

Commonwealth of Pennsylvania

***2000-01***

***Governor's***

***Executive Budget***

***Tom Ridge***

***Governor***



# Factors in the Economic Outlook

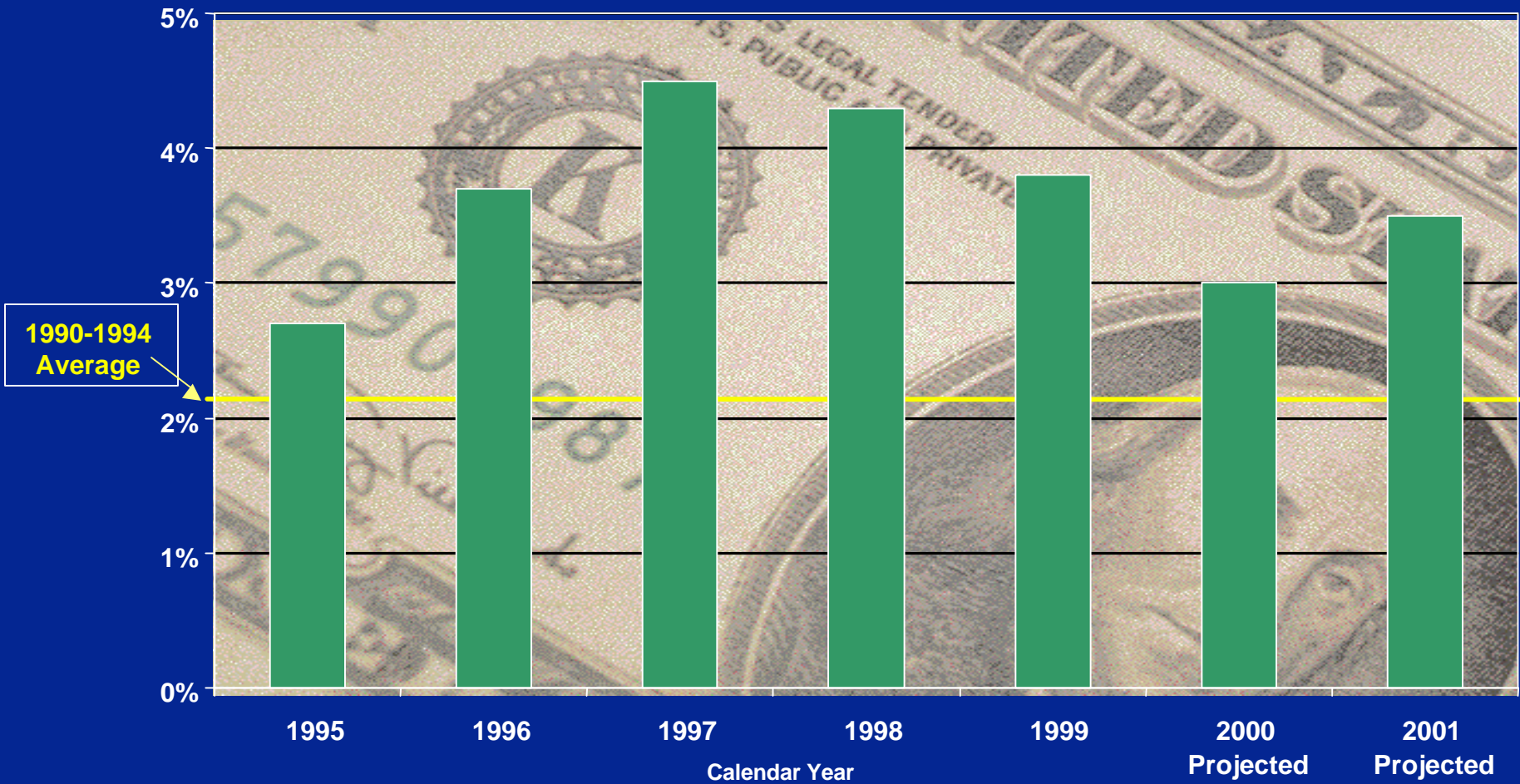
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- ✓ Longest expansion in history
- ✓ Exceeds nearly all forecasts
- ✓ Accelerated pace of technology advances
- ✓ Continues despite Federal Reserve efforts to slow
- ✓ Rapidly rising stock market and home values
- ✓ A more global economy
- ✓ Backward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

# Gross Domestic Product

*Economic growth continues through 2000-01*

Percent Growth

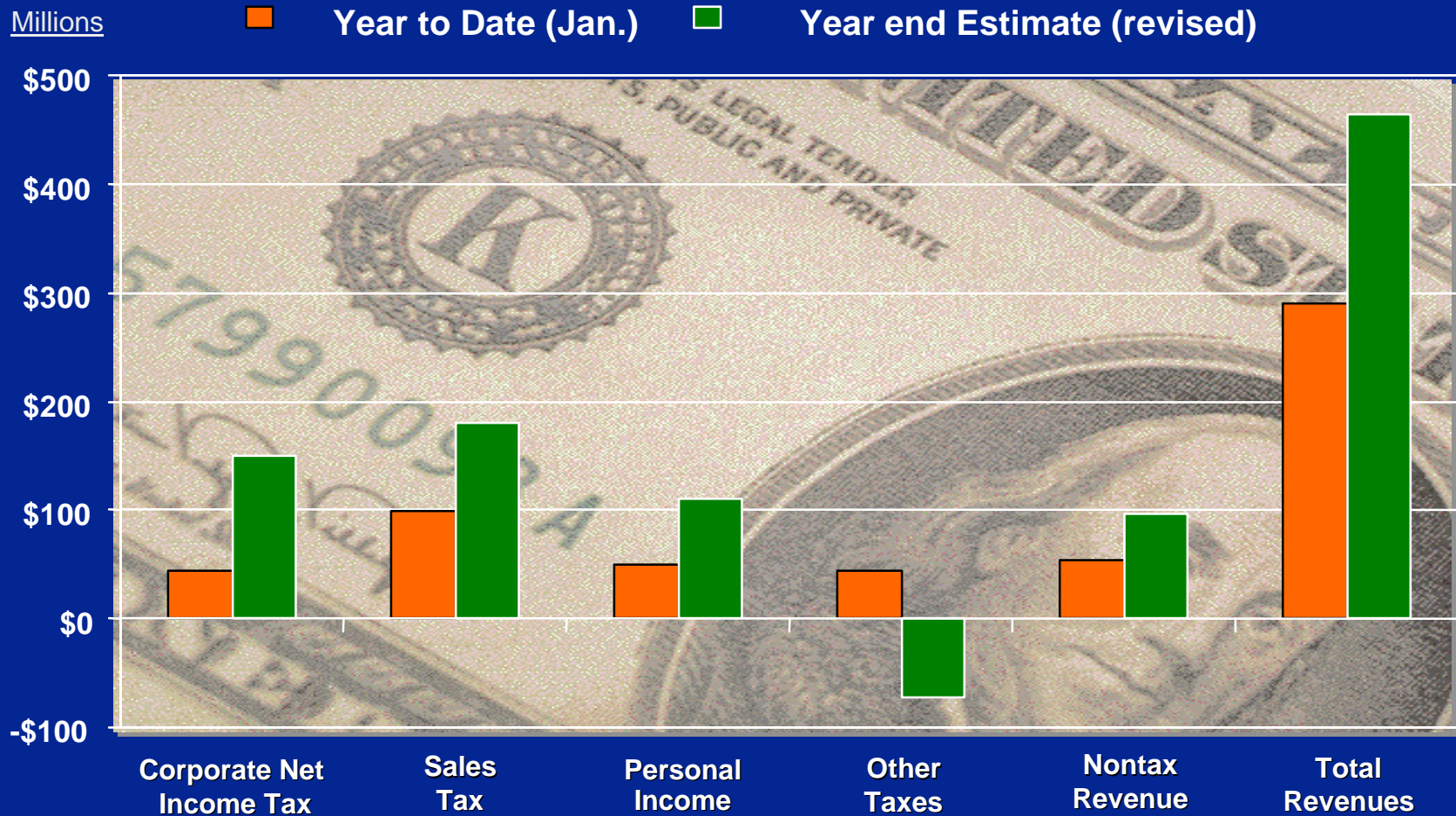


Source: WEFA - Standard Forecast



# GENERAL FUND

## Actual and Revised 1999-2000 Revenues Compared to Estimate



# **The New Pennsylvania**

## ***A record of Fiscal Discipline***

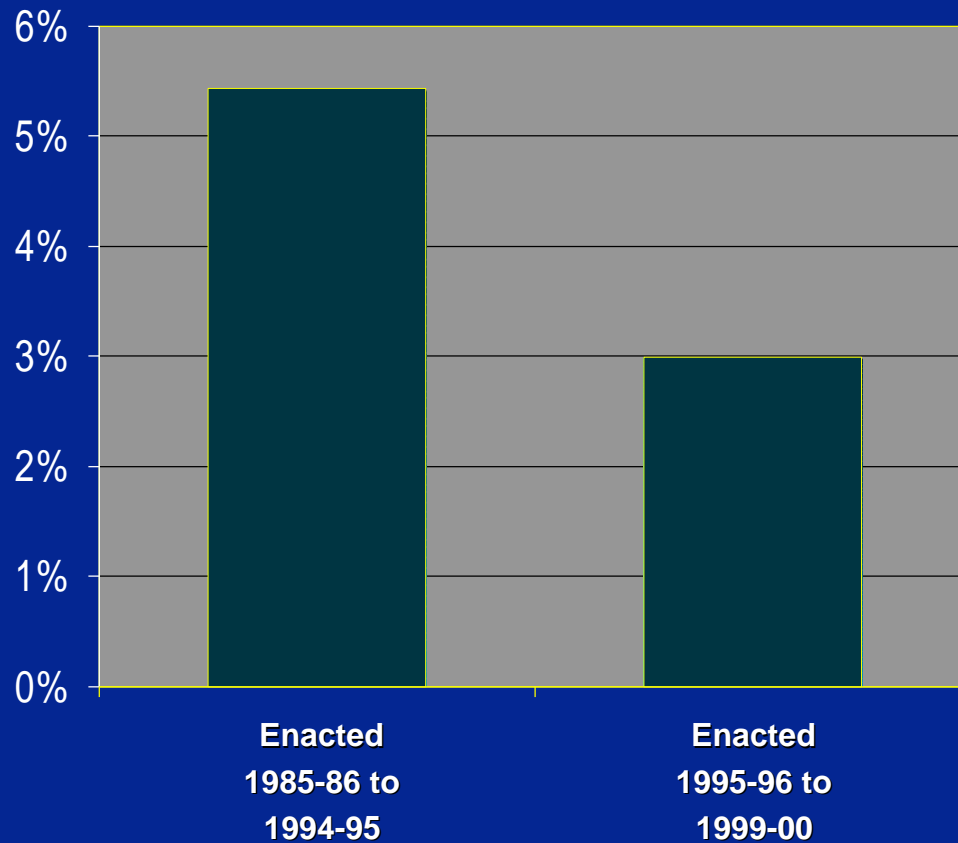
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- ✓ **Unprecedented seven consecutive years of tax cuts.**
- ✓ **Limited spending growth.**
- ✓ **Record balance in the Rainy Day Fund - over \$1.1 billion.**
- ✓ **No short-term note borrowings for two consecutive years.**
- ✓ **Bond rating upgrades and financial management awards.**

# Slowing The Growth In Spending

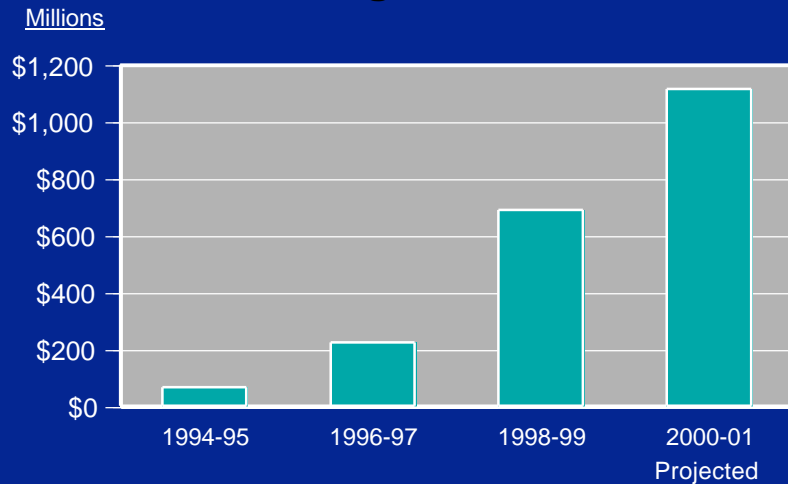
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Percentage Growth Rate

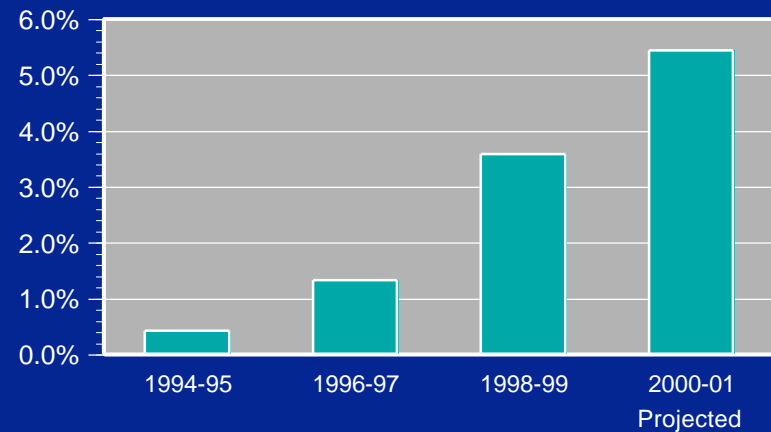


# Rainy Day Fund

## Ending Cash Balance



## Balance as Percentage of General Fund Revenue



*With the projected transfer at the end of 2000-01, the balance in the Rainy Day Fund will exceed \$1.1 billion.*

# 2000-01 Tax Cuts & Rebate

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Millions

● <b>Local Property Tax Relief</b> .....	<b>\$ – 330.0</b>
<i>Rebate 100% of school property taxes paid, up to \$100, on owner-occupied residences.</i>	
● <b>Capital Stock &amp; Franchise Tax</b> .....	<b>– 289.0</b>
<i>Two mill reduction effective January 2000. Eliminate minimum tax effective January 2000. Phase-out by a one mill annual reduction of the tax rate.</i>	
● <b>Personal Income Tax</b> .....	<b>– 16.2</b>
<i>Increase dependent allowance by \$1,000 to \$7,500.</i>	
● <b>Sales and Use Tax</b> .....	<b>– 8.3</b>
<i>Computer Sales Tax Holiday.</i>	
	<hr/>
<b>Total Tax Cut</b>	<b>\$ – 643.5</b>



# General Fund

	<u>Millions</u>	
	<u>1999-00</u>	<u>2000-01</u>
<b>Beginning Balance</b> .....	\$ 448	\$ 444
<b>Receipts</b> .....	19,253	19,898
<b>Tax Reductions</b> .....	. . . .	- 644
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<b>Funds Available</b> .....	\$ 19,701	\$ 19,698
<b>Appropriated</b> .....	- 19,279	- 19,678
<b>Lapses</b> .....	100	. . . .
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<b>Closing Balance</b> .....	\$ 522	\$ 20
<b>Less Transfer to Rainy Day Fund</b> . . .	- 78	- 3
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<b>Ending Balance</b> .....	<u>\$ 444</u>	<u>\$ 17</u>

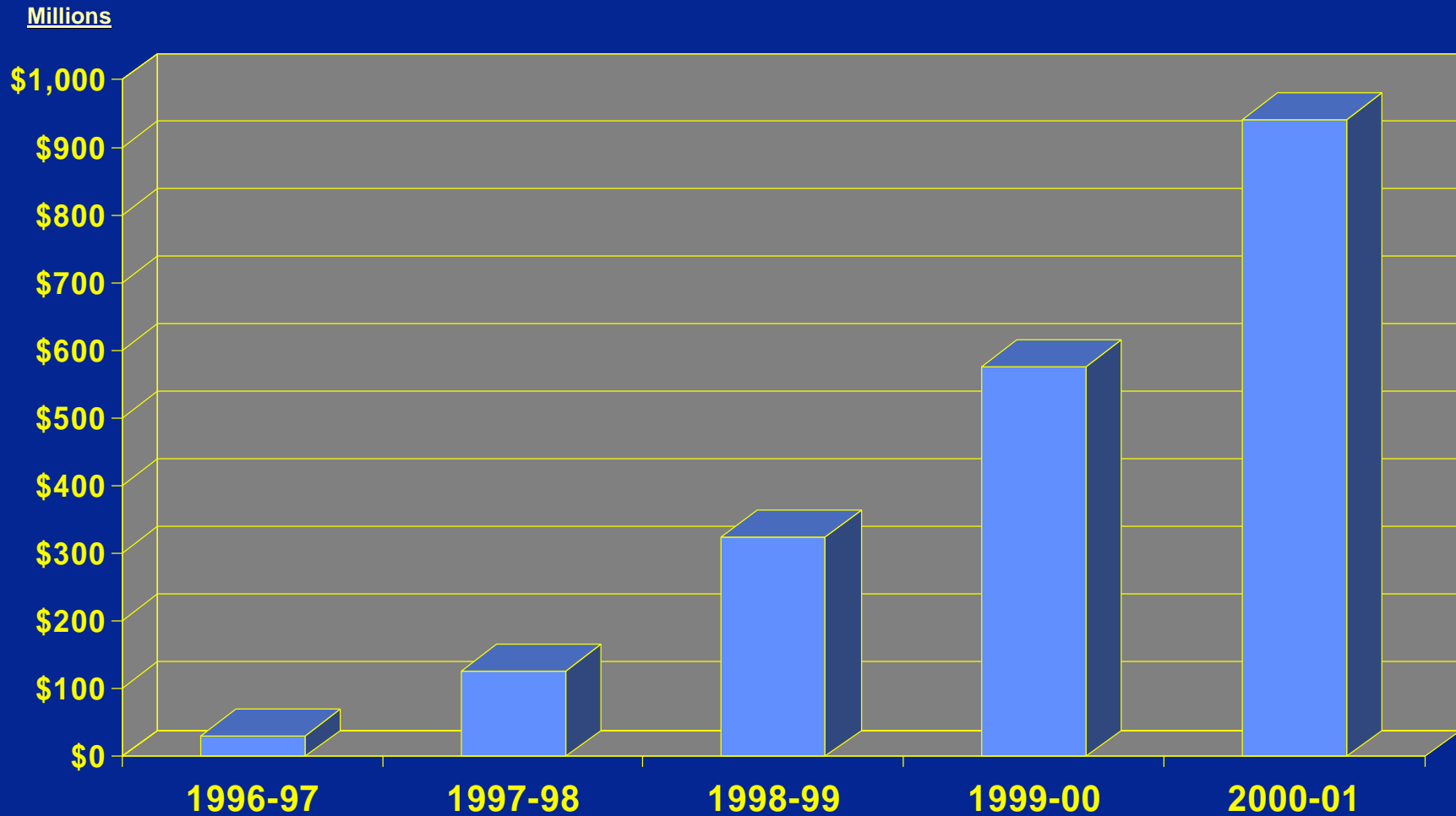
# Basic Education

✓ Total State support to local schools . . . . . \$6.1 Billion

• School district savings due to reduced retirement rate . . . . .	\$ 115 M
• Direct State support to local school districts . . . . .	243 M
	Total \$ 358 M

• 3.0% increase in Basic Education Funding . . . . .	\$110.3 M
• Increase for Special Education . . . . .	46.9 M
• Increase for Pupil Transportation and Social Security . . . . .	44.9 M
• Academic Empowerment Grants . . . . .	20.0 M
• Performance Incentive Program increase . . . . .	16.8 M
• School Food Services increase . . . . .	3.8 M
• Increase for Safe and Alternative Schools . . . . .	3.2 M
• Increase for Vocational Education . . . . .	1.5 M

# Cumulative Retirement Savings for School Districts\*



\* Also includes intermediate units and area vocational-technical schools.

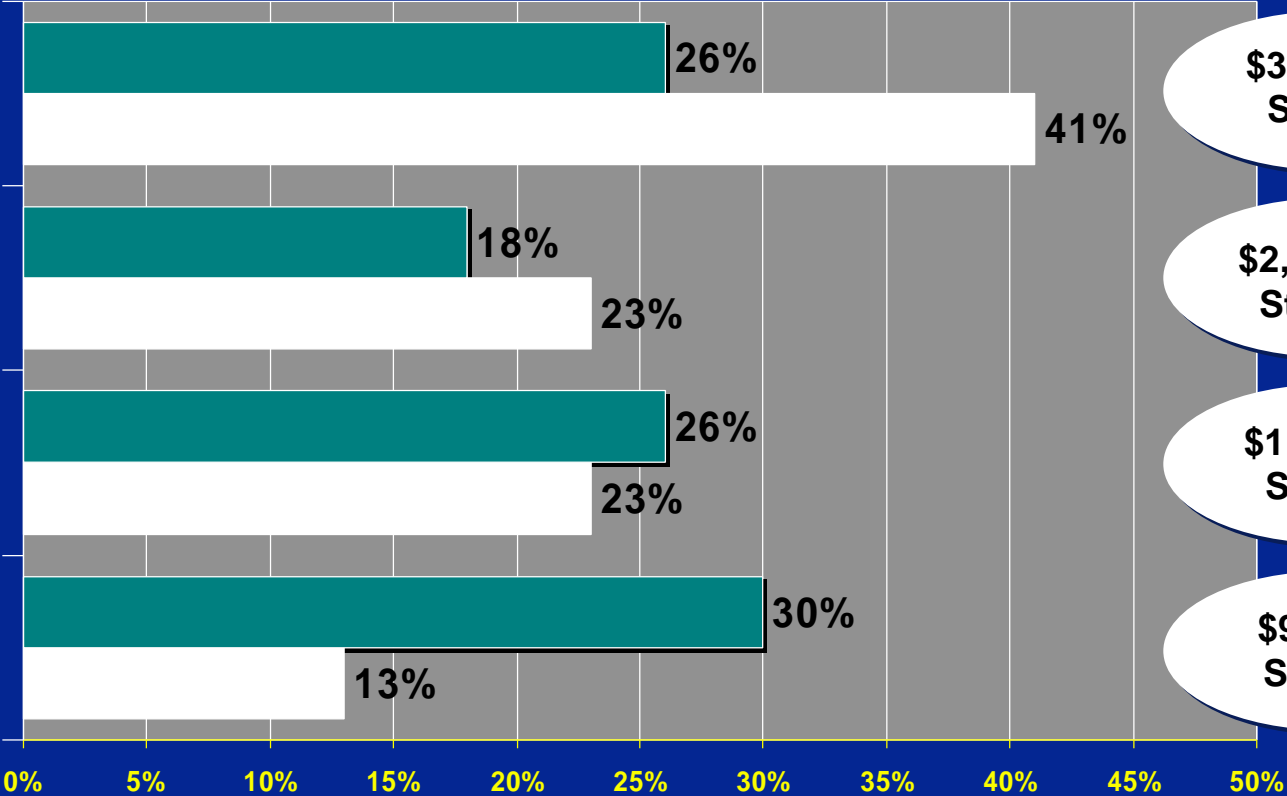
# 2000-01 Basic Education Funding

State Share

Least Wealthy School Districts



Most Wealthy School Districts



**\$3,690 per Student**

**\$2,710 per Student**

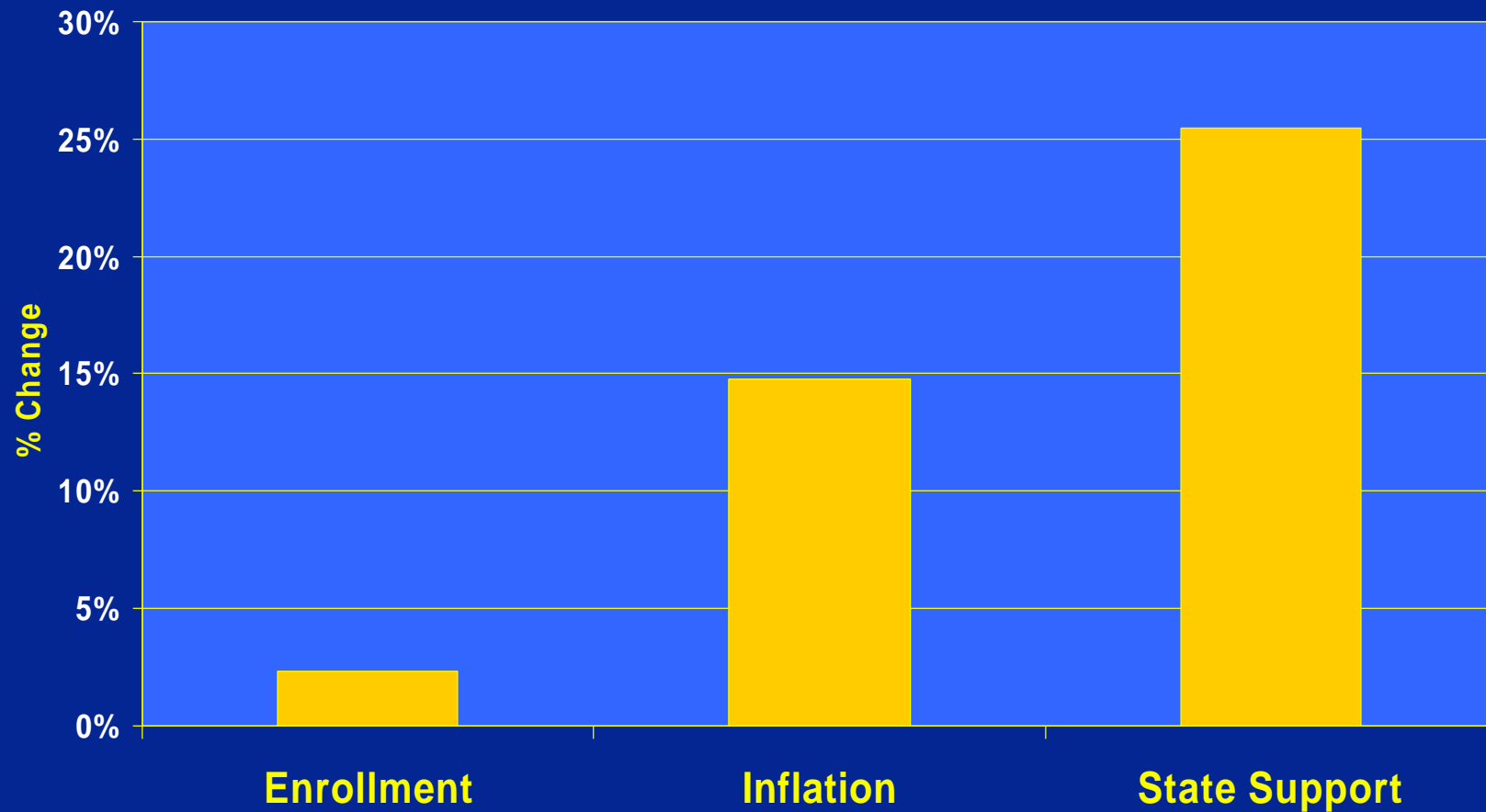
**\$1,876 per Student**

**\$978 per Student**

Percent of Students and Percent of Funding



## Growth in School District Enrollment, Inflation and State Support Over the last 6 years



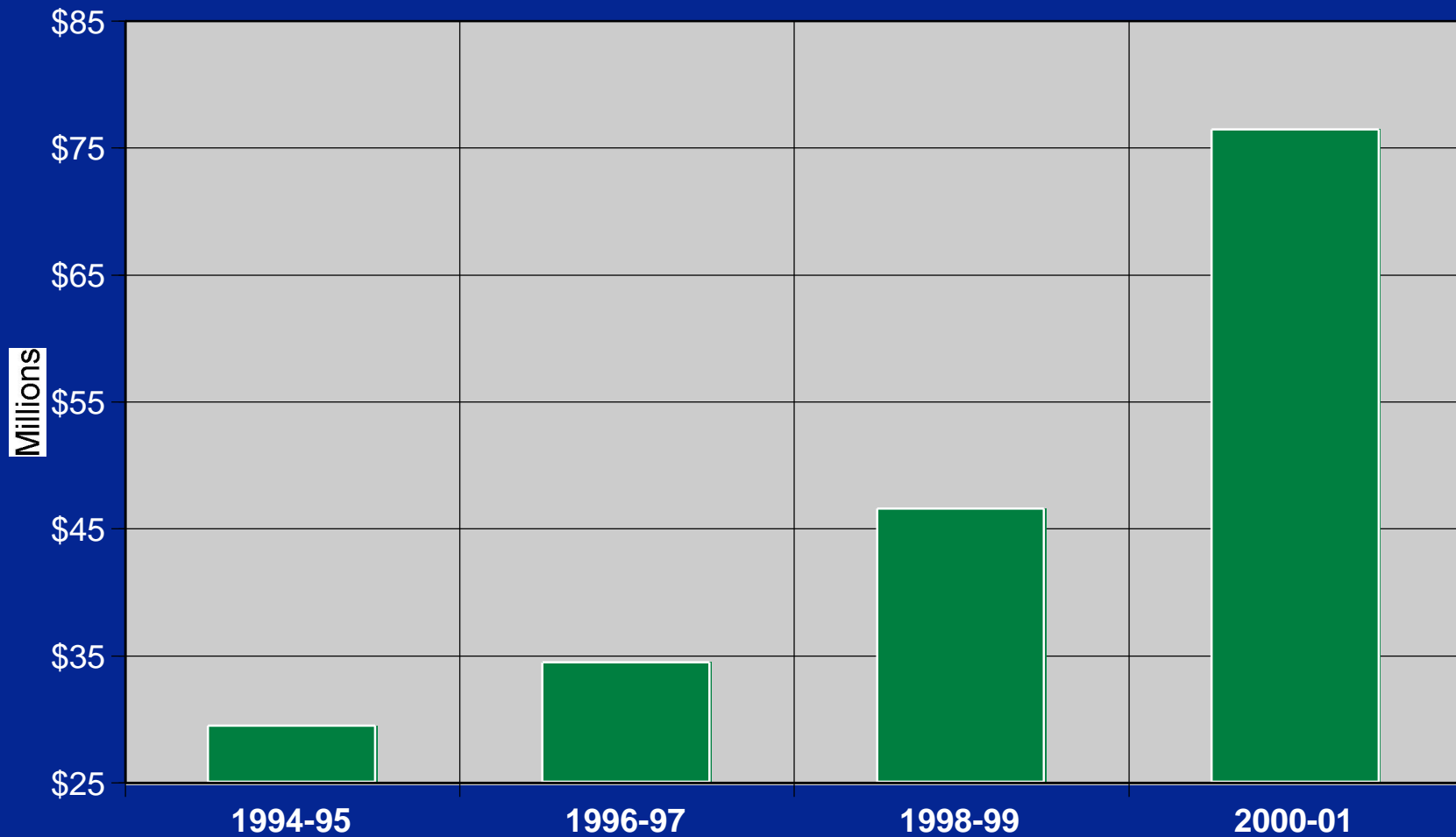


# Reading, Literacy and Libraries

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• Read to Succeed (second year) .....	\$ 25.0 M
• Adult and family literacy (\$5.3 M increase) .....	\$ 18.0 M
• Local Library funding:	
• State support for local libraries (\$15 M increase) .....	\$ 62.3 M
• Library Access (\$663 K increase) .....	7.2 M
• <i>Access Pennsylvania</i> – electronic library (\$3.6 M increase) .	4.0 M
• State Library (\$144 K increase) .....	\$ 4.2 M
• Library services for visually impaired/disabled .....	\$ 2.9 M
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<b>Total</b>	<b>\$123.6 M</b>

# Library Funding



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

# Higher Education

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- **Total State support for higher education** ..... **\$ 1.8 B**
  
- **Direct support of colleges and universities (increases):**
  - Community Colleges** ..... **\$ 8.6 M**
  - State System of Higher Education** ..... **13.2 M**
  - State-Related Universities** ..... **16.8 M**
  
- **10 percent increase for PHEAA scholarships** ..... **\$ 28.6 M**
  
- **Graduation Incentive Program** ..... **6.0 M**
  
- **Institutional Assistance Grants increase** ..... **1.2 M**

# Excelling in the New Economy

## Tax Cuts

- ✓ Capital Stock and Franchise Tax phase-out (1<sup>st</sup> year) . . . \$ -256.1 M
- ✓ Eliminate minimum Capital Stock & Franchise Tax . . . -32.9 M
- ✓ Personal computer sales tax holiday . . . . . -8.3 M

## Program Support

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

# Children & Families

## Tax Cuts

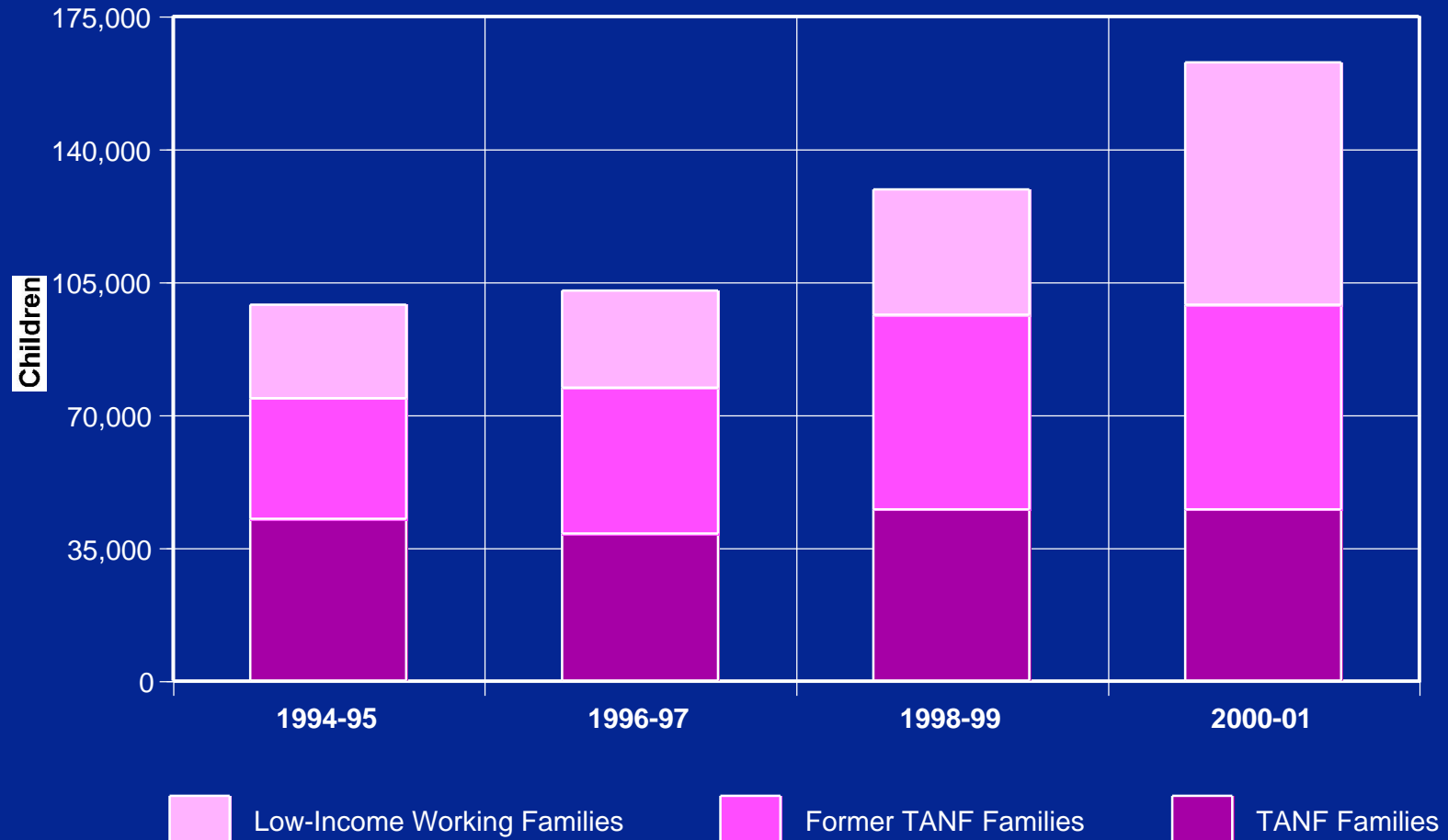
✓ Local Property Tax Rebate .....	\$ -330.0 M
✓ Working Families Income Tax Cut .....	-16.2 M

## Program Support

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



# Child Care



# Expanding Opportunities for Persons with Disabilities

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## *Program Increases*

(All Funds)

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

# Health Investment Plan

## *Making Pennsylvanians Healthier*

First year deposit to the Endowment Account .....	\$ 168 M
• 5% Subsequent annual deposit to the Endowment Account ..	\$ 16 M
• 40% Health insurance	
• Uninsured adults .....	\$ 106 M
• Subsidized Medicaid coverage for the disabled.....	25 M
• 15% Alternatives to nursing home care .....	49 M
• 10% Tobacco use prevention .....	33 M
• 10% Health research .....	33 M
• 10% Reimbursement to hospitals for uncompensated care ..	33 M
• 5% Tobacco use cessation .....	16 M
• 5% Venture capital for health & biotechnology companies ..	16 M

**100% to Health Related Programs**

# Technology To Better Serve Pennsylvania

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

\* Includes General and Motor License Funds

# Enhancing Public Safety

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## *Program Increases*

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



# Growing Greener

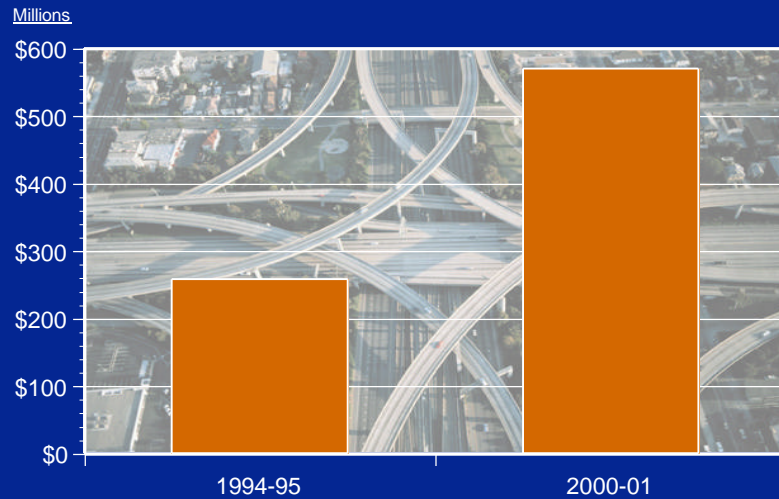
## Protecting Pennsylvania's Environment in the 21st Century

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

# State Funding for Transportation

## *State Construction and Maintenance Projects*

### State Highway Construction



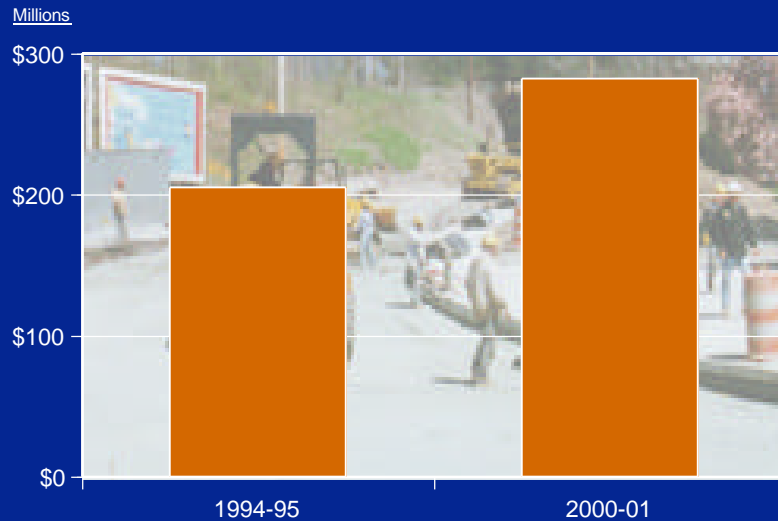
### State Highway Maintenance



# State Funding for Transportation

## *Local Highway and Transit Assistance*

### Local Highway and Bridges



### Local Transit



# Governor Ridge's Vision

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*This budget continues Governor Ridge's commitment to create a New Pennsylvania as a leader among states and a competitor among nations in the 21<sup>st</sup> Century:*

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