expenses of the Department of Labor and Industry in administering the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act. Act 44 of 1993 and Act 57 of 1996 amended the Workers' Compensation Act, expanding the administrative responsibilities of the department. The fund is supported by annual assessments on insurers and self-insurers under the act. These administrative funds are approved by the Legislature for expenditure through the appropriation process. Administrative funds are also provided to the Office of the Small Business Advocate (OSBA) through the Department of Community and Economic Development to represent the interests of the employers in workers' compensation rate filings before the Insurance Department.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 62,922	\$ 70,581	\$ 73,197
Receipts:			
Assessments.....	\$ 57,507	\$ 60,231	\$ 62,118
Other.....	3,404	3,800	3,800
Total Receipts	60,911	64,031	65,918
Total Funds Available	\$ 123,833	\$ 134,612	\$ 139,115
Disbursements:			
Treasury	\$ 23	\$ 0	\$ 0
Community and Economic Development.....	158	184	174
Labor and Industry.....	53,071	61,231	63,383
Total Disbursements	-53,252	-61,415	-63,557
Cash Balance, Ending	\$ 70,581	\$ 73,197	\$ 75,558

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)

	2005-06 Actual	2006-07 Available	2007-08 Estimated
Cash Balance, Beginning	\$ 268	\$ 2,394	\$ 1,084
Receipts:			
Assessments.....	\$ 22,212	\$ 19,060	\$ 19,670
Other.....	913	630	630
Total Receipts	<u>23,125</u>	<u>19,690</u>	<u>20,300</u>
Total Funds Available	\$ 23,393	\$ 22,084	\$ 21,384
Disbursements:			
Labor and Industry.....	\$ 20,999	\$ 21,000	\$ 20,000
Total Disbursements	<u>-20,999</u>	<u>-21,000</u>	<u>-20,000</u>
Cash Balance, Ending	\$ 2,394	\$ 1,084	\$ 1,384



COMPLEMENT

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

AUTHORIZED SALARIED COMPLEMENT BY AGENCY FULL-TIME EQUIVALENT (FTE)

The following is a summary, by department, of the Commonwealth's authorized complement levels on a full-time equivalent (FTE) basis.

Since taking office in January 2003 the Rendell Administration has reduced the Commonwealth's complement through disciplined management, without layoffs or furloughs. In 2007-08 it is projected that additional complement reductions will be achieved through this same approach.

Department	January 2003	2005-06 Actual	2006-07 Available	2007-08 Budget		Total	Difference Budget vs. Available
				Positions Eliminated	Initiatives / Other Changes		
Governor's Office	91	88	86	-2		84	-2
Executive Offices	2,377	2,341	2,348	-104	35	2,279	-69
Lieutenant Governor's Office	15	17	17			17	
Aging	114	109	107		4	111	4
Agriculture	656	659	686	-13		673	-13
Banking	123	169	173			173	
Civil Service Commission	180	174	170	-4		166	-4
Community and Economic Development	344	362	373	-19		354	-19
Conservation and Natural Resources	1,391	1,407	1,407	-5		1,402	-5
Corrections	15,476	15,324	15,192		508	15,700	508
Education	864	766	748	-10	3	741	-7
Emergency Management Agency	166	172	159	-1		158	-1
Environmental Hearing Board	22	18	17			17	
Environmental Protection	3,211	3,132	3,074	-35		3,039	-35
Fish & Boat Commission	436	431	432			432	
Game Commission	732	732	707			707	
General Services	1,448	1,419	1,382	-48		1,334	-48
Health	1,526	1,589	1,557	-13	31	1,575	18
Historical and Museum Commission	358	329	324	-1		323	-1
Infrastructure Investment Authority	27	27	27		1	28	1
Insurance	396	410	403	-13	3	393	-10
Labor and Industry	5,951	5,842	5,570	-6		5,564	-6
Liquor Control Board	3,037	3,258	3,258			3,258	
Military and Veterans Affairs	2,481	2,475	2,428	-3	43	2,468	40
Milk Marketing Board	36	36	36	-3		33	-3
Municipal Employees' Retirement	27	30	30			30	
Probation and Parole Board	1,049	1,039	1,018		98	1,116	98
Public Television Network	20	20	20			20	
Public Utility Commission	533	523	509			509	
Public Welfare	21,373	19,958	19,078	-394	67	18,751	-327
Revenue	2,311	2,270	2,312	-26	23	2,309	-3
School Employees' Retirement System	290	290	301		5	306	5
Securities Commission	93	90	87	-1		86	-1
State	502	527	537	-2		535	-2
State Employees' Retirement System	192	195	195			195	
State Police	5,899	6,161	6,402			6,402	
Tax Equalization Board	22	20	19			19	
Transportation	12,356	12,259	12,012	-5		12,007	-5
TOTAL ALL DEPARTMENTS	86,125	84,668	83,201	-708	821	83,314	113

Additional positions may be created for recruiting purposes only when authorized positions are eliminated or agencies receive additional resources.

Summary of 2007-08 Complement Changes

The following is a detailed listing, by department, of the recommended authorized salaried complement changes (on a full-time equivalent basis) for 2007-08. It reflects proposed eliminations, new positions and transfers between appropriations and agencies.

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
GOVERNOR'S OFFICE		
General Fund:		
Governor's Office.....	-2	Eliminated positions.
EXECUTIVE OFFICES		
General Fund:		
Office of Administration.....	-7	Eliminated positions.
Commonwealth Technology Services.....	137	TRANSFERRED: From Integrated Enterprise System (169). To Statewide Public Safety Radio System (-27). NEW: Contractor Replacement (11). Eliminated positions (-16).
Integrated Enterprise System.....	-169	TRANSFERRED: To Commonwealth Technology Services.
Statewide Public Safety Radio System.....	42	TRANSFERRED: From Commonwealth Technology Services (27). NEW: 24-hour Help Desk (15).
Inspector General - Welfare Fraud.....	-25	Eliminated positions.
Office of the Budget.....	-48	TRANSFERRED: To Office of Health Care Reform (-8). Eliminated positions (-40).
Office of Health Care Reform.....	8	TRANSFERRED: From Office of the Budget.
Rx for PA - Plan Implementation.....	5	NEW: Rx for Pennsylvania plan implementation.
Rx for PA - Chronic Care Management.....	2	NEW: Chronic care management.
Rx for PA - Hospital-Acquired Infections.....	1	NEW: Hospital acquired infections.
Office of General Counsel.....	-3	Eliminated positions.
Human Relations Commission.....	-11	Eliminated positions.
Asian American Affairs Commission.....	1	NEW: Program management.
Commission on Crime and Delinquency.....	-2	Eliminated positions.
DEPARTMENT TOTAL	-69	
AGING		
General Fund:		
General Government Operations.....	-97	TRANSFERRED: To Lottery Fund - General Government Operations (-97).
Lottery Fund:		
General Government Operations.....	100	TRANSFERRED: From General Fund - General Government Operations (97). NEW: Community services quality assurance and oversight (3).
PACE Administration.....	1	NEW: PACE program contracting and monitoring.
General Fund Total	4	
DEPARTMENT TOTAL	4	
AGRICULTURE		
General Fund:		
General Government Operations.....	-12	Eliminated positions.
Agricultural Conservation Easement Administration.....	-1	Eliminated position.
DEPARTMENT TOTAL	-13	
CIVIL SERVICE COMMISSION		
General Fund:		
General Government Operations.....	-4	Eliminated positions.
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
General Government Operations.....	-19	Eliminated positions.

Summary of 2007-08 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
General Government Operations.....	-5	Eliminated positions.
CORRECTIONS		
General Fund:		
Medical Care.....	32	NEW: Population increase (12), SCI Pittsburgh (20).
Inmate Education and Training.....	6	NEW: Vocational education improvement (25), SCI Pittsburgh (6). TRANSFERRED: To State Corrections Institutions (-25).
State Correctional Institutions.....	470	NEW: Population increase (72); SCI Pittsburgh (348); Reintegration Programs (25). TRANSFERRED: From Inmate Education and Training (25).
DEPARTMENT TOTAL	<u>508</u>	
EDUCATION		
General Fund:		
General Government Operations.....	2	NEW: Criminal Background Checks (2), Higher Education Articulation (1). TRANSFERRED: From Teachers Certification System (7), from ESEA - Title V - Administration/State (F) (2). Eliminated positions (-10).
Teachers Certification System.....	-7	TRANSFERRED: To General Government Operations.
General Fund Total	<u>-5</u>	
Federal Funds:		
ESEA - Title V - Administration/State (F).....	-2	TRANSFERRED: To General Government Operations.
DEPARTMENT TOTAL	<u>-7</u>	
EMERGENCY MANAGEMENT AGENCY		
General Fund:		
Security.....	-1	Eliminated position.
ENVIRONMENTAL PROTECTION		
General Fund:		
Environmental Protection Operations.....	-15	Eliminated positions.
Environmental Program Management.....	-14	Eliminated positions.
General Government Operations.....	-6	Eliminated positions.
DEPARTMENT TOTAL	<u>-35</u>	
GENERAL SERVICES		
General Fund:		
General Government Operations.....	-45	Eliminated positions.
Facilities Maintenance.....	-3	Eliminated positions.
DEPARTMENT TOTAL	<u>-48</u>	
HEALTH		
General Fund:		
General Government Operations.....	-6	Eliminated positions.
Rx for PA - Health Literacy.....	3	NEW: Health literacy program support.
Rx for PA - Health Services Planning.....	1	NEW: Health services planning program.
Quality Assurance.....	12	NEW: Home care agency licensure support.
Rx for PA - Hospital Community Benefit Standards.....	5	NEW: Hospital community benefit standards program.
Rx for PA - Hospital Admission Criteria.....	2	NEW: Hospital admission criteria program.
Vital Statistics.....	-3	TRANSFERRED: To Vital Statistics Improvement Administration (-1). Eliminated positions (-2).
State Laboratory.....	-5	Eliminated positions.
Vital Statistics Improvement Administration.....	1	TRANSFERRED: From Vital Statistics.
General Fund Total	<u>10</u>	

Summary of 2007-08 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Federal Funds:		
Disease Control Immunization (F).....	6	NEW: Statewide Immunization Information System.
Survey and Follow-up-Sexually Transmitted Diseases (F).....	1	NEW: Screening program support.
Emergency Response Capacity (F).....	1	NEW: Program support.
Federal Funds Total	<u>8</u>	
DEPARTMENT TOTAL	<u>18</u>	
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations.....	<u>-1</u>	Eliminated position.
INFRASTRUCTURE INVESTMENT AUTHORITY		
PENNVEST Fund:		
PENNVEST Operations.....	<u>1</u>	NEW: Loan application servicing.
INSURANCE		
General Fund:		
General Government Operations.....	-10	Eliminated positions.
Rx for PA - Small Business Regulation.....	3	NEW: Small Business Regulation.
General Fund Total	<u>-7</u>	
Underground Storage Tank Indemnification Fund:		
Administration.....	<u>-3</u>	Eliminated positions.
DEPARTMENT TOTAL	<u>-10</u>	
LABOR AND INDUSTRY		
General Fund:		
General Government Operations.....	-1	Eliminated position.
Occupational and Industrial Safety.....	-5	Eliminated positions.
DEPARTMENT TOTAL	<u>-6</u>	
MILITARY AND VETERANS AFFAIRS		
General Fund:		
Scotland School for Veterans' Children.....	-2	Eliminated positions.
General Government Operations.....	-1	Eliminated position.
Veterans Homes.....	43	NEW: Erie Dementia Unit.
DEPARTMENT TOTAL	<u>40</u>	
MILK MARKETING BOARD		
Milk Marketing Fund:		
General Operations.....	<u>-3</u>	Eliminated positions.
PROBATION AND PAROLE		
General Fund:		
General Government Operations.....	97	NEW: Workforce Development (32), Recidivism Reduction (65).
Sexual Offenders Assessment Board.....	1	NEW: Clinical direction.
DEPARTMENT TOTAL	<u>98</u>	
PUBLIC WELFARE		
General Fund:		
General Government Operations.....	15	NEW: ChildLine abuse and criminal history clearances (28), Children and Youth quality reviews (4), Mental Retardation quality and waiver oversight (15), Autism quality and oversight (12), Childcare oversight (1). TRANSFERRED: To Information Systems (-14). Eliminated positions (-31).

Summary of 2007-08 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
County Administration - Statewide.....	-32	NEW: Long-term living system reform (7). TRANSFERRED: To Information Systems (-13). Eliminated positions (-26).
County Assistance Offices.....	-101	Eliminated positions.
Child Support Enforcement.....	-5	Eliminated positions.
New Directions.....	-5	Eliminated positions.
Mental Health Services (Hospitals).....	-185	Eliminated positions.
State Centers for Mentally Retarded.....	-29	Eliminated positions.
Information Systems.....	17	TRANSFERRED: From General Government Operations (14), from
General Fund Total	<u>-325</u>	County Administration - Statewide (13). Eliminated positions (-10).
Federal Funds:		
Refugees and Persons Seeking Asylum - Administration (F).....	<u>-2</u>	Eliminated positions.
DEPARTMENT TOTAL	<u><u>-327</u></u>	
REVENUE		
General Fund:		
General Government Operations.....	-42	TRANSFERRED: To State Gaming Fund - General Operations (-16). Eliminated positions (-26).
Revenue Enforcement.....	<u>13</u>	NEW: Abusive tax shelter program.
General Fund Total	<u>-29</u>	
State Gaming Fund:		
General Operations.....	<u>26</u>	TRANSFERRED: From General Fund - General Government Operations (16). NEW: Gaming administration (10).
DEPARTMENT TOTAL	<u><u>-3</u></u>	
SCHOOL EMPLOYEES' RETIREMENT SYSTEM		
School Employees' Retirement Fund:		
Administration - Public School Employees' Retirement System.....	4	NEW: Investment and internal audit oversight (3), Electronic fund transfers processing (1).
Health Insurance Account.....	<u>1</u>	NEW: Expanded annuitant services.
DEPARTMENT TOTAL	<u><u>5</u></u>	
SECURITIES COMMISSION		
General Fund:		
General Government Operations.....	<u>-1</u>	Eliminated position.
STATE		
General Fund:		
General Government Operations.....	<u>-2</u>	Eliminated positions.
STATE POLICE		
Federal Funds:		
Motor Carrier Safety (F).....	<u>-2</u>	TRANSFERRED: To Commercial Vehicle Inspections.
Motor License Fund:		
Commercial Vehicle Inspections	<u>2</u>	TRANSFERRED: From Motor Carrier Safety (F).
DEPARTMENT TOTAL	<u><u>0</u></u>	
TRANSPORTATION		
General Fund:		
General Operations.....	<u>-4</u>	Eliminated positions.
Motor License Fund:		
Aviation Operations (R).....	<u>-1</u>	Eliminated position.
DEPARTMENT TOTAL	<u><u>-5</u></u>	
GRAND TOTAL	<u><u>113</u></u>	



STATISTICAL DATA

This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Additional data is available from the Penn State Data Center through the Commonwealth's World Wide Web home page by selecting "About PA" on that page. (www.state.pa.us/PAPower/).

SELECTED DATA ON THE COMMONWEALTH OF PENNSYLVANIA

General

The Commonwealth of Pennsylvania is one of the most populous states, ranking sixth behind California, Texas, New York, Florida, and Illinois. Pennsylvania is an established state with a diversified economy. Pennsylvania had been historically identified as a heavy industrial state. That reputation has changed over the last thirty years as the coal, steel and railroad industries declined. The Commonwealth's business environment readjusted with a more diversified economic base. This economic readjustment was a direct result of a long-term shift in jobs, investment, and workers away from the northeast part of the nation. Currently, the major sources of growth in Pennsylvania are in the service sector, including trade, medical, health services, education and financial institutions.

Pennsylvania's agricultural industries remain an important component of the Commonwealth's economic structure, accounting for more than \$4.9 billion in crop and livestock products annually. In 2006, agribusiness and food related industries had export sales surpassing \$1.0 billion in economic activity. Over 58,000 farms form the backbone of the State's agricultural economy. Farmland in Pennsylvania includes over four million acres of harvested cropland and three million acres of pasture and farm woodlands — nearly one-third of the Commonwealth's total land area. Agricultural diversity in the Commonwealth is demonstrated by the fact that Pennsylvania ranks among the top ten states in the production of a variety of agricultural products. Agriculture exports have grown by more than 4% since 2003.

Pennsylvania's extensive public and private forests provide a vast source of material for the lumber, furniture, and paper products industries. The forestry and related industries account for 1.5% of employment with economic activity of nearly \$5 billion in domestic and international trade. Additionally, the Commonwealth derives a good water supply from underground sources, abundant rainfall, and a large number of rivers, streams, and lakes. Other natural resources include major deposits of coal, petroleum, and natural gas. Annually, about 80 million tons of anthracite and bituminous coal, 145 billion cubic feet of natural gas, and about 1.8 million barrels of oil are extracted from Pennsylvania.

Pennsylvania is a Mid-Atlantic state within easy reach of the populous eastern seaboard and, as such, is the keystone to the Midwest. A comprehensive transportation grid enhances the Commonwealth's strategic geographic position. The Commonwealth's water systems afford the unique feature of triple port coverage — a deep-water port at Philadelphia, a Great Lakes port at Erie and an inland water port at Pittsburgh. Between air, rail, water, and road, Pennsylvania is easily accessible for both inter and intra state trade and commerce.

Population

The Commonwealth is highly urbanized. Of the Commonwealth's 2006 mid-year population estimate, 79 percent resided in the 15 Metropolitan Statistical Areas ("MSAs") of the Commonwealth. The largest MSAs in the Commonwealth are those that include the cities of Philadelphia and Pittsburgh, which together contain almost 44 percent of the State's total population. The population of Pennsylvania, 12.4 million people in 2006, according to the U.S. Bureau of the Census, represents a population growing slower than the nation with a higher portion than the nation or the region comprised of persons 45 or over. The following tables present the population trend from 1997 to 2006 and the age distribution of the population for 2005.

Population Trends Pennsylvania, Middle Atlantic Region and the United States 1997-2006

As of July 1	Total Population In Thousands			Total Population as a % of 1996 base		
	PA	Middle Atlantic Region ^(a)	U.S.	PA	Middle Atlantic Region ^(a)	U.S.
1997	12,015	38,213	267,783	100%	100%	100%
1998	12,002	38,257	270,248	99	100	100
1999	11,994	38,334	272,690	99	100	101
2000	12,286	38,721	282,216	102	104	106
2001	12,295	39,898	285,226	102	104	107
2002	12,321	40,066	288,125	102	104	108
2003	12,351	40,222	290,796	102	104	109
2004	12,377	40,344	293,638	102	105	110
2005	12,405	40,424	296,507	103	105	111
2006	12,440	40,471	299,398	103	106	112

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey
Source: U.S. Department of Commerce, Bureau of the Census

Population By Age Group — 2005 Pennsylvania, Middle Atlantic Region and the United States

Age	Pennsylvania	Middle Atlantic Region ^(a)	United States
Under 5 years	5.8 %	6.3%	6.8 %
5-24 years	26.3	26.5	27.8
25-44 years	26.4	28.1	28.5
45-64 years	26.3	25.4	24.5
65 years and over	15.2	13.7	12.4

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Commerce, Bureau of the Census

Employment

Non-agricultural employment in Pennsylvania over the ten years ending in 2005 increased at an average annual rate of 0.8 percent compared with a 0.5 percent rate for the Middle Atlantic region and 1.3 percent rate for the U.S. The following table shows employment trends from 1996 through 2005.

Non-Agricultural Establishment Employment Trends Pennsylvania, Middle Atlantic Region and the United States 1996-2005

Calendar Year	Total Establishment Employment In Thousands			Total Establishment Employment as a % of 1996 base		
	PA	Middle Atlantic Region ^(a)	U.S.	PA	Middle Atlantic Region ^(a)	U.S.
1996	5,306	17,541	119,708	100 %	100 %	100 %
1997	5,406	17,919	122,776	101	102	102
1998	5,495	18,005	125,930	103	102	105
1999	5,586	18,148	128,993	105	103	107
2000	5,691	18,737	131,785	107	106	110
2001	5,682	18,733	131,826	107	106	110
2002	5,641	18,836	130,341	106	107	108
2003	5,611	19,155	129,999	105	109	108
2004	5,644	18,088	131,435	106	103	109
2005	5,704	18,275	133,463	104	105	111

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Non-manufacturing employment in Pennsylvania has increased in recent years and reached 88.1 percent of total employment by 2005. Consequently, manufacturing employment constitutes a diminished share of total employment within the Commonwealth. Manufacturing, contributing 11.9 percent of 2005 non-agricultural employment, has fallen behind both the services sector and the trade sector as the largest single source of employment within the Commonwealth. In 2005, the services sector accounted for 43.6 percent of all non-agricultural employment while the trade sector accounted for 16.4 percent. The following table shows trends in employment by sector for Pennsylvania from 2001 through 2005.

Non-Agricultural Establishment Employment by Sector Pennsylvania 2001-2005 (In Thousands)

	CALENDAR YEAR									
	2001		2002		2003		2004		2005	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Manufacturing:										
Durable.....	492.1	8.7	448.8	8.0	418.3	7.5	411.8	7.3	412.4	7.2
Non-Durable.....	328.5	5.8	310.1	5.5	293.3	5.2	279.4	5.0	266.0	4.7
Total										
Manufacturing ^(d)	820.6	14.4	758.9	13.5	711.6	12.7	691.2	12.3	678.4	11.9
Non-Manufacturing:										
Trade ^(a)	899.4	15.8	890.8	15.8	888.0	15.8	893.4	15.8	935.4	16.4
Finance ^(b)	338.3	6.0	336.2	6.0	337.9	6.0	336.3	6.0	336.1	5.9
Services.....	2,397.0	42.2	2,421.3	42.9	2,438.7	43.5	2,480.1	44.0	2,487.2	43.6
Government.....	728.3	12.8	738.9	13.1	745.6	13.3	745.1	13.2	760.8	13.3
Utilities ^(c)	230.5	4.1	228.6	4.1	226.6	4.0	227.3	4.0	234.1	4.1
Construction.....	249.9	4.4	248.1	4.4	245.7	4.4	248.2	4.4	252.3	4.4
Mining.....	18.5	0.3	18.0	0.3	17.2	0.3	17.9	0.3	19.7	0.4
Total										
Non-Manufacturing ^(d)	4,861.9	85.6	4,881.9	86.3	4,899.7	87.3	4,948.3	87.7	5,025.6	88.1
Total Employees ^{(d)(e)}	5,682.5	100.0	5,640.8	99.8	5,611.3	100.0	5,639.5	100.0	5,704.0	100.0

^(a) Wholesale and retail trade.

^(b) Finance, insurance and real estate.

^(c) Includes transportation, communications, electric, gas and sanitary services.

^(d) Discrepancies occur due to rounding.

^(e) Does not include workers involved in labor-management disputes.

Source: US Bureau of Labor Statistics

The following table presents the percentages of non-agricultural employment in various sectors in Pennsylvania and the United States in 2005.

Non-Agricultural Establishment Employment by Sector Pennsylvania and the United States

	2004 Calendar Year	
	Pennsylvania	United States
Manufacturing.....	11.9 %	10.6 %
Trade ^(a)	16.4	15.7
Finance ^(b)	5.9	6.1
Services.....	43.6	42.3
Government.....	13.3	16.3
Utilities ^(c)	4.1	3.2
Construction.....	4.4	5.4
Mining.....	0.4	0.4
Total ^(d)	100.0 %	100.0 %

^(a) Wholesale and retail trade.

^(b) Finance, insurance and real estate.

^(c) Includes transportation, communications, electric, gas and sanitary services.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Within the manufacturing sector of Pennsylvania's economy, which now accounts for one-eighth of total non-agricultural employment in Pennsylvania, the fabricated metals industries employed the largest number of workers. Employment in the fabricated metals industries was 13.3 percent of Pennsylvania manufacturing employment but only 0.2 percent of total Pennsylvania non-agricultural employment in 2005. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2001 through 2005.

Manufacturing Establishment Employment by Industry Pennsylvania 2001-2005 (In Thousands)

	CALENDAR YEAR									
	2001		2002		2003		2004		2005	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Durable Goods:										
Primary Metals.....	53.7	7.8	48.3	6.4	44.6	6.3	43.1	6.2	42.5	6.3
Fabricated Metals.....	101.1	9.2	94.9	12.5	88.9	12.5	88.6	12.7	90.2	13.3
Machinery (excluding electrical).....	68.2	11.4	60.5	8.0	56.0	7.9	54.8	8.0	55.3	8.2
Electrical Equipment.....	29.8	8.1	26.6	3.5	25.4	3.6	25.6	3.7	26.0	3.8
Transportation Equipment.....	50.5	5.5	44.4	5.9	41.5	5.8	42.7	6.1	44.2	6.5
Furniture Related Products.....	26.6	4.1	25.5	3.4	24.4	3.4	24.4	4.4	23.6	3.5
Other Durable Goods.....	162.2	11.5	148.6	19.5	137.5	19.4	132.8	18.4	130.6	19.3
Total Durable Goods ^(a)	<u>492.1</u>	<u>57.7</u>	<u>448.8</u>	<u>59.2</u>	<u>418.3</u>	<u>58.8</u>	<u>412.0</u>	<u>59.7</u>	<u>412.4</u>	<u>60.8</u>
Non-Durable Goods:										
Pharmaceutical/Medicine...	25.8	4.3	27.2	3.6	25.6	2.6	22.6	2.4	22.2	3.3
Food Products.....	76.7	9.0	75.1	9.8	74.5	10.6	72.8	10.5	71.8	10.6
Chemical Products.....	61.9	7.3	61.4	8.1	57.8	8.2	53.0	7.7	51.4	7.6
Printing and Publishing.....	44.4	8.7	41.1	5.4	39.3	5.6	37.7	5.5	37.1	5.5
Plastics/Rubber Products.....	47.5	2.3	44.5	5.9	42.0	2.1	40.9	2.0	39.3	5.8
Paper Products.....	32.8	3.9	30.5	4.0	28.8	4.1	27.6	4.0	26.6	3.9
Other Non-Durable Goods...	39.4	6.8	30.3	4.0	25.3	8.5	23.7	8.3	17.6	2.6
Total Non-Durable Goods ^(a)	<u>328.5</u>	<u>42.3</u>	<u>310.1</u>	<u>40.8</u>	<u>293.3</u>	<u>41.2</u>	<u>278.3</u>	<u>40.3</u>	<u>266.0</u>	<u>39.2</u>
Total Manufacturing Employees ^(a)	<u><u>820.6</u></u>	<u><u>100.0</u></u>	<u><u>758.9</u></u>	<u><u>100.0</u></u>	<u><u>711.6</u></u>	<u><u>100.0</u></u>	<u><u>690.3</u></u>	<u><u>100.0</u></u>	<u><u>678.4</u></u>	<u><u>100.0</u></u>

^(a) Discrepancies occur due to rounding

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment

Pennsylvania's annual average unemployment rate was similar to the national average and the mid-Atlantic region throughout the 1990's. The resumption of faster economic growth resulted in a decrease in the Commonwealth's annual unemployment rate to 4.2 percent in 2000. Since that time, the combination of a recession and slow economic growth has pushed the Commonwealth annual unemployment level to 5.7 percent through 2003. From 2003, Pennsylvania's annual average unemployment rate has been steadily declining and since 2002 Pennsylvania's annual average unemployment rate has been below the national average. As of November 2006, the most recent month for which figures are available, Pennsylvania had a seasonally adjusted annual unemployment rate of 4.5 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 1996 through 2005.

Annual Average Unemployment Rate Pennsylvania, Middle Atlantic Region and the United States 1996-2005

Calendar Year	Pennsylvania	Middle Atlantic Region ^(a)	United States
1996	5.4 %	6.0 %	5.4 %
1997	5.1	5.8	4.9
1998	4.6	5.1	4.5
1999	4.4	4.8	4.2
2000	4.2	4.2	4.0
2001	4.8	4.7	4.7
2002	5.6	5.9	5.8
2003	5.7	6.1	6.0
2004	5.4	5.5	5.5
2005	5.0	4.9	5.1

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table presents the thirty largest non-governmental employers in Pennsylvania:

Commonwealth of Pennsylvania Thirty Largest Non-Governmental Employers March 2006

<u>Company</u>	<u>Rank</u>	<u>Company</u>	<u>Rank</u>
Wal-Mart Associates	1	Vanguard Group Inc.	16
University of Pennsylvania	2	US Airways... ..	17
Pennsylvania State University	3	KMART of Pennsylvania LP	18
Giant Food Stores	4	GMR Restaurants of Pennsylvania	19
United Parcel Service.....	5	Pennsylvania Blue Shield	20
University of Pittsburgh	6	Sears Roebuck & Co	21
UPMC Presbyterian	7	Verizon Pennsylvania	22
Weis Markets	8	Wachovia Bank.....	23
Merck & Co Inc.....	9	Temple University.....	24
Giant Eagle Inc.....	10	Target Stores	25
The Home Depot USA Inc.....	11	The Children's Hospital of PA.....	26
PNC Bank, NA	12	Acme Markets	27
Lowe's Home Centers Inc	13	Eat'n Park Restaurants.....	28
May Department Stores	14	Thomas Jefferson Hospital	29
Heartland Employment.....	15	Hershey Foods Corporation.....	30

Source: Pennsylvania Department of Labor, Office of Employment Security.

Personal Income

Personal income in the Commonwealth for 2005 is \$433.146 billion, an increase of 4.7 percent over the previous year. During the same period, national personal income increased at a rate of 5.2 percent. Based on the 2005 personal income estimates, per capita income for 2005 was \$34,848 in the Commonwealth compared to per capita income in the United States of \$34,495. The following tables represent annual personal income data and per capita income from 1996 through 2005.

Personal Income Pennsylvania, Mideast Region and the United States 1996-2005

Year	Total Personal Income Dollars in Millions			Total Personal Income As a % of 1996 base		
	PA	Mideast Region ^(a)	U.S. ^(b)	PA	Mideast Region ^(a)	U.S.
1996.....	\$ 297,493	\$1,252,040	\$6,512,485	100 %	100 %	100 %
1997.....	311,508	1,319,270	6,907,332	104	105	106
1998.....	330,160	1,404,640	7,415,709	110	112	113
1999.....	342,610	1,467,261	7,796,137	115	117	119
2000.....	364,837	1,580,733	8,422,074	122	126	129
2001.....	372,339	1,627,894	8,716,992	125	130	133
2002.....	382,251	1,648,004	8,872,871	128	132	136
2003.....	393,738	1,690,169	9,150,908	132	134	140
2004.....	413,571	1,798,713	9,717,173	139	143	149
2005.....	433,146	1,884,242	10,224,761	145	150	157

^(a) Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.

^(b) Sum of States.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Income Pennsylvania, Mideast Region and the United States 1996-2005

Calendar Year	Per Capita Income			As a % of U.S.	
	PA	Mideast Region ^(a)	U.S.	PA	Mideast Region ^(a)
1996.....	\$ 24,344	\$ 27,588	\$ 24,175	100 %	114 %
1997.....	25,475	28,944	25,334	100	114
1998.....	26,961	30,654	26,883	100	114
1999.....	27,937	31,824	27,939	100	113
2000.....	29,695	34,076	29,845	99	114
2001.....	30,281	34,906	30,574	99	114
2002.....	31,016	35,155	30,810	100	114
2003.....	31,843	35,869	31,463	101	114
2004.....	33,367	38,023	33,090	100	114
2005.....	34,848	39,755	34,495	101	115

^(a) Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table presents growth rates in personal income and selected components of personal income for Pennsylvania, the Mideast Region and the United States from 2001 through 2005.

Annual Growth Rates Personal Income and Selected Components of Personal Income Pennsylvania, Mideast Region and the United States

Calendar Year	Pennsylvania	Mideast Region ^(a)	United States
Total Personal Income			
2001	3.4%	3.3%	7.9%
2002	2.6	1.2	1.7
2003	3.0	2.5	3.1
2004	5.0	6.4	6.1
2005	4.7	4.7	5.2
Manufacturing			
2001	-1.5%	-1.5%	-3.2%
2002	-0.8	-0.5	-0.3
2003	-1.2	0.6	1.6
2004	1.1	1.1	1.4
2005	3.1	2.0	3.4
Trade^(b)			
2001	1.6%	1.0%	1.0%
2002	2.3	1.6	1.6
2003	4.6	3.7	2.8
2004	4.9	4.1	5.0
2005	4.3	3.6	4.8
Finance^(c)			
2001	5.8%	4.8%	6.5%
2002	5.5	-4.5	2.1
2003	4.5	0.3	4.6
2004	5.3	10.5	7.9
2005	2.5	7.3	6.4
Services			
2001	6.4%	6.3%	5.7%
2002	6.4	6.3	-1.8
2003	0.1	-2.4	1.7
2004	2.0	1.5	6.7
2005	7.8	7.2	8.2
Utilities			
2001	3.6%	3.9%	4.0%
2002	4.8	5.0	5.2
2003	-2.6	3.4	1.5
2004	0.1	1.0	4.6
2005	-1.6	0.8	1.9
Construction			
2001	5.7%	7.5%	5.1%
2002	2.6	2.7	1.5
2003	1.5	1.3	1.6
2004	3.1	4.3	6.4
2005	7.1	5.2	8.7
Mining			
2001	4.7%	5.0%	9.5%
2002	-2.0	-4.1	-2.9
2003	-0.4	-1.6	4.5
2004	8.4	7.7	9.5
2005	11.0	10.4	16.5

^(a) Mideast Region: Delaware, District of Columbia, Maryland, Pennsylvania, New York, and New Jersey.

^(b) Wholesale and retail trade.

^(c) Finance and insurance

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The Commonwealth's average hourly wage rate of \$16.69 for manufacturing and production workers compares to the national average of \$17.60 for 2005. The following table presents the average hourly wage rates for 2001 through 2005.

Average Hourly Wages Production Workers on Manufacturing Payrolls Pennsylvania and the United States 2001-2005

Calendar Year	PA	U.S.
2001.....	\$ 14.85	\$ 15.78
2002.....	15.99	16.33
2003.....	16.26	16.80
2004.....	16.57	17.19
2005.....	16.69	17.60

Source: U.S. Department of Labor, Bureau of Labor Statistics

Market and Assessed Valuation of Real Property

Annually, the State Tax Equalization Board (the "STEB") determines an aggregate market value of all taxable real property in the Commonwealth. The STEB determines the market value by applying assessment to sales ratio studies to assessment valuations supplied by local assessing officials. The market values certified by the STEB do not include property that is tax exempt but do include an adjustment correcting the data for preferential assessments granted to certain farm and forestlands.

The table below shows the assessed valuation as determined and certified by the counties and the market value and the assessed to market value ratio determined by the STEB for real property over the last ten years. In computing the market values for uneven-numbered years, the STEB is statutorily restricted to certifying only those changes in market value that result from properties added to or removed from the assessment rolls. The STEB is permitted to adjust the market valuation to reflect any change in real estate values or other economic change in value only in even-numbered years. This restriction accounts for the two-year pattern of market value changes apparent in the data below.

Valuations of Taxable Real Property 1996-2005

<u>Year</u>	<u>Market Value^(a)</u>	<u>Assessed Valuation</u>	<u>Ratio of Assessed Valuation to Market Value^(a)</u>
1996	359,993,651,000	102,107,687,304	28.4%
1997	366,096,581,900	123,734,109,457	37.2
1998	388,146,465,800	204,581,152,222	52.7
1999	390,136,860,900	208,896,190,899	53.5
2000	420,041,123,600	241,060,798,812	57.4
2001	430,102,389,400	310,111,943,560	72.1
2002	467,311,009,700	325,451,064,697	69.6
2003	478,362,689,800	348,726,965,926	72.9
2004	523,595,339,800	352,014,550,601	67.2
2005	533,700,991,300	378,014,057,174	70.8

^(a) Value adjusted for difference between regular assessment and preferential assessment permitted on certain farm and forestlands.
Source: Annual Certifications by the State Tax Equalization Board July 2005.