

1998-99

Governor's Executive Budget



Pennsylvania State Capitol, Harrisburg (*Courtesy Commonwealth Media Services*);
quality assurance check at II-VI Incorporated, Saxonburg, Butler County
(*Courtesy Commonwealth Media Services*);
father and child at Troop H, Harrisburg (*Courtesy Pennsylvania State Police*);
surfing at South Side Elementary School, Central Dauphin School District,
York (*Courtesy Commonwealth Media Services*);
Route 21, near Morrisville, Greene County (*Courtesy Commonwealth Media Services*);
Stone Ride Bike Tour, Lancaster County (*Courtesy Commonwealth Media Services*).



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 3, 1998

To the People of Pennsylvania:

Pursuant to Article VIII Section 12 of the Constitution of Pennsylvania, and Section 613 of the Administrative Code of 1929 (71 P.S. Section 233), I am transmitting to your representatives in the General Assembly my proposed State budget for fiscal year 1998-1999.

I am proud to report to you that the state of the Commonwealth is good. More people are working in Pennsylvania than ever before. Since my Administration began in January 1995, some 230,000 additional jobs have been created. Our annual rate of job growth — ranked 45th in the nation just three years ago — has leapfrogged all the way to 17th. We have re-established Pennsylvania as an emerging leader in high technology and advanced manufacturing, and we won't stop until we're No. 1.



We have cut taxes by a cumulative total of more than \$2 billion and reduced the cost of doing business in Pennsylvania by a cumulative total of more than \$3 billion. We have increased the State's Rainy Day Fund — our savings account to avoid future tax increases — from \$66 million to over \$500 million. And our bond rating has been upgraded by two Wall Street rating agencies.

We have invested more money in our schools, and created new opportunities through the enactment of charter schools. And, through our Project Link to Learn, we are investing more than \$125 million in education technology, to make computers as commonplace as chalkboards in our schools.

We have become a national leader in electric competition, producing lower electric bills for thousands of Pennsylvanians. And our land-recycling program is turning abandoned industrial sites into job-generating properties, and has been recognized as a national model.

Yes, the state of the Commonwealth is good indeed. But we cannot be content. In my view, Pennsylvania deserves the most jobs, the best schools, the safest streets. This budget seeks to take the next steps to achieve those goals.

For the second straight year, the budget seeks a personal income-tax cut for working families. This year's proposal will eliminate entirely the personal income tax for a family of four with an income of \$25,000 a year, saving them \$700 a year. To further help working families, we will invest significantly more money in children's health insurance and child care.

We will continue to cut employer taxes to create jobs, and we will take the next steps to further enhance Pennsylvania's status as a leader in high technology — because technology holds the greatest potential for high-paying, family-sustaining jobs. And because we know education is the key to good jobs for our young people, we will make record investments in public schools and public libraries, and then measure how our schools and students perform, through new, rigorous academic standards.

We will continue our crackdown on crime, while making new investments in crime prevention. And we will build on last year's Project for Community Building with another innovative community-development initiative — the Keystone Opportunity Zone.

This budget will take Pennsylvania to the doorstep of the 21st Century. We will enter the new millennium as a leader among states, and a competitor among nations.

Very truly yours,

A handwritten signature in black ink that reads "Tom Ridge". The signature is written in a cursive style with a long horizontal stroke at the end.

Tom Ridge
Governor

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COMMONWEALTH OF PENNSYLVANIA

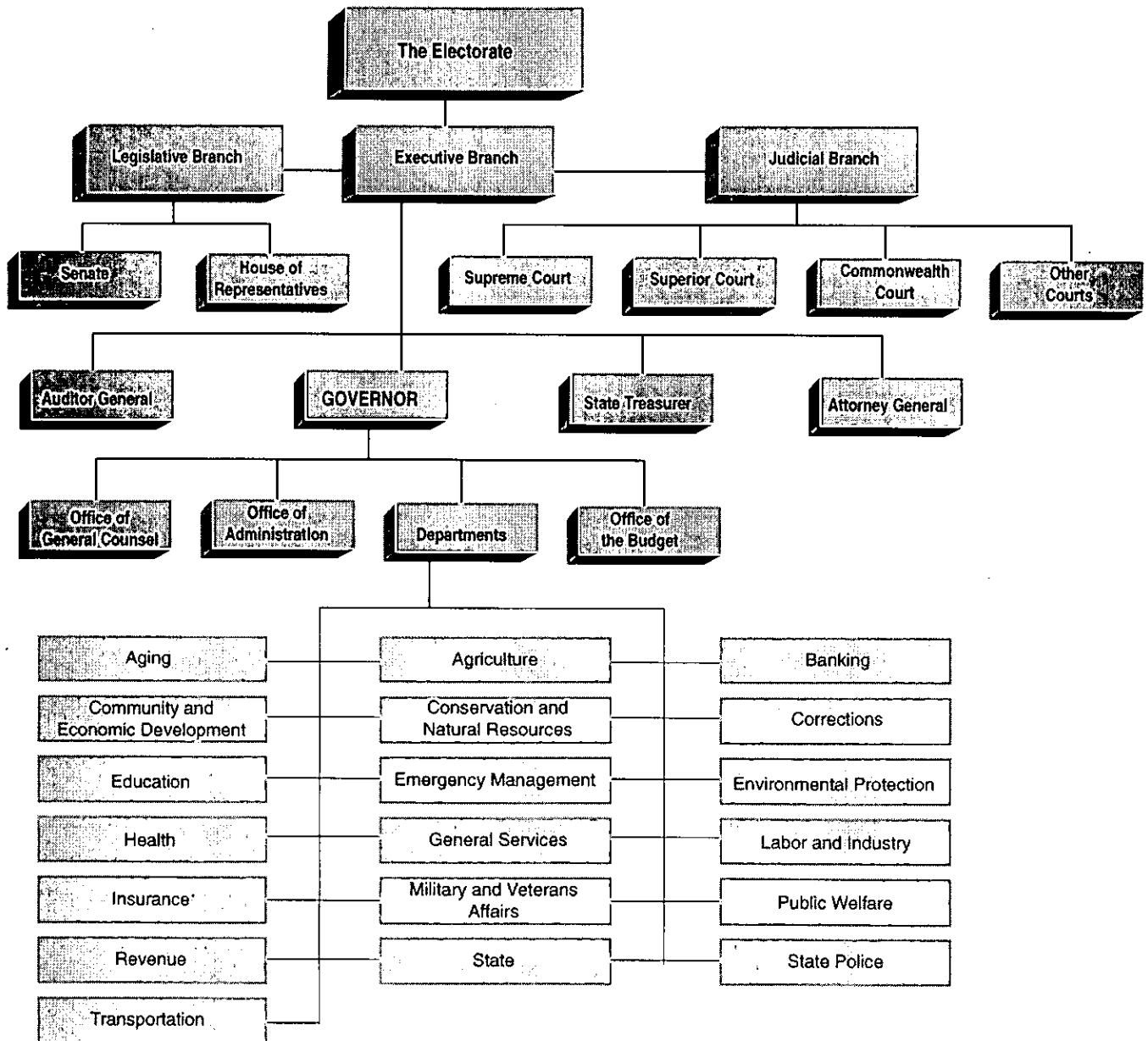
READER'S GUIDE

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

GOVERNOR'S EXECUTIVE BUDGET 1998-99

**Commonwealth of Pennsylvania
Organization Chart**



AGENCIES

Higher Education Assistance
Housing Finance
Interstate Agencies

AUTHORITIES

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

BOARDS

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

COMMISSIONS

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

The Budget Process

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

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

PHASES OF THE BUDGET PROCESS

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

PREPARATION

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

Agency budget requests are submitted to the Office of the Budget beginning in mid-October but not later than November 1. Agencies prepare and submit their requests using computerized systems. The Agency Program Plan, the programmatic presentation of agency budget requests, and the appropriation level information are prepared and submitted in the format and manner specified in Budget Instructions issued annually by the Office of the Budget.

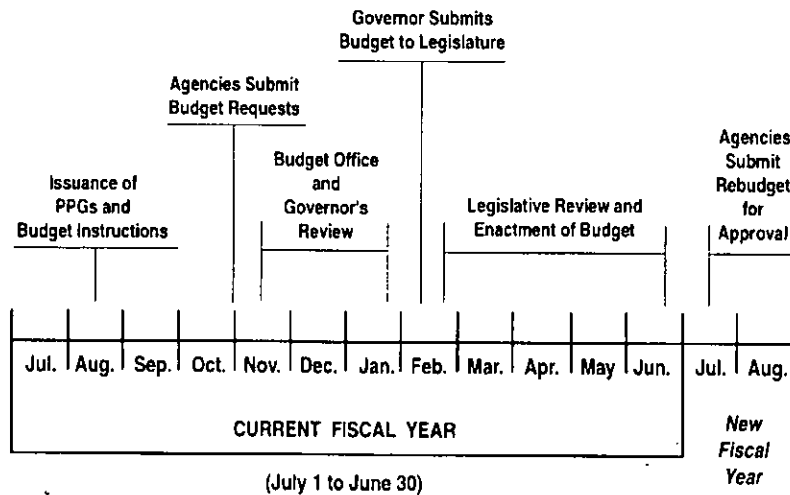
During December, the Governor meets with Legislative leaders to apprise them of anticipated spending and revenue levels and to discuss major fiscal issues expected to be addressed in the upcoming budget.

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

APPROVAL

Shortly after receiving the Governor's budget request, the Appropriations Committees of the House 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 make their decisions on the budget which are reflected in the 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 passage of the General Appropriation Act. These additional appropriations are made for a purpose for which either no appropriation was originally made, or in those circumstances where the General Assembly deems it desirable that an original appropriation be increased in the current fiscal year period. These appropriations are made in supplemental appropriation bills which are passed in the same manner as regular appropriation bills.

EXECUTION

The Office of the Budget has the authority to request and approve agency spending plans, commonly referred to as rebudgets. The rebudgets are based primarily on the enacted appropriations. The Office of the Budget uses the Integrated Central System to electronically enter allocation amounts into the accounting system based upon the approved rebudget. Program managers and administrators are responsible for operating their programs within the resources that are available and for producing the results cited in the budget.

AUDIT

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

The Capital Budget Process

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

The preparation phase follows the operating budget preparation cycle for a fiscal year beginning July 1. When agencies submit the budget requests to the Secretary of the Budget beginning in mid-October through November 1, 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 those for 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 Project Itemization Act taking into consideration his priorities, the importance of the project and the impact on operating budgets. The Governor may sign 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.

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

The Structure of the Budget

THE COMMONWEALTH PROGRAM PLAN

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

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

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

THE DEPARTMENTAL PRESENTATION

Recommendations for the continuation of current programs at essentially current levels of commitment are shown within departmental program subcategories. Recommendations for major program changes in 1998-99 are identified as departmental Program Revision Requests (PRRs) which provide explanations and justification for the change.

Beyond 1998-99, the projections of financial data, as well as impacts and other program measures, show the future implications of the 1998-99 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 1998-99 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

Identifies the State appropriation and those Federal funds, augmentations, and other funds which supplement the activities within that individual State appropriation. 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, Farm Products Show, Fish, Game, Keystone Recreation, Park and Conservation, Lottery, Milk Marketing and Racing 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, but are shown with the Statefunds which they supplement.

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

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

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

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

Program Presentation

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

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

Narrative—Describes program services and activities.

Program Recommendations—Identifies the increases or decreases over the available year funds 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 is a Character of Expenditure — A classification of appropriations according to their general purpose. Other characters of expenditure are institutional, grants and subsidies, capital improvements and debt service.

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

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

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

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

GENERAL FUND:

General Government:

General Government Operations

(F) Historic Preservation

(F) Intermodal Surface Transportation Safety Act

(F) Railroad Museum Improvement

(F) Erie Maritime Center

(A) Historic Preservation Fund

(R) Keystone Fund

Subtotal

Records and Management Information

Maintenance Program

Subtotal - State Funds

Subtotal - Federal Funds

Subtotal - Augmentations

Total - General Government

Grants and Subsidies:

Museum Assistance Grants

University of Pennsylvania Museum

Carnegie Museum of Natural History

Franklin Institute Science Museum

Academy of Natural Sciences

Carnegie Science Center

Afro-American Historical and Cultural Museum

Museum of Scientific Discovery

Total - Grants and Subsidies

STATE FUNDS

FEDERAL FUNDS

AUGMENTATIONS

GENERAL FUND TOTAL

KEYSTONE RECREATION, PARK AND CONSERVATION FUND:

Grants and Subsidies:

Historic Site Development - Bond Proceeds

Historic Site Development - Realty Transfer Tax

Total - Grants and Subsidies

KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL

OTHER FUNDS:

GENERAL FUND:

Historic Preservation Act of 1966

HISTORICAL PRESERVATION FUND:

Historic Preservation Fund

DEPARTMENT TOTAL - ALL FUNDS

GENERAL FUNDS

SPECIAL FUNDS

FEDERAL FUNDS

AUGMENTATIONS

OTHER FUNDS

TOTAL ALL FUNDS

Land and Museum Commission

Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
.....	\$ 15,354	\$ 16,794	\$ 18,891
.....	1,059	1,100	1,000
.....	52	47	0
.....	312	1,312	0
.....	50	50	10
.....	435	400	400
.....	0	230	232
.....	<u>\$ 17,262</u>	<u>\$ 19,933</u>	<u>\$ 23,291</u>
.....	<u>\$ 450</u>	<u>\$ 444</u>	<u>\$ 0</u>
.....	<u>\$ 944</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
.....	\$ 16,748	\$ 18,238	\$ 19,891
.....	1,473	2,509	1,010
.....	435	630	632
.....	<u>\$ 18,656</u>	<u>\$ 21,377</u>	<u>\$ 21,533</u>
.....	<u>\$ 4,930</u>	<u>\$ 5,400</u>	<u>\$ 4,000</u>
.....	181	181	181
.....	181	181	181
.....	547	547	547
.....	335	335	335
.....	181	181	181
.....	256	256	256
.....	100	100	100
.....	<u>\$ 6,711</u>	<u>\$ 7,181</u>	<u>\$ 5,781</u>
.....	<u>\$ 23,459</u>	<u>\$ 25,419</u>	<u>\$ 25,672</u>
.....	1,473	2,509	1,010
.....	435	630	632
.....	<u>\$ 25,367</u>	<u>\$ 28,558</u>	<u>\$ 27,314</u>
.....	\$ 3,403	\$ 0	\$ 0
.....	6,341	4,555	4,646
.....	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
.....	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
.....	<u>\$ 930</u>	<u>\$ 80</u>	<u>\$ 80</u>
.....	<u>\$ 4,301</u>	<u>\$ 6,500</u>	<u>\$ 5,500</u>
.....	\$ 23,459	\$ 25,419	\$ 25,672
.....	9,744	4,555	4,646
.....	1,473	2,509	1,010
.....	435	630	632
.....	5,231	6,580	5,580
.....	<u>\$ 40,342</u>	<u>\$ 39,693</u>	<u>\$ 37,540</u>

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

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, Farm Products Show, Fish, Game, Keystone Recreation, Park, and Conservation, Lottery, Milk Marketing and Racing funds.

Identifies one of a group of special funds which are presented on a limited basis in Section H: Other Special Funds.

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

Program Presentation

Each Program Presentation provides a written and financial explanation of the activities of the program. Recommendations for the continuation of current programs at essentially current levels of commitment are shown within department program subcategories. Recommendations for major program changes in 1998-99 are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

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

Program Measures:

Historic Preservation

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

The measure "Commission buildings undergoing improvement" because 1) all bond funds under the Keystone Recreation, Park and Historic Resources Act, Act of June 30, 1997 and 2) revised approach to managing maintenance.

Program Recommendations:

This budget

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

Appropriations within this Program:

	1996-97 Actual	1997-98 Available
GENERAL FUND:		
General Government Operations	\$ 15,354	\$ 16,794
Records and Management Information	450	4444
Maintenance Program	944	1,000
TOTAL GENERAL FUND	\$ 16,748	\$ 18,238

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.



Historical and Museum Commission

Identifies the agency being presented.

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

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

on

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

Program Element: Historic Preservation

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

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

Narrative — Describes program services and activities.

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

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

ent" has been reduced substantially from last year's budget
 rk and Conservation Fund are anticipated to be expended by
 ance projects.

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

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

(Dollar Amounts in Thousands)

	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 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

Budget Basis of Accounting

The Commonwealth's Constitution requires that the Governor submit a budget annually to be adopted by the General Assembly for the ensuing fiscal year. The General Assembly may add, change or delete any items in the budget proposed by the Governor, but the Governor retains veto power over the individual appropriations passed by the General Assembly. The Governor may also reduce individual appropriations, but may not increase them. A gubernatorial veto can be overridden only by a two-thirds majority of each House of the General Assembly.

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

Budgetary control is exercised at the appropriation level (legislative spending authority level). Encumbrances and expenditures cannot exceed appropriated amounts. Appropriation transfers between departments and any supplemental appropriations require both executive and legislative branch approval. Unencumbered and unexpended appropriations return to the fund balance at fiscal year end and become available for appropriation in the subsequent year. On the budgetary basis of accounting, certain estimated tax revenue accruals are recorded at fiscal year end for the General Fund and the Motor License Fund, a Special Revenue Fund. Accruals include sales and use taxes and personal income taxes, both applicable to the General Fund, and liquid fuels taxes applicable to the Motor License Fund, which are estimated to be owed to the Commonwealth but not collected at fiscal year end. Also, estimated encumbrances are established for all funds at fiscal year end to pay certain direct expenditures for salaries, wages, travel, and utility costs payable against current year appropriation authority but expended in the subsequent year. Over-estimates of prior year encumbrances are lapsed in the subsequent year and under-estimates are charged to subsequent year appropriations.

Budgets are statutorily adopted each fiscal year for the General Fund and the following Special Revenue Funds: State Lottery, Motor License and Workmen's Compensation Administration.

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.

Terms Used in the Budget Process

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

Augmentation: Monies such as institutional billings or fees which are credited to a specific appropriation of State revenues. An augmentation can usually be spent for those purposes authorized for the appropriation which 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 Pennsylvania Constitution 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 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. Most of the capital budget projects in the past have been paid from monies raised 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 which may occur at the end of a fiscal year, whereby expenditures for a fiscal year exceed the actual cash intake of 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 which represents an expenditure pursuant to a contract, a purchase order, or a known demonstrable bill but where an actual disbursement has not been made. In accrual accounting it is treated as a debit against the appropriation in the same manner as a disbursement of cash.

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

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

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. Definition of years:

Actual Year – Includes all expenditures and encumbrances chargeable to that fiscal year as of June 30 of the previous year plus any supplementals enacted after June 30. In the case of continuing appropriations, the actual figure will also include any available balances. For non-appropriated and non-executively authorized restricted receipts and restricted revenues, it reflects expenditures only.

Available (Current) Year – State funds include amounts appropriated to date and supplemental appropriations recommended in this Budget. In the case of Federal funds, the best estimate currently available. 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.

General Appropriation Bill: A single piece of legislation containing numerous individual appropriations. The General Appropriation Bill 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 bills 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.

Item Veto: The Pennsylvania Constitution 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 moneys from an appropriation or executive authorization to the fund from which the money originally came. 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 Constitution. Such expenditures include payment of public debt.

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

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

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

Operating Budget: The operating budget is that portion of the State Budget which 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 Measure: A general term applied to any of the substantive measures found in the agency programs. Included are impacts, outputs and need and/or demand estimators.

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

Restricted Receipts: Monies which are 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 which, when received, are designated either by law or by administrative decision for specific purposes. The revenues are deposited in the General Fund or in certain special funds. 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: Motor License Fund, Game Fund and Boat Fund.

Surplus: A fiscal condition which may occur at the end of a fiscal year, whereby expenditures are less than the actual intake of revenues during the same period. The surplus funds become available for appropriation for the following year.

Federal Funds Identification

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

ADA	Americans with Disabilities Act
AFDC	Aid to Families with Dependent Children
ARC	Appalachian Regional Commission
BG	Block Grant
CCDBG	Child Care and Development Block Grant
CCDFBG	Child Care and Development Fund Block Grant
CSBG	Community Services Block Grant
DCSI	Drug Control and Systems Improvement
DFSC	Safe and Drug Free Schools and Communities Act
DOE	Department of Energy
ECIA	Education Consolidation and Improvement Act
ECIBG	Education Consolidation and Improvement Block Grant
EDA	Economic Development Administration
EEOC	Equal Employment Opportunity Commission
EPA	Environmental Protection Agency
EPCA	Energy Policy and Conservation Act
ESEA	Elementary and Secondary Education Act
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
GED	General Education Development
HHS	Health and Human Services
HUD	Department of Housing and Urban Development
JTPA	Job Training Partnership Act
LIHEABG	Low-Income Home Energy Assistance Block Grant
LSCA	Library Services Construction Act
LWCF	Land and Water Conservation Fund
MA	Medical Assistance
MAGLOCLN	Middle Atlantic Great Lakes Organized Crime Law Enforcement Network
MCH	Maternal and Child Health
MCHSBG	Maternal and Child Health Services Block Grant
MH/MR	Mental Health/Mental Retardation Services
MHSBG	Mental Health Services Block Grant
NEA	National Endowment for the Arts
NOAA	National Oceanic and Atmospheric Administration
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
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
TANFBLG	Temporary Assistance to Needy Families Block Grant
WIC	Women, Infants and Children Program
YDC	Youth Development Center



Governor's Executive Budget

OVERVIEW
AND
SUMMARIES

OVERVIEW

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

GOVERNOR'S MISSION STATEMENT

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

GOAL: STRENGTHENING FAMILIES AND COMMUNITIES

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

GOAL: MAKING GOVERNMENT USER FRIENDLY AND CUSTOMER FOCUSED

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

GOAL: CREATING ECONOMIC OPPORTUNITY

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

GOAL: LIFETIME LEARNING

To create a quality, results-oriented educational system of **lifetime learning** which provides all Pennsylvanians with the skills and abilities to succeed and excel in a rapidly changing world.

GOAL: PROTECTING OUR HOMES AND COMMUNITIES

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

GOAL: BUILDING A NEW ENVIRONMENTAL PARTNERSHIP

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

GOAL: ESTABLISHING AND MAINTAINING A FIRST-RATE INFRASTRUCTURE

To **establish and maintain a first-rate infrastructure** which unites roads, rails, waterways, airports and information networks linking goods, services, people and ideas to our communities and to world markets.

To accomplish these goals, Governor Ridge, in his annual budget proposals, has pursued a conservative, disciplined strategy of fiscal management which includes: targeted tax cuts for individuals and business, controlled State spending and personnel complement levels, managed long-term debt, and increased Rainy Day reserve funds.

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

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

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

The Administration's efforts to tightly control the issuance of additional long-term debt and its success in improving the Commonwealth's financial position has resulted in the first increase in the Commonwealth's bond rating in 11 years, upgraded by Moody's Investors Service to "Aa3" and by Fitch IBCA to "AA". A critical factor in the bond rating upgrades was the improved financial condition of the Commonwealth. Through conservative and disciplined fiscal management, the Commonwealth has ended each of the past three years with a budget surplus. A total of 15% of the annual General Fund budget surplus is earmarked for deposit into the Rainy Day Fund, a reserve fund which can be accessed to stabilize the Commonwealth budget during severe economic downturns. Between 1994-95 and 1997-98, the balance in the Rainy Day Fund increased by \$367 million (or 554 percent) from \$66.3 million to \$433.3 million, and it is anticipated that an additional \$32 million will be transferred to the Rainy Day Fund from the 1997-98 June 30 closing balance.



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

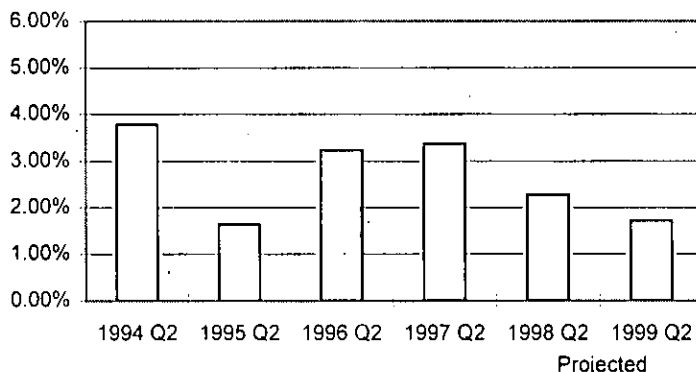
The reader is referred to the 1998-99 Program Policy Direction and Budget Themes portion of the Overview and Summaries section for a discussion of the budget direction given agencies for a summary of Program Revision Recommendations included in the 1998-99 Governor's Executive Budget. The reader is also referred to the 1998-99 Budget-in-Brief, a separate publication, for summary information on the 1998-99 Governor's Executive Budget, including recommended tax relief proposals for individuals and business and recommended program changes and funding amounts in pursuit of the Administration's mission and goals for the Commonwealth.

ECONOMIC OUTLOOK

The economic assumptions used to produce many of the tax revenue estimates in this budget were obtained from the WEFA Group, Eddystone, Pennsylvania, a private economic forecasting and consulting firm. The national forecast scenario described by the WEFA Group as a lower growth scenario was selected by the Commonwealth as the most appropriate of the forecast scenarios prepared by the WEFA Group. Compared to the baseline scenario, the lower growth scenario uses assumptions about economic trends that are more conservative. Other scenarios available from the WEFA Group are described as higher growth, cyclical, and high growth with low inflation. Over the past several fiscal years the Commonwealth has relied on the lower growth scenario to estimate revenues.

The nation's economy in 1997 out-performed most forecasts prepared a year ago. It is likely that economic growth for 1997 will turn out to be the most rapid since 1988. The economy's strength and momentum overcame potential issues that could have caused growth to stall during the year. As 1998 begins, the national economic outlook is for the current momentum to carry the economic expansion longer, for inflation to remain quite modest, for employment to continue to rise, and for incomes to grow. However, the pace at which growth will take place will slow and the national economy will not perform as well as it did in 1997. Even the most optimistic economic forecasts expect gross domestic product to grow slower in 1998 than it did in 1997. In fact, the slowing has been underway since the first quarter of 1997 when gross domestic product growth peaked at 4.9 percent.

Chart 1
REAL GROSS DOMESTIC PRODUCT
Growth Over Prior Year Second Quarter

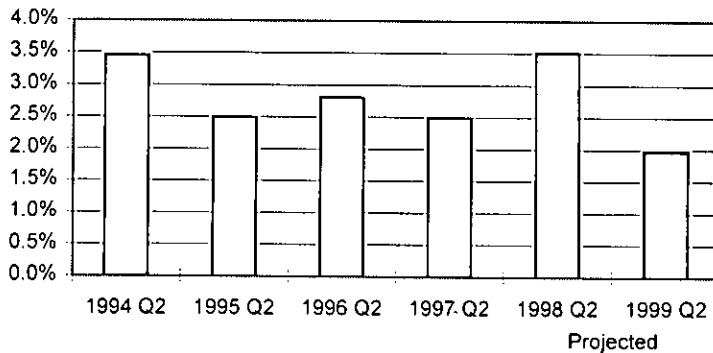


The almost universal concern in current short-term economic forecasts is the impact of the currency and banking problems facing the economies of East Asia. The currency of many of these countries has been sharply devalued relative to the U.S. dollar and economic activity has slowed in these countries. The impact of economic conditions in East Asia on the U.S. economy will be through reduced exports to these countries and increased imports as currency devaluations

change relative prices of imported products. The WEFA Group's lower growth forecast is shaped by assumptions that the currency problems will also afflict the Latin American countries, Europe's economic recovery will be delayed, business will sharply curtail investment in technology, and the U.S. consumer will turn decidedly cautious. As shown in Chart 1, national economic growth is forecast to drop below an annual rate of 2 percent for the 1998-99 fiscal year. Another negative risk to the economy is the potential for a significant decline in the equity market. Corporate profits will be squeezed by labor costs pushed higher by a tight labor market, slowing productivity gains, and pressures on prices from import competition. A marked weakening of the equity markets could undermine consumption and capital investment, leading to further economic weakness. Despite the softness projected for the national economy, there is no expectation for a recession to develop.

The lower growth scenario portrays an economy that settles into a pattern of growth lower than recent quarters and below its long-run potential for growth. The effect of the softer economy is reflected especially in the actions by consumers. Consumers are forecast to turn cautious in

Chart 2
PERSONAL CONSUMPTION EXPENDITURES
Growth Over Prior Year Second Quarter

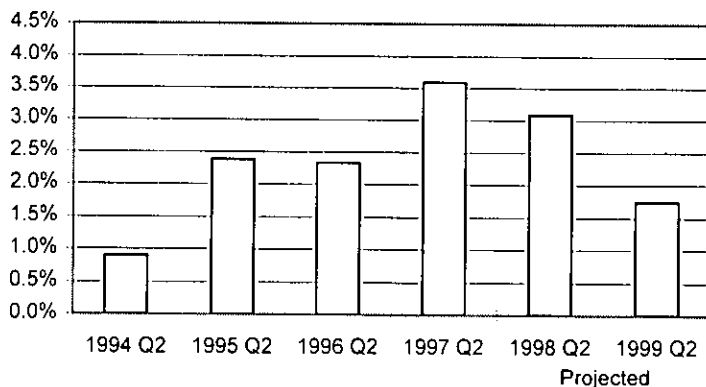


response to lower income growth. Chart 2 graphically portrays the magnitude of the forecast decline in fiscal year 1998-99. The gain shown for fiscal 1997-98 is largely a result of the gains achieved in 1997. Slower consumer spending growth causes sales of motor vehicles to decline to an annual rate of 13.1 million by early 1999, a level not seen since early in the recovery from the 1990-91 recession. A slowdown in consumer spending also

leads to falling housing starts. Between 1997 and 1999, housing starts are forecast to drop by almost nine percent. Responding to slower spending by consumers and its negative effect on corporate profits, business slows its spending on investment and trims hiring. Total jobs continue to grow in the lower growth scenario, but the pace is not fast enough to prevent the unemployment rate from slowly climbing to 5.3 percent by the second calendar quarter of 1999. Competition from imported goods made cheaper by currency valuations helps to keep inflation close to two percent per year through the first half of 1998. As the effects of East Asia's economy on the U.S. dissipate, inflation is forecast to increase slightly to an annual rate of 2.5 percent by the end of the 1998-99 fiscal year. The combination of modest inflation and slow economic growth will keep interest rates close to current levels. A favorable interest rate environment provides

support to credit sensitive areas of the economy such as homebuilding, motor vehicles and business investment which help underpin the economy.

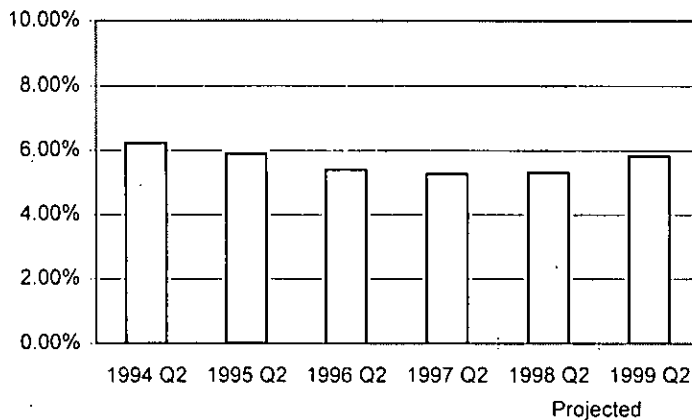
Chart 3
PA REAL PERSONAL INCOME
Growth Over Prior Year Second Quarter



Pennsylvania shared in the economic strength of the 1997 national economy. It was the fastest growing state of the Middle Atlantic states. The Pennsylvania economy performed better than it did in recent years. Through November, nine of the



Chart 4
PA UNEMPLOYMENT RATE



months during 1997 recorded record highs for the number of jobs and the unemployment rate will likely record its lowest annual average since 1989. Slowing growth in the national economy means that the Pennsylvania economy will also slow. Pennsylvania will grow at a rate close to the national average, an improvement over years prior to 1997 when its growth was among the lowest of the states. An improved business climate, no heavy reliance on exports to Asia, and the recent

economic strength of the entire Northeast region support this conclusion. Chart 3 displays actual and forecast growth rates for Pennsylvania real personal income through fiscal year 1998-99. The strength of the Pennsylvania economy during the 1996-97 fiscal year is quite evident in this chart. In line with the lower growth scenario by the WEF Group, subsequent fiscal year gains are smaller, but remain larger than the increase realized during the 1993-94 fiscal year. The effect of the slowing economy forecast for the nation and the state is also shown in changes in the unemployment rate. Chart 4 plots the actual and forecast average unemployment rate for Pennsylvania for the second quarter of each year shown. Although the forecast slowing of the economy is anticipated to begin during the 1997-98 fiscal year, the chart shows the normal delayed effect on changes in unemployment. As Chart 4 shows the unemployment rate is not forecast to rise until the 1998-99 fiscal year.

SUMMARY OF MAJOR OPERATING FUNDS

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

The General Fund is the Commonwealth's largest operating fund. It receives all tax revenues, non-tax revenues and Federal grants and entitlements not specified by law to be deposited elsewhere. The General Assembly makes appropriations of specific amounts from tax revenues and certain non-tax revenues of the General Fund. These amounts are contained in this budget as General Fund revenues. The major tax sources for the General Fund are the sales tax enacted in 1953, the personal income tax enacted in 1971 and the corporate net income tax, which in its present form dates back to 1935.

Tax revenues in the General Fund constitute over 97 percent of annual General Fund revenues. Three taxes account for the majority of General Fund tax revenues. The corporate net income, the sales and use, and the personal income taxes together provide over 78 percent of annual General Fund revenues. For non-tax revenues, the largest single source is interest earnings. Another important source of non-tax revenue is statutory transfers of amounts from special funds of the Commonwealth. The largest of these is the transfer of excess profits from the State liquor store system.

For the five fiscal years ending with fiscal year 1996-97, total General Fund revenues grew by 18.4 percent, an annual rate of 4.3 percent. The fastest growing major tax revenue sources during this period were the financial institutions taxes, the sales and use tax, the personal income tax and the corporate net income tax. Except for the financial institutions taxes, these taxes are the largest revenue producers for the General Fund. The rate of growth for revenues during the period understated the growth in the tax base due to the enactment of several tax rate and tax base changes that reduced receipts. Non-tax revenue sources during this period increased by over 36 percent, significantly larger than the increase in tax revenues. All non-tax revenue sources contributed to the large growth in non-tax receipts. Miscellaneous receipts, led by interest earnings on General Fund investments, also grew substantially during the period. Generally, larger available cash balances due to improved financial performance were responsible for the increase.

Receipts from the personal income tax in recent fiscal years have been helped by a growing Pennsylvania economy. Personal income tax collections over the past three completed fiscal years have averaged 5.7 percent annual growth and have exceeded each year's estimate. The unanticipated strength of receipts from the personal income tax continues in the current fiscal year. Current fiscal year estimates have been increased \$213.7 million, raising the anticipated growth rate for the fiscal year to 5.0 percent from a 1.3 percent growth projected at the time of the adoption of the budget. The anticipated slowing of national economic growth in 1998 with the expected accompanying slowdown in employment growth is anticipated to cause personal income tax growth to drop to 3 percent for fiscal year 1998-99. Estimates for the personal income tax are developed from a regression equation that uses forecasts of national wages, salaries, interest, dividends and rents.

The sales and use tax is levied on items used by consumers and items used by businesses. The largest single category of tax items is motor vehicles. Recently, annual growth rates for this tax have varied significantly from a low of 2.8 percent in fiscal year 1995-96 to 7.9 percent in fiscal year 1994-95. The growth rate for the motor vehicle component of the tax varied over an even larger range that included a negative 0.6 percent rate in fiscal year 1995-96. Economic patterns for consumer purchases are a significant determinant of sales and use tax receipts. For fiscal year 1997-98 to-date, sales and use tax receipts from the sale of motor vehicles have been above estimate although total sales and use tax receipts are below estimate. Accordingly, the estimate for motor vehicle sales tax receipts has been raised from 3.1 percent growth to 4.8 percent and the growth rate for the non-motor vehicle portion has been cut by more than a third to 0.5 percent. Total sales and use tax receipts growth is 1.1 percent. The rate is 2.4 when receipts are adjusted for a newly enacted annual transfer of \$75 million of sales and use tax receipts to a special fund. For fiscal year 1998-99, the expectation for economic growth to continue and the elimination of the one-time effect of the \$75 million transfer is estimated to produce a growth rate of 3.4 percent. Estimates for the sales and use tax are developed from a regression equation that use forecasts of national consumer expenditures on durable goods, national consumption on new and used motor vehicles and the Pennsylvania unemployment rate.

The largest single General Fund tax on business is the corporate net income tax. The robust gains in corporate profits during the middle portion of the 1990's allowed receipts from the corporate net income tax to increase since 1993 despite enacted reductions in the tax rate from 12.25 percent in 1993 to the current rate of 9.99 percent. 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 variations 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. Receipts for fiscal year 1997-98 are projected to decline by 2.3 percent over receipts during the prior fiscal year. Current fiscal year to-date receipts are very close to estimate and no change has been made to the current fiscal year estimate. Receipts for fiscal year 1998-99 are estimated to increase slightly, by 1.7 percent, smaller than any other positive growth rate recorded during the 1990's. Estimates for the corporate net income tax are developed from a regression equation that uses forecasts of national before-tax corporate profits.



The Governor's proposed fiscal year 1998-99 budget includes tax reductions totaling \$128.1 million for the fiscal year. The components of the proposed tax changes are:

- **Expansion of Tax Forgiveness** – The number of people qualifying for personal income tax forgiveness will increase by approximately 367,000 individuals by raising the income limits that establish qualification for full or partial forgiveness. The estimated fiscal year 1998-99 cost is \$54.1 million.
- **Reduce Capital Stock and Franchise Tax Rate** – The current tax rate of 12.75 mills will be reduced to 12.25 mills. The estimated fiscal year 1998-99 cost is \$46.2 million.
- **Extend the Net Operating Loss Recovery Period** – The period of time over which corporate net income taxpayers may deduct a net operating loss from taxable income will be gradually increased from three (3) years to ten (10) years for tax years beginning in 1998. The estimated fiscal year 1998-99 cost is \$17.8 million.
- **Increase Job Creation Tax Credit** – The current \$15 million annual cap on credits will be increased to \$20 million. The estimated fiscal year 1998-99 cost is \$5 million.
- **Establish Keystone Opportunity Zones** – Twelve geographical areas in economically distressed urban and rural communities will be designated as tax-free or virtually tax-free zones. The estimated fiscal year 1998-99 cost is \$5.0 million.

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 1998-99 is \$17.8 billion, an increase of \$518 million or 3 percent. Major program expenditures occur in the area of State correctional institutions, economic development, education, and public health and welfare.

State Correctional Institutions: The fiscal year 1998-99 Budget recommends \$1.03 billion, a 5.8 percent increase for the State correctional institutions. This area has shown a constant upward trend in cost in recent years. From 1994-95 to 1998-99 total costs have grown from \$731 million, an increase of 43 percent. This is due to the continuing rise in inmate population in the State correctional institutions which has grown from 28,302 inmates in 1994-95 to an estimated 34,878 inmates in 1998-99, an increase of 6,576 or 23 percent in four years.

Basic Education: The financing of 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 subsidy school payments for basic instruction, vocational education, debt service, pupil transportation, employe retirement programs including social security and various special education programs.

The largest such subsidy is the Basic Education funding subsidy which provided nearly 59 percent of all Commonwealth aid to local schools in 1997-98. The Governor's 1998-99 Budget proposes almost \$3.6 billion for Basic Education funding. This is an increase of almost \$121 million or 3.5 percent.

The proposed budget for 1998-99, detailed in the Department of Education presentation in Section E, includes over \$5.5 billion in direct support of public schools, an increase of 3.8 percent.

Higher Education: Higher education in Pennsylvania is provided through 232 degree granting institutions which include the fourteen universities of the State System of Higher Education (SSHE), four State-related universities, community colleges and various other independent institutions. In 1997-98, over \$1.57 billion is appropriated for higher education. The recommended budget for 1998-99 proposes over \$1.63 billion for higher education, an increase of \$60 million or 3.8 percent which also includes a \$17.5 million, or 7 percent increase, to provide grants (scholarships) to students.



Public Health and Welfare: The Commonwealth provides temporary support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with mental and physical disabilities and supports programs to prevent or reduce social, mental and physical disease and disabilities. For 1997-98, the total public health and human services expenditures from all sources was \$14.6 billion. For 1998-99, \$15.2 billion has been proposed for these programs, an increase of 4.6 percent. In 1998-99, the amount from the General Fund will be \$6.2 billion which is an increase of \$188 million or 3.2 percent.

The Medical Assistance program is the largest component of the public health and welfare expenditures. It continues to grow but at a slower rate. This reduction is a result of the implementation of policies and initiatives during this Administration designed to restrain costs and limit eligibility. Expenditures increased during the period from fiscal year 1986-87 through fiscal year 1996-97 by an annual average rate of 12.7 percent. The rate of growth from 1994-95 to 1998-99 is only 3.5 percent. The 1997-98 General Fund amount available is \$2.65 billion and the 1998-99 Budget proposes appropriations totaling \$2.81 billion, an increase of 6.1 percent.

The increase for 1998-99 reflects normal inflationary increases for the inpatient programs, managed care and long-term nursing home care. The budget proposes the expansion of mandatory Medical Assistance managed care in the ten-county southwestern region beginning in January, 1999.

Income maintenance or cash assistance payments to families in transition to independence and self-sufficiency totaled \$1.1 billion for 1996-97. The 1998-99 Budget proposes a total budget of \$897 million. However, the Commonwealth's General Fund appropriation is reduced from \$523 million to \$256 million. The 1998-99 Budget reflects the first full year of welfare reform as authorized by Congress. Cash assistance is time limited and participation in work activities will be required to maintain eligibility after March 1999.

The 1998-99 budget continues the policy of supporting the maximum level of independence for people with mental retardation and mental health disabilities. In 1994, the State supported 10,416 institutional beds. By June 1999, that will be reduced to 6,348, a reduction of 39 percent. The community care budgets will have grown by \$106 million, an increase of 20 percent.

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

Motor License Fund

The Motor License Fund is one of the special revenue funds of the Commonwealth and a major operating fund of the Commonwealth. It is the fund that receives most of the revenues required by the Commonwealth's Constitution 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 taxes, operators' license fees and other 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 revenues.

Liquid fuels taxes provide approximately 55 percent of total Motor License Fund revenues in fiscal year 1998-99. Revenues from liquid fuels taxes have increased only slightly over the past three fiscal years. For the three year period ending with fiscal year 1996-97, liquid fuels tax revenues increased by 2.9 percent, with most of the gain occurring in fiscal year 1996-97 as an indirect consequence of an increase in tax rates enacted in April 1997. The tax rate increase affected the various taxes on liquid fuels. However, all of the revenue from the tax rate increase was dedicated to specific highway purposes and are not included in the liquid fuels receipts shown in this budget.

Licenses and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources is small. For the three year period ending with fiscal year 1996-97, license and fee revenues increased by 2.7 percent. For fiscal year 1998-99 a 6.0 percent increase is forecast. Increased fees for various licenses effective during the fiscal year are largely responsible for this increase.

For the second year in a row, the budget for fiscal year 1998-99 recommends over a billion dollars for highway maintenance. More importantly the recently enacted revenue enhancements are permitting a shift in highway maintenance from the least costly and least effective "oil and chip" patch repairs to more substantial and desirable resurfacing and reconstruction methods. At the same time, the additional revenues are allowing more miles of roads to be repaired.

In addition to the above, improvements continue to be made in customer services at the Department of Transportation. The issuing of licenses and registrations has been decentralized, making it easier for the citizens of the Commonwealth to use these services. In addition, the time needed to issue licenses and registrations has been reduced.

Looking to the future, the Department is researching highway systems technology in such areas as intelligent transportation systems, advanced winter traffic equipment, improved maintenance materials and methods, 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.

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 partial rebate of the costs of pharmaceuticals.

The Pennsylvania State Lottery has reached a state of maturity where significant growth in sales cannot be expected. The total sales of lottery tickets are essentially flat or even declining slightly. (The financial statement printed in this document shows increased estimated revenues for 1998-99, primarily the result of an extra week of sales in this year.) Participation in the on-line games appears to be decreasing. Only when there are unusually large jackpots of several million dollars in the on-line games do ticket sales spurt higher, because either current players buy more tickets or others choose to play. This decrease is partially offset by the increased sales of popular Instant Game tickets, where games are changed often. To counter the trend of slipping revenues, aggressive marketing will be continued. At the same time, game strategies and frequencies are continually examined, with the goal of maintaining, if not increasing, the level of ticket sales.

The total costs of programs funded through the Lottery Fund continue to increase, a total of 10.3 percent since fiscal year 1994-95. The largest program in the Lottery Fund is the Pharmaceutical Assistance Contract for the Elderly (PACE) Program. This program provides pharmaceutical benefits to qualified older Pennsylvanians who face a growing burden from the cost of drugs required to maintain healthy productive lives. For 1998-99, \$260 million is provided to afford pharmaceutical assistance to 287,390 older Pennsylvanians. This is a \$43 million (19.8 percent) increase since fiscal year 1994-95. The second largest program in the Lottery Fund is the PENNCARE appropriation that provides in-home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid institutionalization. For 1998-99, \$181.4 million is provided for the PENNCARE program. This is a \$23.4 million (14.8 percent) increase since fiscal year 1994-95. Combined, these programs account for approximately 65 percent of total Lottery Fund program expenditures. There are two primary factors in the rising costs of programs; the increasing number of eligible older Pennsylvanians,

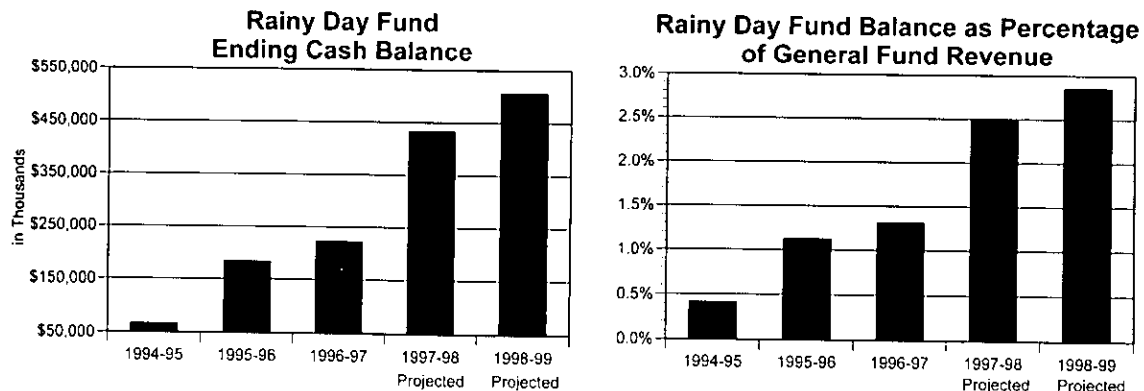


and the rapidly rising costs of pharmaceuticals. The eligible population cannot be controlled; however, there is a continual search for ways to control costs.

Rainy Day Fund

The Tax Stabilization Reserve Fund, commonly referred to as the Rainy Day Fund, was created in Act 32 of 1985 to promote greater continuity and predictability in the funding of vital government services. It also minimizes the need to increase taxes to balance the Commonwealth's budget during periods of economic distress. Revenue is provided through an annual transfer of 15 percent of the General Fund's fiscal year ending surplus and occasional nonrecurring transfers from the General Fund surplus and other funds as approved by the General Assembly. Appropriations out of the fund require approval by two-thirds of the members of the General Assembly. Act 10 of 1996 increased the amount of the General Fund year end surplus to be transferred to the Rainy Day Fund from 10 percent to 15 percent. An additional \$100 million transfer, above the 15 percent, was appropriated from the 1996-97 General Fund surplus and transferred during 1997-98 to the Rainy Day Fund.

The Rainy Day Fund balance is expected to exceed \$500 million once the 1998-99 transfer is completed. The Rainy Day Fund balance will then represent over 2.8 percent of General Fund revenues.



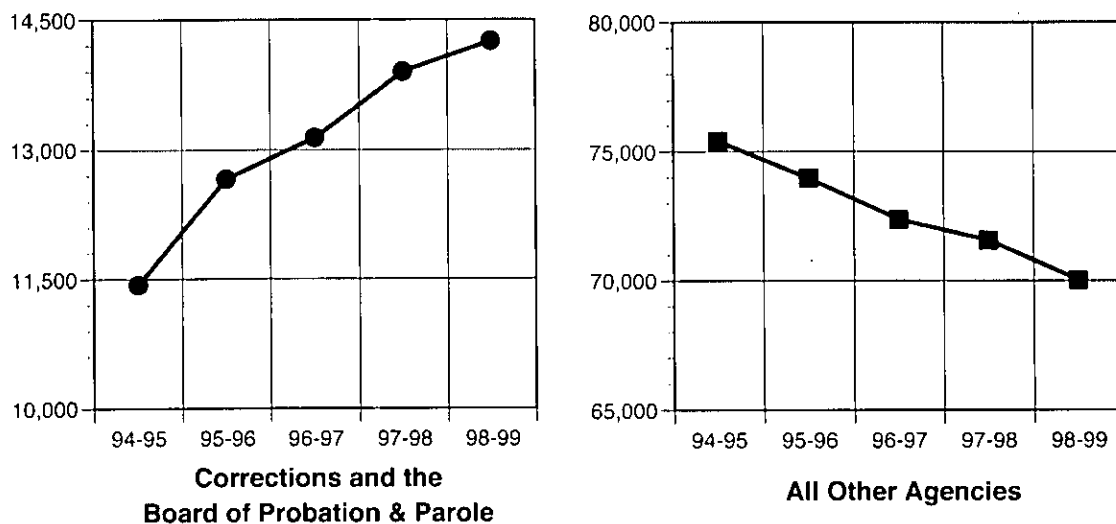
During this Administration, the balance in the Rainy Day Fund has increased six-fold and now approaches the 3 percent of General Fund revenues goal established in the original legislation in 1985. It is the policy of this Administration to continue strengthening the Rainy Day Fund.

Complement

A major component of any budget is the size of its workforce or complement. In Pennsylvania, a complement level (the number of full-time equivalent (FTE) salaried positions) is authorized by appropriation for each agency under the Governor's jurisdiction. A major objective of this Administration has been to maximize the use of existing complement levels and, where possible, to reduce the number of positions through improved efficiency and the use of technology, such as computers.

Pennsylvania has been very successful in achieving this goal. The total authorized FTE salaried complement has been declining since the Administration took office from 86,854 in January 1995 to a proposed level of 84,285 by June 30, 1999.

Authorized Salaried Complement



This budget proposes a net reduction of over 1,000 positions in the total salaried complement even after providing additional positions necessary for the Board of Probation & Parole and the State correctional institutions.

This overall decline in FTE salaried complement has been achieved during a period of significant growth in staff for the Board of Probation and Parole and the State correctional institutions. From January 1995 to June 1999 it is anticipated that the FTE salaried complement for the Board of Probation and Parole will grow from 666 to 915, an increase of 249, or 37 percent, while the State correctional institutions will grow from 10,768 to 13,340 or almost 24 percent. This is the result, in part, of the Governor's priority to strengthen law enforcement activities and increase public safety.

This policy of this Administration to continue restraining the total Commonwealth authorized salaried complement level while insuring the continued safety of its citizens is reflected in the 1998-99 Budget and is detailed in Section I Complement. The 1998-99 Budget estimates a total authorized complement by June 30, 1999 of 84,285 which is 1,191 or 1.4 percent below the current authorized level.



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

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 1996-97 actual year, 1997-98 available year, 1998-99 budget year and future year estimates. Additional information on revenues and expenditures is detailed in subsequent tables and in Section C of this budget.

General Fund

(Dollar Amounts in Thousands)

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Beginning Balance ^a	\$ 156,249	\$ 402,678	\$ 280,568	\$ 8,558	.....	.....	.....
Revenues.....	\$ 17,320,554	\$ 17,678,100	\$ 18,191,000	\$ 18,765,100	\$ 19,489,400	\$ 20,383,400	\$ 21,216,400
Adjustments ^b	-418,769	-601,600	-674,100	-682,800	-707,900	-733,300	-757,200
Funds Available.....	\$ 17,058,034	\$ 17,479,178	\$ 17,797,468	\$ 18,090,858	\$ 18,781,500	\$ 19,650,100	\$ 20,459,200
Expenditures.....	-16,466,648	-17,149,098	-17,787,400	-18,086,656	-18,359,317	-18,688,790	-19,020,870
Closing Balance.....	\$ 591,386	\$ 330,080	\$ 10,068	\$ 4,202	\$ 422,183	\$ 961,310	\$ 1,438,330
Less Transfer to Tax Stabilization Reserve Fund.....	-188,708	-49,512	-1,510	-630	-63,327	-144,197	-215,750
Ending Balance ^a	<u>\$ 402,678</u>	<u>\$ 280,568</u>	<u>\$ 8,558</u>	<u>\$ 3,572</u>	<u>\$ 358,856</u>	<u>\$ 817,113</u>	<u>\$ 1,222,580</u>

^aEnding balance not carried forward after 1999-00.

^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)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Beginning Balance.....	\$ 119,089	\$ 114,073	\$ 101,117	\$ 1,410	\$ 9,192	\$ 2,819	\$ 6,976
Receipts.....	1,628,494	1,821,210	1,826,980	1,844,684	1,863,677	1,883,588	1,903,225
Funds Available.....	\$ 1,747,583	\$ 1,935,283	\$ 1,928,097	\$ 1,846,094	\$ 1,872,869	\$ 1,886,407	\$ 1,910,201
Less Expenditures.....	-1,633,510	-1,834,166	-1,926,687	-1,836,902	-1,870,050	-1,879,431	-1,900,260
Ending Balance.....	<u>\$ 114,073</u>	<u>\$ 101,117</u>	<u>\$ 1,410</u>	<u>\$ 9,192</u>	<u>\$ 2,819</u>	<u>\$ 6,976</u>	<u>\$ 9,941</u>

Banking Department Fund

	(Dollar Amounts in Thousands)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Beginning Balance.....	\$ 3,844	\$ 5,684	\$ 6,672	\$ 7,603	\$ 8,418	\$ 9,293	\$ 10,246
Receipts.....	10,832	10,189	10,510	10,586	10,842	11,120	11,459
Funds Available.....	\$ 14,676	\$ 15,873	\$ 17,182	\$ 18,189	\$ 19,260	\$ 20,413	\$ 21,705
Less Expenditures.....	-8,992	-9,201	-9,579	-9,771	-9,967	-10,167	-10,370
Ending Balance.....	<u>\$ 5,684</u>	<u>\$ 6,672</u>	<u>\$ 7,603</u>	<u>\$ 8,418</u>	<u>\$ 9,293</u>	<u>\$ 10,246</u>	<u>\$ 11,335</u>

Boat Fund

	(Dollar Amounts in Thousands)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Beginning Balance.....	\$ 5,861	\$ 8,467	\$ 8,631	\$ 8,647	\$ 8,361	\$ 8,393	\$ 8,107
Receipts.....	11,771	10,741	9,721	8,531	9,017	8,870	9,376
Funds Available.....	\$ 17,632	\$ 19,208	\$ 18,352	\$ 17,178	\$ 17,378	\$ 17,263	\$ 17,483
Less Expenditures.....	-9,165	-10,577	-9,705	-8,817	-8,985	-9,156	-9,330
Ending Balance.....	<u>\$ 8,467</u>	<u>\$ 8,631</u>	<u>\$ 8,647</u>	<u>\$ 8,361</u>	<u>\$ 8,393</u>	<u>\$ 8,107</u>	<u>\$ 8,153</u>

^a Excludes restricted revenue.

Overview and Summaries

Seven Year Financial Statements By Fund

Farm Products Show Fund

	(Dollar Amounts in Thousands)						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Beginning Balance.....	\$ 745	\$ 958	\$ 502	\$ 11	\$ 13	\$ 15	\$ 17
Receipts.....	<u>4,756</u>	<u>4,477</u>	<u>4,550</u>	<u>4,550</u>	<u>4,550</u>	<u>4,550</u>	<u>4,550</u>
Funds Available.....	\$ 5,501	\$ 5,435	\$ 5,052	\$ 4,561	\$ 4,563	\$ 4,565	\$ 4,567
Less Expenditures.....	<u>-4,543</u>	<u>-4,933</u>	<u>-5,041</u>	<u>-4,548</u>	<u>-4,548</u>	<u>-4,548</u>	<u>-4,548</u>
Ending Balance.....	<u>\$ 958</u>	<u>\$ 502</u>	<u>\$ 11</u>	<u>\$ 13</u>	<u>\$ 15</u>	<u>\$ 17</u>	<u>\$ 19</u>

Fish Fund

	(Dollar Amounts in Thousands)						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Beginning Balance.....	\$ 9,586	\$ 12,384	\$ 13,940	\$ 14,015	\$ 13,962	\$ 13,848	\$ 13,679
Receipts.....	<u>38,437</u>	<u>41,001</u>	<u>37,580</u>	<u>36,895</u>	<u>37,566</u>	<u>38,251</u>	<u>38,949</u>
Funds Available.....	\$ 48,023	\$ 53,385	\$ 51,520	\$ 50,910	\$ 51,528	\$ 52,099	\$ 52,628
Less Expenditures.....	<u>-35,639</u>	<u>-39,445</u>	<u>-37,505</u>	<u>-36,948</u>	<u>-37,680</u>	<u>-38,420</u>	<u>-39,171</u>
Ending Balance.....	<u>\$ 12,384</u>	<u>\$ 13,940</u>	<u>\$ 14,015</u>	<u>\$ 13,962</u>	<u>\$ 13,848</u>	<u>\$ 13,679</u>	<u>\$ 13,457</u>

Game Fund

	(Dollar Amounts in Thousands)						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Beginning Balance.....	\$ 31,856	\$ 30,854	\$ 15,699	\$ 7,019	\$ 0	\$ 0	\$ 0
Receipts.....	<u>50,591</u>	<u>48,188</u>	<u>47,494</u>	<u>47,364</u>	<u>47,364</u>	<u>47,364</u>	<u>47,364</u>
Funds Available.....	\$ 82,447	\$ 79,042	\$ 63,193	\$ 54,383	\$ 47,364	\$ 47,364	\$ 47,364
Less Expenditures.....	<u>-51,593</u>	<u>-63,343</u>	<u>-56,174</u>	<u>-54,383</u>	<u>-47,364</u>	<u>-47,364</u>	<u>-47,364</u>
Ending Balance.....	<u>\$ 30,854</u>	<u>\$ 15,699</u>	<u>\$ 7,019</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Seven Year Financial Statements By Fund

Keystone Recreation, Park and Conservation Fund

	(Dollar Amounts in Thousands)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Beginning Balance.....	\$ 54,640	\$ 51,125	\$ 34,894	\$ 33,919	\$ 36,684	\$ 41,253	\$ 44,356
Receipts.....	48,134	68,433	39,211	41,719	47,689	51,277	55,938
Funds Available.....	\$ 102,774	\$ 119,558	\$ 74,105	\$ 75,638	\$ 84,373	\$ 92,530	\$ 100,294
Less Expenditures.....	-51,649	-84,664	-40,186	-38,954	-43,120	-48,174	-51,906
Ending Balance.....	<u>\$ 51,125</u>	<u>\$ 34,894</u>	<u>\$ 33,919</u>	<u>\$ 36,684</u>	<u>\$ 41,253</u>	<u>\$ 44,356</u>	<u>\$ 48,388</u>

Lottery Fund

	(Dollar Amounts in Thousands)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Beginning Balance.....	\$ 32,324	\$ 56,957	\$ 37,202	\$ 30,665	\$ 24,107	\$ 18,455	\$ 21,827
Add Reserve From Prior Year...	100,000	140,000	190,000	190,000	160,000	120,000	60,000
Receipts.....	956,423	921,106	923,949	905,672	902,937	900,073	897,311
Funds Available.....	\$ 1,088,747	\$ 1,118,063	\$ 1,151,151	\$ 1,126,337	\$ 1,087,044	\$ 1,038,528	\$ 979,138
Less Expenditures.....	-891,790	-890,861	-930,486	-942,230	-948,589	-956,701	-964,126
Less Reserve for Current Year	-140,000	-190,000	-190,000	-160,000	-120,000	-60,000	-10,000
Ending Balance.....	<u>\$ 56,957</u>	<u>\$ 37,202</u>	<u>\$ 30,665</u>	<u>\$ 24,107</u>	<u>\$ 18,455</u>	<u>\$ 21,827</u>	<u>\$ 5,012</u>

Milk Marketing Fund

	(Dollar Amounts in Thousands)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Beginning Balance.....	\$ 1,784	\$ 1,737	\$ 1,396	\$ 1,252	\$ 1,170	\$ 1,015	\$ 785
Receipts.....	2,250	2,186	2,344	2,346	2,346	2,346	2,346
Funds Available.....	\$ 4,034	\$ 3,923	\$ 3,740	\$ 3,598	\$ 3,516	\$ 3,361	\$ 3,131
Less Expenditures.....	-2,297	-2,527	-2,488	-2,428	-2,501	-2,576	-2,653
Ending Balance.....	<u>\$ 1,737</u>	<u>\$ 1,396</u>	<u>\$ 1,252</u>	<u>\$ 1,170</u>	<u>\$ 1,015</u>	<u>\$ 785</u>	<u>\$ 478</u>



Seven Year Financial Statements By Fund

Racing Fund

	(Dollar Amounts in Thousands)						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Beginning Balance.....	\$ 10,088	\$ 11,475	\$ 11,271	\$ 11,551	\$ 11,381	\$ 11,205	\$ 11,025
Receipts.....	19,278	19,394	20,176	20,176	20,176	20,176	20,176
Funds Available.....	\$ 29,366	\$ 30,869	\$ 31,447	\$ 31,727	\$ 31,557	\$ 31,381	\$ 31,201
Less Expenditures.....	-17,891	-19,598	-19,896	-20,346	-20,352	-20,356	-20,358
Ending Balance.....	<u>\$ 11,475</u>	<u>\$ 11,271</u>	<u>\$ 11,551</u>	<u>\$ 11,381</u>	<u>\$ 11,205</u>	<u>\$ 11,025</u>	<u>\$ 10,843</u>

Seven Year Department Summary by Fund

The following is a summary by department of 1996-97 expenditures, the 1997-98 amounts available, the 1998-99 amounts budgeted and future year estimates as presented in the 1998-99 Governor's Executive Budget for the General Fund and selected Special Funds.

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Governor's Office							
General Fund.....	\$ 6,532	\$ 6,859	\$ 7,065	\$ 7,206	\$ 7,350	\$ 7,497	\$ 7,647
Executive Offices							
General Fund.....	\$ 88,248	\$ 124,878	\$ 153,881	\$ 134,612	\$ 128,901	\$ 130,361	\$ 131,970
Lottery Fund.....	114	128	133	136	139	142	145
Motor License Fund.....	3,996	4,024	4,093	4,175	4,259	4,344	4,431
Department Total	\$ 92,358	\$ 129,030	\$ 158,107	\$ 138,923	\$ 133,299	\$ 134,847	\$ 136,546
Lieutenant Governor							
General Fund.....	\$ 915	\$ 991	\$ 1,024	\$ 1,045	\$ 1,066	\$ 1,087	\$ 1,109
Attorney General							
General Fund.....	\$ 54,922	\$ 58,466	\$ 60,473	\$ 61,679	\$ 62,909	\$ 64,163	\$ 65,443
Auditor General							
General Fund.....	\$ 40,077	\$ 41,417	\$ 42,819	\$ 43,661	\$ 44,520	\$ 45,397	\$ 46,291
Treasury							
General Fund.....	\$ 586,014	\$ 663,941	\$ 605,590	\$ 661,152	\$ 692,323	\$ 725,702	\$ 741,601
Lottery Fund.....	3	100	100	100	100	100	100
Racing Fund.....	0	10	10	10	10	10	10
Motor License Fund.....	124,994	124,624	121,318	109,964	91,955	71,543	53,309
Game Fund.....	0	5	5	5	5	5	5
Fish Fund.....	1	5	5	5	5	5	5
Banking Department Fund.....	0	5	5	5	5	5	5
Milk Marketing Fund.....	0	10	10	10	10	10	10
Farm Products Show Fund.....	0	5	5	5	5	5	5
Boat Fund.....	0	5	5	5	5	5	5
Department Total	\$ 711,012	\$ 788,710	\$ 727,053	\$ 771,261	\$ 784,423	\$ 797,390	\$ 795,055
Aging							
General Fund.....	\$ 18,411	\$ 19,194	\$ 19,678	\$ 19,684	\$ 19,690	\$ 19,696	\$ 19,703
Lottery Fund.....	395,946	416,722	447,193	459,306	461,925	466,239	469,823
Department Total	\$ 414,357	\$ 435,916	\$ 466,871	\$ 478,990	\$ 481,615	\$ 485,935	\$ 489,526
Agriculture							
General Fund.....	\$ 52,937	\$ 51,597	\$ 60,703	\$ 61,106	\$ 61,644	\$ 62,192	\$ 62,751
Racing Fund.....	17,597	19,384	19,677	20,124	20,126	20,126	20,124
Farm Products Show Fund.....	3,731	4,128	4,236	3,743	3,743	3,743	3,743
Department Total	\$ 74,265	\$ 75,109	\$ 84,616	\$ 84,973	\$ 85,513	\$ 86,061	\$ 86,618
Banking							
Banking Department Fund.....	\$ 8,678	\$ 8,886	\$ 9,251	\$ 9,436	\$ 9,625	\$ 9,818	\$ 10,014
Civil Service Commission							
General Fund.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Community and Economic Development							
General Fund.....	\$ 227,542	\$ 287,790	\$ 286,314	\$ 287,088	\$ 289,636	\$ 290,065	\$ 291,145

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Conservation and Natural Resources							
General Fund.....	\$ 79,264	\$ 83,420	\$ 87,728	\$ 90,089	\$ 92,345	\$ 94,048	\$ 95,784
Motor License Fund.....	0	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund.....	34,892	60,588	26,204	24,892	27,713	30,998	33,330
Department Total	\$ 114,156	\$ 145,008	\$ 114,932	\$ 115,981	\$ 121,058	\$ 126,046	\$ 130,114
Corrections							
General Fund.....	\$ 894,397	\$ 971,449	\$ 1,027,917	\$ 1,054,959	\$ 1,076,059	\$ 1,097,580	\$ 1,119,532
Education							
General Fund.....	\$ 7,026,739	\$ 7,230,710	\$ 7,399,113	\$ 7,369,652	\$ 7,396,726	\$ 7,426,162	\$ 7,456,764
Motor License Fund.....	1,279	1,526	1,556	1,556	1,556	1,556	1,556
Keystone Recreation, Park and Conservation Fund.....	6,711	13,586	8,740	8,965	9,984	10,976	11,910
Department Total	\$ 7,034,729	\$ 7,245,822	\$ 7,409,409	\$ 7,380,173	\$ 7,408,266	\$ 7,438,694	\$ 7,470,230
Emergency Management Agency							
General Fund.....	\$ 12,115	\$ 6,560	\$ 27,406	\$ 7,108	\$ 7,244	\$ 7,381	\$ 7,522
Environmental Protection							
General Fund.....	\$ 166,221	\$ 181,127	\$ 194,383	\$ 195,106	\$ 197,837	\$ 200,623	\$ 203,463
Motor License Fund.....	0	4,000	4,000	4,000	4,000	4,000	4,000
Department Total	\$ 166,221	\$ 185,127	\$ 198,383	\$ 199,106	\$ 201,837	\$ 204,623	\$ 207,463
Fish and Boat Commission							
General Fund.....	\$ 9	\$ 9	\$ 808	\$ 10	\$ 10	\$ 10	\$ 10
Fish Fund.....	20,689	22,621	22,436	22,885	23,343	23,810	24,286
Boat Fund.....	7,467	8,277	7,982	8,142	8,305	8,471	8,640
Keystone Recreation, Park and Conservation Fund.....	243	765	1	0	0	0	0
Department Total	\$ 28,408	\$ 31,672	\$ 31,227	\$ 31,037	\$ 31,658	\$ 32,291	\$ 32,936
Game Commission							
Game Fund.....	\$ 43,001	\$ 54,689	\$ 47,624	\$ 46,839	\$ 39,820	\$ 39,820	\$ 39,820
Keystone Recreation, Park and Conservation Fund.....	50	117	1	0	0	0	0
Department Total	\$ 43,051	\$ 54,806	\$ 47,625	\$ 46,839	\$ 39,820	\$ 39,820	\$ 39,820
General Services							
General Fund.....	\$ 90,337	\$ 101,940	\$ 97,232	\$ 96,704	\$ 98,657	\$ 100,262	\$ 102,285
Lottery Fund.....	219	205	196	200	204	209	214
Motor License Fund.....	27,253	27,257	20,264	23,269	25,274	25,279	25,284
Banking Department Fund.....	314	310	323	330	337	344	351
Department Total	\$ 118,123	\$ 129,712	\$ 118,015	\$ 120,503	\$ 124,472	\$ 126,094	\$ 128,134
Health							
General Fund.....	\$ 200,147	\$ 204,812	\$ 206,740	\$ 207,838	\$ 209,031	\$ 210,120	\$ 211,231
Higher Education Assistance Agency							
General Fund.....	\$ 280,830	\$ 297,916	\$ 314,354	\$ 314,354	\$ 314,354	\$ 314,354	\$ 314,354
Historical and Museum Commission							
General Fund.....	\$ 23,651	\$ 26,591	\$ 25,803	\$ 26,116	\$ 26,030	\$ 26,430	\$ 26,837
Keystone Recreation, Park and Conservation Fund.....	9,745	9,593	5,240	5,097	5,423	6,200	6,666
Department Total	\$ 33,396	\$ 36,184	\$ 31,043	\$ 31,213	\$ 31,453	\$ 32,630	\$ 33,503

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Housing Finance Agency							
General Fund.....	\$ 3,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Infrastructure Investment Authority							
General Fund.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Insurance							
General Fund.....	\$ 15,553	\$ 16,475	\$ 31,974	\$ 50,282	\$ 50,628	\$ 50,981	51,341
Labor and Industry							
General Fund.....	\$ 58,826	\$ 69,340	\$ 68,944	\$ 69,500	\$ 70,066	\$ 70,643	71,231
Military and Veterans Affairs							
General Fund.....	\$ 64,249	\$ 76,182	\$ 79,189	\$ 82,180	\$ 83,701	\$ 85,253	86,837
Milk Marketing Board							
General Fund.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Milk Marketing Fund.....	2,297	2,517	2,478	2,418	2,491	2,566	2,643
Department Total	\$ 2,297	\$ 2,517	\$ 2,478	\$ 2,418	\$ 2,491	\$ 2,566	2,643
Probation and Parole							
General Fund.....	\$ 69,310	\$ 74,497	\$ 78,861	\$ 79,404	\$ 80,755	\$ 82,134	83,424
Public Television Network							
General Fund.....	\$ 9,071	\$ 9,237	\$ 12,333	\$ 11,392	\$ 10,452	\$ 9,514	9,577
Public Welfare							
General Fund.....	\$ 5,363,170	\$ 5,550,559	\$ 5,733,291	\$ 5,980,359	\$ 6,145,631	\$ 6,359,573	6,589,043
Revenue							
General Fund.....	\$ 269,121	\$ 276,772	\$ 289,485	\$ 294,336	\$ 303,181	\$ 312,315	321,036
Lottery Fund.....	381,999	382,513	359,837	357,001	358,225	359,456	360,681
Racing Fund.....	294	204	209	212	216	220	224
Motor License Fund.....	11,033	16,883	15,553	15,794	16,040	16,291	16,547
Department Total	\$ 662,447	\$ 676,372	\$ 665,084	\$ 667,343	\$ 677,662	\$ 688,282	698,488
Securities Commission							
General Fund.....	\$ 2,136	\$ 2,135	\$ 2,071	\$ 2,112	\$ 2,154	\$ 2,197	2,241
State							
General Fund.....	\$ 3,398	\$ 4,577	\$ 4,287	\$ 4,418	\$ 4,513	\$ 4,570	4,649
State Employees' Retirement System							
General Fund.....	\$ 543	\$ 33	\$ 17,015	\$ 17,865	\$ 18,758	\$ 19,695	20,679
State Police							
General Fund.....	\$ 123,256	\$ 129,649	\$ 137,451	\$ 140,734	\$ 143,547	\$ 146,418	149,346
Motor License Fund.....	255,330	269,571	285,655	292,505	298,354	304,321	310,407
Department Total	\$ 378,586	\$ 399,220	\$ 423,106	\$ 433,239	\$ 441,901	\$ 450,739	459,753
Tax Equalization Board							
General Fund.....	\$ 1,233	\$ 1,219	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,354	1,381

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Transportation							
General Fund.....	\$ 278,953	\$ 297,782	\$ 298,269	\$ 298,419	\$ 298,553	\$ 298,691	\$ 298,648
Lottery Fund.....	113,509	121,222	123,027	125,487	127,996	130,555	133,163
Motor License Fund.....	1,209,625	1,423,966	1,473,248	1,384,639	1,427,612	1,451,097	1,483,726
Department Total	\$ 1,602,087	\$ 1,842,970	\$ 1,894,544	\$ 1,808,545	\$ 1,854,161	\$ 1,880,343	\$ 1,915,537
Legislature							
General Fund.....	\$ 181,136	\$ 203,193	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474
Judiciary							
General Fund.....	\$ 174,384	\$ 187,780	\$ 206,449	\$ 207,710	\$ 212,244	\$ 214,847	\$ 218,520
COMMONWEALTH TOTALS:							
General Fund	\$ 16,466,648	\$ 17,269,098	\$ 17,787,400	\$ 18,086,656	\$ 18,359,317	\$ 18,688,790	\$ 19,020,870
Lottery Fund	891,790	920,890	930,486	942,230	948,589	956,701	964,126
Racing Fund	17,891	19,598	19,896	20,346	20,352	20,356	20,358
Motor License Fund	1,633,510	1,872,851	1,926,687	1,836,902	1,870,050	1,879,431	1,900,260
Game Fund	43,001	54,694	47,629	46,844	39,825	39,825	39,825
Fish Fund	20,690	22,626	22,441	22,890	23,348	23,815	24,291
Banking Department Fund	8,992	9,201	9,579	9,771	9,967	10,167	10,370
Milk Marketing Fund	2,297	2,527	2,488	2,428	2,501	2,576	2,653
Farm Products Show Fund	3,731	4,133	4,241	3,748	3,748	3,748	3,748
Boat Fund	7,467	8,282	7,987	8,147	8,310	8,476	8,645
Keystone Recreation, Park and Conservation Fund ..	51,641	84,649	40,186	38,954	43,120	48,174	51,906
GRAND TOTAL	\$ 19,147,658	\$ 20,268,549	\$ 20,799,020	\$ 21,018,916	\$ 21,329,127	\$ 21,682,059	\$ 22,047,052

General and Special Funds

This table shows a summary by Commonwealth Programs of 1996-97 expenditures, the 1997-98 amounts available, the 1998-99 amounts budgeted and future year estimates as presented in the 1998-99 Governor's Executive Budget for the General Fund and selected Special Funds.

Seven Year Commonwealth Program Summary

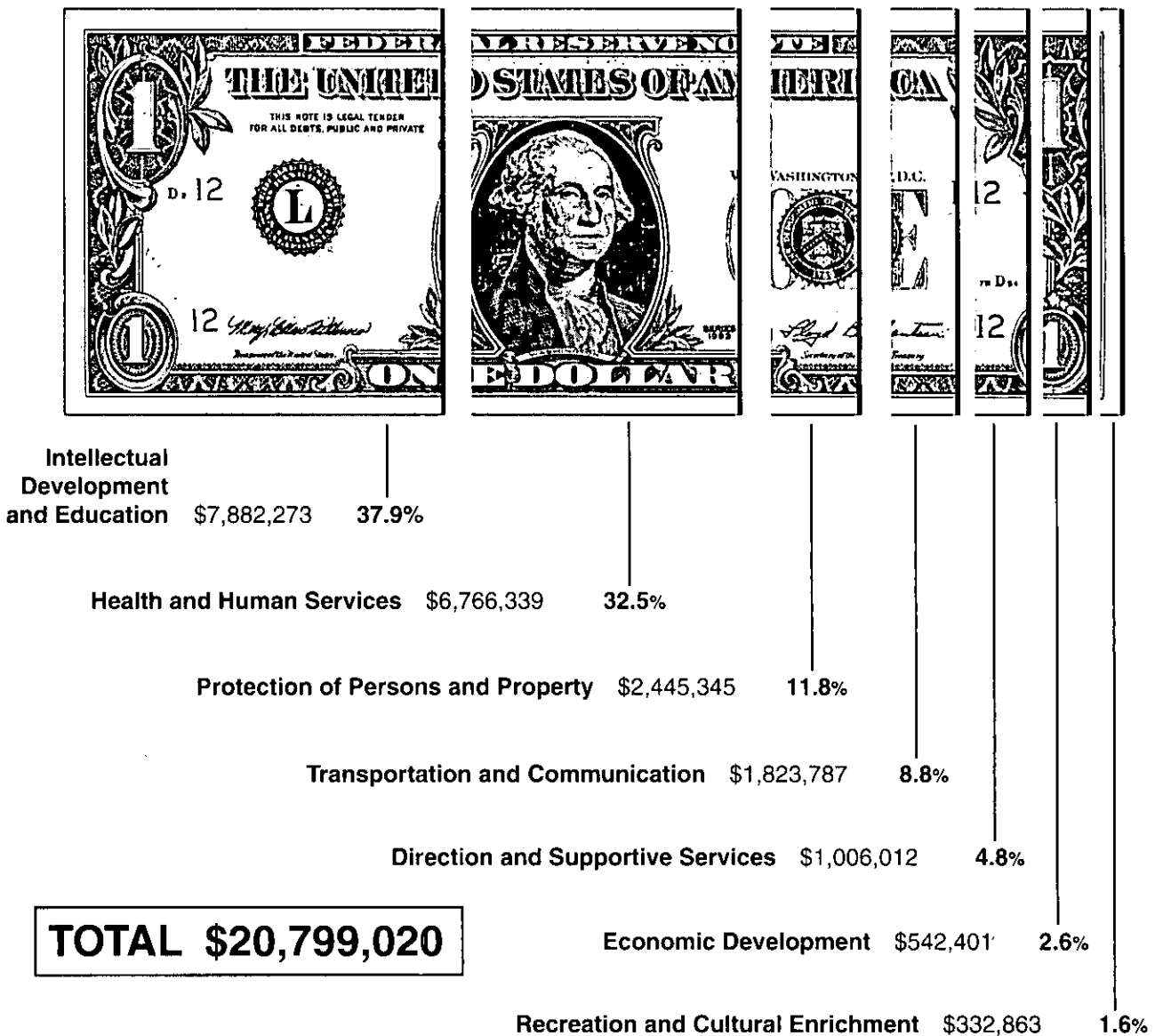
Commonwealth Program	(Dollar amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Direction and Supportive Services.....	\$ 906,175	\$ 995,008	\$ 1,006,012	\$ 996,630	\$ 1,005,088	\$ 1,018,735	\$ 1,031,715
Protection of Persons and Property.....	2,105,394	2,275,156	2,445,345	2,493,782	2,542,856	2,590,941	2,637,706
Intellectual Development and Education..	7,474,984	7,718,856	7,882,273	7,876,471	7,915,149	7,956,699	7,998,379
Health and Human Services.....	6,305,332	6,548,479	6,766,339	7,033,466	7,205,465	7,430,115	7,669,212
Economic Development.....	482,958	578,641	542,401	556,238	566,686	573,448	573,566
Transportation and Communication.....	1,564,231	1,786,816	1,823,787	1,735,682	1,769,091	1,782,337	1,801,837
Recreation and Cultural Enrichment.....	308,584	365,593	332,863	326,647	324,792	329,784	334,637
GENERAL FUND AND SPECIAL							
FUNDS TOTAL.....	\$ 19,147,658	\$ 20,268,549	\$ 20,799,020	\$ 21,018,916	\$ 21,329,127	\$ 21,682,059	\$ 22,047,052



Distribution of the Commonwealth Dollar

**GENERAL FUND AND
SPECIAL FUNDS**

1998-99 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 1996-97 expenditures, the 1997-98 amounts available, the 1998-99 amounts budgeted and future year estimates as presented in the 1998-99 Governor's Executive Budget for the General Fund.

Seven Year Commonwealth Program Summary

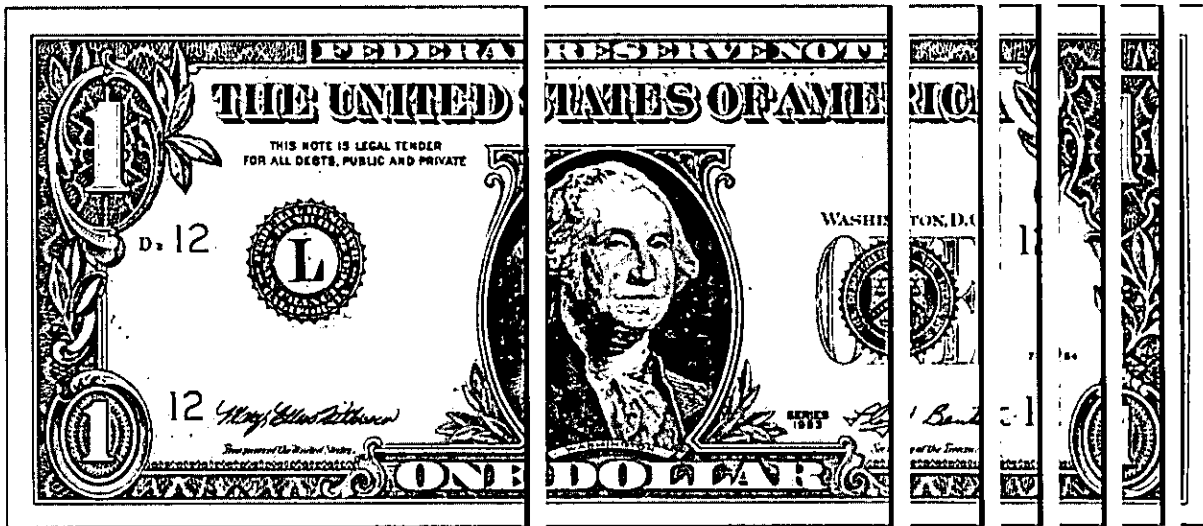
	(Dollar amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Commonwealth Program							
Direction and Supportive Services.....	\$ 563,784	\$ 639,900	\$ 679,015	\$ 668,124	\$ 672,005	\$ 683,061	\$ 693,449
Protection of Persons and Property.....	1,717,819	1,865,563	2,013,727	2,054,858	2,097,299	2,138,774	2,178,935
Intellectual Development and Education..	7,469,009	7,707,568	7,873,610	7,867,518	7,905,278	7,946,075	7,986,964
Health and Human Services.....	5,707,360	5,924,535	6,112,819	6,366,373	6,534,244	6,753,021	6,986,926
Economic Development.....	482,958	578,641	542,401	556,238	566,686	573,448	573,566
Transportation and Communication.....	335,237	348,772	345,086	357,321	366,286	376,834	382,186
Recreation and Cultural Enrichment.....	190,481	204,119	220,742	216,224	217,519	217,577	218,844
GENERAL FUND TOTAL.....	<u>\$16,466,648</u>	<u>\$17,269,098</u>	<u>\$17,787,400</u>	<u>\$18,086,656</u>	<u>\$18,359,317</u>	<u>\$18,688,790</u>	<u>\$19,020,870</u>



Distribution of the Commonwealth Dollar

GENERAL FUND

1998-99 Fiscal Year



Intellectual Development
and Education 44.3¢

Health and Human Services 34.4¢

Protection of Persons and Property 11.3¢

Direction and Supportive Services 3.8¢

Economic Development 3.1¢

Transportation and Communication 1.9¢

Recreation and Cultural Enrichment 1.2¢

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 1997-98 amounts available and the 1998-99 amounts budgeted and the percent each program represents of the General Fund total as presented in the 1998-99 Governor's Executive Budget.

Program Summary

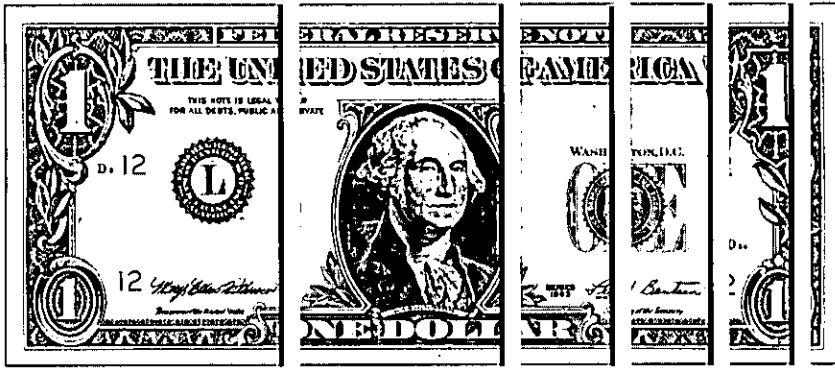
(Dollar Amounts in Thousands)

	1997-98		1998-99	
Commonwealth Program				
Direction and Supportive Services.....	\$ 639,900	3.7%	\$ 679,015	3.8%
Protection of Persons and Property.....	1,865,563	10.8%	2,013,727	11.3%
Intellectual Development and Education.....	7,707,568	44.6%	7,873,610	44.3%
Health and Human Services.....	5,924,535	34.3%	6,112,819	34.4%
Economic Development.....	578,641	3.4%	542,401	3.1%
Transportation and Communication.....	348,772	2.0%	345,086	1.9%
Recreation and Cultural Enrichment.....	204,119	1.2%	220,742	1.2%
GENERAL FUND TOTAL.....	\$ 17,269,098	100.0%	\$ 17,787,400	100.0%



GENERAL FUND

1998-99 Fiscal Year



Income

(Dollar Amounts in Thousands)

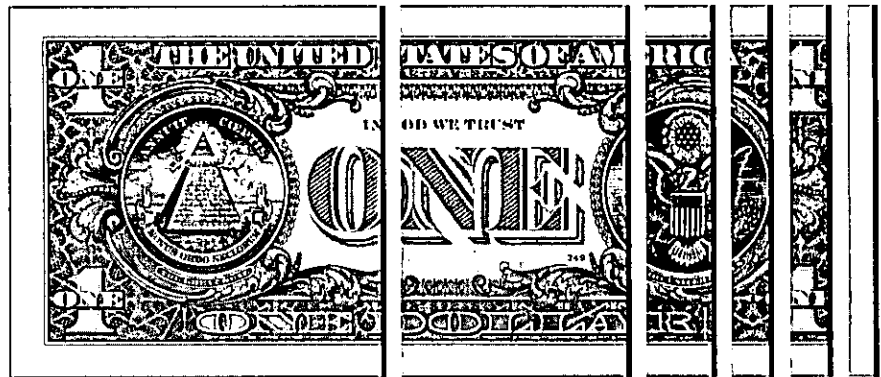
TOTAL INCOME	\$18,191,000
Refunds	-546,000
Less Tax Reduction	-128,100
Beginning Balance	280,568
<hr/>	
TOTAL	\$17,797,468

Sales	\$6,310,300	34.7%
Personal Income	\$6,216,100	34.2%
Other Business	\$2,278,100	12.5%
Corporate Net Income	\$1,686,600	9.3%
Other Revenues	\$992,100	5.4%
Inheritance	\$707,800	3.9%

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$17,787,400
Tax Stabilization	
Reserve Fund	1,510
Ending Surplus	8,558
<hr/>	
TOTAL	\$17,797,468



Intellectual Development and Education	\$7,873,610	44.3%
Health and Human Services	\$6,112,819	34.4%
Protection	\$2,013,727	11.3%
Direction	\$679,015	3.8%
Other Programs	\$565,828	3.1%
Economic Development	\$542,401	3.1%

This presentation shows the amount and proportion for the major revenue sources and major program areas for the total General Fund.

USE OF THE GENERAL FUND DOLLAR

1998-99 Fiscal Year

Grants and Subsidies 74.6¢



General Government 11.4¢

Institutional 10.7¢

Debt Service Requirements 3.3¢

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





COMMONWEALTH OF PENNSYLVANIA

1998-99 PROGRAM POLICY DIRECTION AND BUDGET THEMES

The Governor's 1998-99 Program Policy Guidelines, issued in August 1997, defined major policy issues, stated priorities and provided direction to Commonwealth agencies for the preparation of 1998-99 agency budget requests. The 1998-99 Program Policy Direction section immediately following this page presents the program and financial goals and policies that guided the development of the 1998-99 Governor's Recommended Budget.

This section summarizes the Governor's recommended Program Revisions for the 1998-99 fiscal year within the following six budget theme presentations: Creating Economic Opportunity, Redesigning Workforce Development Strategies, Preparing for the Future, Enhancing Services and Promoting Self-Sufficiency, Ensuring Public Safety and Information Technology for Pennsylvania. Theme topics may vary year to year based on the funding priorities established by the Governor. Each budget theme begins with an introduction which briefly summarizes all Program Revision budget recommendations contained in that theme. The remainder of the theme then presents information on each individual Program Revision, including the agencies or departments responsible for implementing the Program Revision, the funding sources and appropriations to support Program Revision implementation, and a brief summary description of each Program Revision component. Detailed Program Revision presentations, including a full discussion of the Program Revision, and its associated program measures, funding recommendations and costs by appropriation can be found in Section E. Department Presentations in the agency responsible for leading the Program Revision implementation.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

1998-99 Program Policy Direction

This part presents the program and financial goals and policies that guided the development of the 1998-99 Governor's Recommended Budget. The Governor's 1998-99 Program Policy Guidelines, issued in August 1997, defined major policy issues, stated priorities and provided direction to Commonwealth agencies for the preparation of 1998-99 agency budget requests. Budget planning was predicated on a modest overall increase in agency spending. Agencies were directed to continue to evaluate current programs and recommend changes that would improve program management and operations, reduce costs, and maximize direct services.

The 1998-99 Program Policy Guidelines also noted that the Administration recognized that potential budgetary risks were present in the Commonwealth's favorable fiscal position in July 1997. The economic factors that had combined to produce a strong and dynamic state and national economy through July 1997 could reverse and with little warning. Therefore, agencies were directed to budget conservatively so that the Commonwealth as a whole could maintain improved fund reserve balances to guard against future tax increases, and avoid long-term commitments to permanent spending increases that could be unsustainable.

The Governor also stated that he would not propose tax increases in the 1998-99 Budget, and directed agencies to plan on a very modest overall budget increase. Agencies were to develop operating budgets based on the amounts necessary to carry forward current programs at minimum cost, and to seek additional ways to improve efficiency and accomplish program changes through redirecting and targeting program operations. Agencies were to carefully review all programs and modify or eliminate those programs that were no longer effective or otherwise needed. Proposals for new or expanded programs were to be offset by keeping cost increases of other programs below the rate of inflation, or by reducing funding in other programs.

Program direction to agencies focused on maintaining continued progress toward meeting the Administration's mission and goals through efficient and effective program operations. Just as previous budgets had clearly reflected the Administration's mission and goals, so to must the 1998-99 Budget. All agencies were expected to submit budget requests consistent with the mission, goals and priorities presented in the Program Policy Guidelines. Agency budget requests were to focus on solidifying the Administration's successes and ensuring that new initiatives undertaken over the past three years were operating at maximum efficiency, were responsive to the Commonwealth's customers (citizens and business) and were achieving or exceeding the projected results. Agencies were directed to build upon their successes to continuously add value to the functions and activities that are core to a government's responsibilities to its citizens.

The Program Policy Guidelines also emphasized the importance of monitoring and assuring program performance consistent with the Administration's mission and goals. Agencies that requested Program Revisions as part of their budget requests were directed to do sufficient planning to show the results that would be achieved with the implementation of the Program Revision. Agencies were to submit a plan showing how the Program Revision would be implemented and how the additional funding would be used. The implementation plan was to include a description of the Program Revision, and a discussion of alternatives considered and why the alternative selected was the best alternative to implement. The plan was also to identify milestones, tasks and assignments of responsibilities for tasks, how the implementation would be monitored, and how the outcomes would be measured and evaluated.

The following pages presents Program Revision recommendations consistent with the direction of the Governor's 1998-99 Program Policy Guidelines.



Creating Economic Opportunity

Continued and dramatic improvements in Pennsylvania's economic and community development strategies have been implemented over the past three years. These improvements have been initiated with the goal of ensuring that Pennsylvania is a leader among states and a competitor among nations.

To assist our businesses and entrepreneurs remain competitive and excel, the burdensome level of taxation continues to be reduced for Pennsylvania citizens and employers. By the end of June 1998, the cumulative tax reductions for Pennsylvania citizens and employers will exceed \$3.5 billion, including more than \$1 billion in reduced Unemployment Compensation taxes. In addition, a system-wide overhaul of the Worker's Compensation Program will result in savings of nearly \$1.6 billion by the end of 1998. Regulatory reforms have also saved Pennsylvanians hundreds of millions of dollars since 1995 and economic development strategies have been streamlined and improved to ensure Pennsylvania is more competitive with neighboring states, the nation and the world. These systematic and comprehensive improvements will combine to save Pennsylvania's employers and citizens nearly \$5.5 billion by June, 1999.

A multi-faceted, strategic plan has been developed and implemented to continue the Commonwealth's economic resurgence and enhance its growing national reputation as an expanding and advantageous place to do business. This budget supports this strategic plan by providing resources to assist entrepreneurs and businesses compete and excel in the new technology economy. Funding is provided to increase access to capital for entrepreneurs and businesses who are poised for accelerated growth in the technology arena. Funding is also provided to promote collaboration among Pennsylvania's leading technology research universities and to accelerate the rapid commercial application of innovations. Funding is also provided to develop traditional and technology-related business sites, to enhance the technology infrastructure and to assist and develop anchor technology firms throughout the Commonwealth to serve as regional economic growth catalysts. This budget recommends additional funding for the Small Business First Fund to increase the availability of working capital and loans to small businesses which will target financial assistance to traditional small companies and those that provide technology-oriented services as well as those that invest in pollution prevention technologies. This budget continues one of the best economic strategies available to the State, a reduction in burdensome tax levels. Tax reduction initiatives recommended in this budget increase the period for which firms may carry forward annual Net Operating Losses from three years to ten years, reduce the Capital Stock and Franchise Tax from 12.75 mills to 12.25 mills and expand the Job Creation Tax Credit to \$20 million annually.

Marketing the State plays an increasingly important role in two distinct areas: developing and nurturing relations with new and existing businesses by highlighting the State's new business friendly climate; and maximizing Pennsylvania's share of the tourist business by promoting the Commonwealth as an attractive place to vacation. Funding is expanded to enhance the Commonwealth's ability to aggressively market Pennsylvania grown, processed and manufactured products and services. Regional, national and international advertising campaigns will be expanded to encourage continued economic growth and opportunities. Funding is provided to enhance the Commonwealth's ability to attract tourists through regional marketing efforts and partnerships and to develop a cultural and historic assets inventory database to promote tourist destinations. Funding is also provided to continue the Community Conservation Partnership Initiative to highlight outdoor recreational opportunities and to electrify certain campsites within the State Parks System to increase visitation.

Recent community development efforts have been designed to rely on the power of individuals and communities to address difficult challenges our Commonwealth faces. Continuing the Commonwealth's resurgence requires additional targeting of community development strategies. This budget recommends changes to Pennsylvania's Personal Income Tax (PIT) special forgiveness provisions to increase the amount of discretionary income retained by hardworking families to assist them in their efforts to seize new opportunities, start a new business or save for the future. This budget also recommends funding to encourage small businesses to collaboratively plan and develop child care options for employees which improves job opportunities for working families. In addition, this budget recommends tax changes to create twelve Keystone Opportunity Zones, virtually tax free zones, to encourage economic and community rebuilding. Funding is also provided to improve community assets for neighborhood revitalization and assist communities in planning more efficient service delivery strategies.

Overview and Summaries

Recommended Program Revision: _____

This Budget recommends the following Program Revisions which are explained in more detail in the agency presentation.

	1998-99	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
Program Revision / Department / Appropriation		
TARGETING ECONOMIC DEVELOPMENT STRATEGIES		
Executive Offices:		
Grants to the Arts.....	\$ 400	
Agriculture:		
Agricultural Promotion, Education, and Exports.....	432	
Community and Economic Development:		
International Trade.....	500	
Marketing to Attract Tourists.....	2,800	
Marketing to Attract Business.....	1,500	
Marketing to Attract Film Business.....	200	
Team Pennsylvania.....	4,800	
Transfer to Ben Franklin/IRC Fund.....	4,000	
Transfer to Machinery and Equipment Loan Fund.....	1,000	
Infrastructure Development.....	5,000	
Tourist Promotion Assistance.....	200	
Ben Franklin/IRC.....	\$ 2,000	
Machinery and Equipment Loans.....		3,000
Loans.....		10,000
Pollution Prevention Loans.....		2,500
Conservation and Natural Resources:		
General Government Operations.....	151	
State Parks Operations.....	1,000	
Total.....	\$ 21,983	\$ 17,500

This Program Revision continues Pennsylvania's resurgence through additional targeted economic development strategies and a further reduction in burdensome taxes. Funding is provided to increase access to capital for entrepreneurs and businesses in the technology arena. Funding is also provided to promote collaboration among Pennsylvania's leading technology research universities and to assist in the rapid commercial application of innovations. Funding is provided to develop traditional and technology-related business sites, to enhance the technology infrastructure and to assist and develop anchor technology firms. Funding is also provided to meet the capital needs of small businesses. The burdensome level of taxes will be further reduced by extending the carry forward period for annual Net Operating Losses from three years to ten years, reducing the Capital Stock and Franchise Tax from 12.75 mills to 12.25 mills and expanding the Job Creation Tax Credit to \$20 million annually. This Program Revision also enhances the Commonwealth's ability to aggressively market Pennsylvania grown, processed and manufactured products and services. Funding is provided to expand regional, national and international advertising campaigns, enhance regional marketing efforts and partnerships to attract more tourism in Pennsylvania, develop a cultural and historic assets inventory database, and expand the Community Conservation Partnership Initiative.



Overview and Summaries

1998-99	
General Fund	Federal and Other Funds

(Dollar Amounts in Thousands)

Program Revision / Department / Appropriation

EMPOWERING INDIVIDUALS AND COMMUNITIES

Community and Economic Development:

General Government Operations.....	\$	300	
Housing & Redevelopment Assistance.....		2,500	
Shared Municipal Services.....		300	
Planning Assistance.....		200	
Industrial Development Assistance.....		600	
Main Street Program.....		2,000	
Total.....	\$	5,900	\$ 0

This Program Revision continues Pennsylvania's resurgence through targeting community and economic development strategies to improve opportunities for individuals, families, and communities. The special forgiveness provisions of the Pennsylvania's Personal Income Tax (PIT) will be amended to increase the amount of discretionary income retained by working families. Funding is provided to encourage small businesses to plan for child care options for their employees. Tax changes are also made to create Keystone Opportunity Zones in urban and rural areas to encourage economic and community revitalization. Additional funding is provided for: the Communities of Opportunities Program; the Main Street Program; grants for community development strategies to improve and maintain the local industrial base; and grants to assist planning and decision making at the local level. Funding is also provided to encourage shared municipal service delivery and to ensure maximum community participation in the upcoming Year 2000 census.

Redesigning Workforce Development Strategies

An effective workforce development system should be comprehensive and coordinated. It should provide economic opportunities for job seekers and employers, create a workforce with relevant skills and encourage self-sufficiency. Pennsylvania currently administers 37 different job training programs which often overlap one another, are duplicative and are provided inefficiently. This budget proposes redesigning Pennsylvania's workforce development system to more efficiently meet the needs of job seekers and businesses.

This budget recommends \$500,000 for the administrative support of the Human Resources Investment Council which will serve as the lead organization on the design and coordination of all workforce and job training related programs. In conjunction with creating an integrated system, this budget targets resources for improving the incumbent workforce. This budget recommends an additional \$7 million to restructure the Customized Job Training (CJT) Program into three areas: industry-led consortiums, standard CJT programs and training for new and expanding businesses.

This budget also recommends \$2 million for a Workforce Development Challenge Grant program to encourage partnerships between industry and community colleges to meet the present and future employment needs of key industries. Recognizing the impact changes in the economy have on the types of jobs needed by businesses, this budget recommends expanding the Innovative Learning and Workforce Development Grant Program. This program targets vocational-technical projects that focus on skill attainment and certification in a variety of proficiencies relevant to current technology, and economy and labor market needs. Effective welfare-to-work strategies serve as a catalyst towards increasing the overall skills of the workforce. This budget also recommends \$21 million for grants for transitional employment assistance to move hard-to-employ Temporary Assistance for Needy Families recipients into jobs offering long-term employment opportunities.

Recommended Program Revision: _____

This Budget recommends the following Program Revisions which are explained in more detail in the agency presentation.

Program Revision / Department / Appropriation	1998-99	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
CREATING AN INTEGRATED WORKFORCE DEVELOPMENT SYSTEM _____		
Community and Economic Development:		
Team Pennsylvania.....	\$ 500	
Customized Job Training.....	7,000	
Education:		
Vocational Education.....	500	
Community Colleges - Workforce Development.....	2,000	
Public Welfare:		
New Directions.....	21,520	
Welfare to Work.....		\$ 43,040
Total.....	\$ 31,520	\$ 43,040

This Program Revision provides for administrative support to the Human Resources Investment Council to lead Commonwealth workforce development strategies; restructures the Customized Job Training Program; creates a Workforce Development Challenge Grant program for community colleges to address industry workforce skill needs; expands the Innovative Learning and Workforce Development Grant Program; and targets resources to eliminate barriers to employment for hard-to-employ welfare recipients. This Program Revision also recommends \$43,040,000 in Federal Welfare to Work funds.



Preparing for the Future

Pennsylvania's future depends upon the educational opportunities offered to its citizens. The foundation of an educational system is being created to prepare our students to face the world of today and tomorrow. Resources are being targeted to advance the Commonwealth's priorities, such as improving instructional programming, developing assessment tests which measure how well our children are learning and developing academic standards which help our children and their parents know what is required to be successful in higher education, the workplace and for participation in society. An incentive award program has been established which recognizes those schools that make significant strides in improving the education and effort of their students. Efforts are continuing to incorporate technology into our schools to reach beyond the classroom by building the Pennsylvania Education Network (PEN) and creating a true Commonwealth of Learning.

This budget recommends an increase of \$120.7 million for basic education funding targeted towards improving instructional programs and expanding course offerings for students. In addition, this budget provides \$13.4 million to continue emphasizing the relationship between school performance and school funding through a second year of incentive awards for schools that show significant improvement in performance. To insure that the incentive program is effective, this budget recommends an increase of \$3.1 million to expand and refine the assessment tools. Recognizing the importance of teachers in the integration of the new tests and new academic standards into the classroom, this budget also provides \$3 million to establish a coordinated, quality teacher professional development program.

This budget proposes an increase of \$21.8 million in special education funding for school districts and intermediate units to address conditions affecting the provision of special education programs in their districts. This budget also recommends increased funding for the Safe Schools Program and the Alternative Schools Program which both address the increasing incidence of disruptive and violent behavior in schools. In addition, this budget provides incentive funding for a program intended to increase schools' administrative efficiency, both within and across school district boundaries.

Public libraries with their comprehensive collection of information and resources are essential to the prosperity of our communities and are increasingly becoming a focal point for information resources due to the significant impact technology is having on society. This budget recommends \$7 million for a public library technology grant program to be used to advance the technology capabilities of the libraries. The resulting improvements will provide access to information and resources maintained within the public library system as well as on the worldwide web. Finally, this budget increases State support for the Statewide Library Card program to enable public libraries to continue to share resources and recommends funding for a new program that provides partial support for fees related to periodical databases maintained on the Internet.

Overview and Summaries

Recommended Program Revision: _____

This Budget recommends the following Program Revisions which are explained in more detail in the agency presentation.

	1998-99	
	General Fund	Federal and Other Funds
(Dollar Amounts in Thousands)		
Program Revision / Department / Appropriation		
IMPROVING OUR SCHOOLS		
Education:		
PA Assessment.....	\$ 3,078	
Basic Education Funding.....	120,731	
Performance Incentives.....	13,415	
Teacher Professional Development.....	3,000	
Special Education.....	21,800	
Safe Schools.....	500	
Alternative Schools.....	500	
Administrative/Instructional Consolidation.....	1,000	
Total.....	\$ 164,024	\$ 0

This Program Revision provides funding for the following improvements in our schools: an instructional improvement supplement for basic education; expanding the performance incentive program; refining and expanding the assessment testing system; establishing a teacher professional development program; and increasing the reimbursement rates for special education programs; and assisting those school districts which have a demonstrated financial need and higher than average special education costs. This Program Revision also provides increased support for the Safe Schools and Alternative Schools Programs and incentive grants to encourage our local education agencies to become more administratively efficient.

PUBLIC LIBRARY SYSTEM ENHANCEMENTS

Education:		
Library Access.....	\$ 1,855	
Library Access.....	1,250	
Technology for Public Libraries.....	7,000	
Total.....	\$ 10,105	\$ 0

This Program Revision recognizes the important contribution public libraries make to our communities and provides resources to enhance information technology capabilities, increase State support for the Statewide Library Card program and increase access to online periodicals.



Enhancing Services and Promoting Self-Sufficiency

The Commonwealth is committed to improving the quality of individual and family life for all Pennsylvanians. Over the past several years, improvements have been made in the areas of health care, employment and education. In addition, State programs have been restructured to foster strong families and communities. This budget recommends initiatives which build upon these successes by increasing the availability of health care insurance for children in low-income working families, promoting independence for persons with disabilities, and encouraging individual and family self-sufficiency.

The Children's Health Insurance Program provides free and subsidized health care insurance for children in low-income working families who are not eligible for Medical Assistance and are not otherwise insured through private or employer-based insurance. This budget recommends \$15.5 million in State funds to increase the age and income eligibility limits for the Children's Health Insurance Program which would result in an additional 122,000 children receiving free and subsidized health care insurance. The changes to the Children's Health Insurance Program are also supported by \$80.3 million in Federal funds and \$33 million in existing cigarette tax revenue. The budget also recommends a total of \$27.7 million to serve 18,274 additional children who may enroll in the Medical Assistance Program as a result of expanded outreach for the Children's Health Insurance Program.

To afford people with disabilities the opportunity to be productive members of society, this budget recommends a total of \$13.3 million for new and expanded programs. This budget recommends initiatives to expand the attendant care and vocational rehabilitation programs, to increase the availability of assistive technology devices, and to facilitate recreational opportunities for persons with disabilities.

With the enactment of dramatic changes in Pennsylvania's welfare system in May 1996, the Commonwealth has taken important steps toward strengthening families and communities, and providing individuals the opportunity to find dignity by permanently moving from welfare into self-sufficiency. This budget recommends \$628,000 in State funds and \$21.2 million in Federal funds to further increase support services for individuals and families transitioning from welfare to work. This budget proposes to increase the automobile, apparel and relocation allowances for welfare recipients to obtain or retain employment or enroll in approved work-related activities, provide drug and alcohol case management services on a pilot basis through employment and training contractors, and increase reimbursement rate ceilings for subsidized child care providers.

Overview and Summaries

Recommended Program Revision:

This Budget recommends the following Program Revisions which are explained in more detail in the agency presentation.

Program Revision / Department / Appropriation	1998-99	
	General Fund	Federal and Other Funds
(Dollar Amounts in Thousands)		
CHILDREN'S HEALTH INSURANCE PROGRAM EXPANSION		
Insurance:		
Children's Health Insurance Administration.....	\$ 450	
Children's Health Insurance.....	15,000	
Public Welfare:		
Medical Assistance - Outpatient.....	3,612	
Medical Assistance - Outpatient.....		\$ 4,157
Medical Assistance - Inpatient.....	2,064	
Medical Assistance - Inpatient.....		2,376
Medical Assistance - Capitation.....	7,224	
Medical Assistance - Capitation.....		8,315
Total.....	\$ 28,350	\$ 14,848

This Program Revision provides \$15.5 million in State funds, \$80.3 million in Federal funds and \$33 million in existing cigarette tax revenue to implement changes to the Children's Health Insurance Program (CHIP). The components of this Program Revision include: increasing the age eligibility limit for the free component of CHIP from through age sixteen to through age eighteen; increasing the income eligibility limit for the free component of CHIP from 185 percent of the Federal poverty level to 200 percent of the Federal poverty level; increasing the age eligibility limit for the subsidized component of CHIP from through age five to through age eighteen; and providing administrative support to implement the proposed changes to CHIP. The Program Revision also recommends a total of \$27.7 million in State and Federal funds to serve addition children who may enroll in the Medical Assistance Program as a result of expanded outreach for the Children's Health Insurance Program.

PROMOTING INDEPENDENCE FOR PERSONS WITH DISABILITIES

Community and Economic Development:		
General Government Operations.....	\$ 100	
Entrepreneurial Assistance.....	1,000	
Conservation and Natural Resources:		
State Parks Operations.....	1,500	
Health:		
General Government Operations.....	100	
Labor and Industry:		
Vocational Rehabilitation Services.....	2,000	
Public Welfare:		
State Centers for the Mentally Retarded.....	705	
Medical Assistance - State Centers.....		\$ 295
Assistive Technology.....	70	
Attendant Care.....	2,874	
Medical Assistance - Attendant Care.....		2,636
Intergovernmental Transfer.....		1,994
Total.....	\$ 8,349	\$ 4,925

Overview and Summaries

1998-99	
General Fund	Federal and Other Funds

(Dollar Amounts in Thousands)

Program Revision / Department / Appropriation

PROMOTING INDEPENDENCE FOR PERSONS WITH DISABILITIES

This Program Revision provides \$8.4 million in State funds and \$4.9 million in Federal and Other funds to expand programs for persons with disabilities. The components of this Program Revision include: providing attendant care services to an additional 681 individuals and vocational rehabilitation services to an additional 750 individuals; providing additional assistive technology and durable medical equipment for persons residing in State Mental Retardation Centers; expanding the Statewide Assistive Technology Lending Library; establishing an assistive technology loan guarantee program; providing grants to businesses to purchase specialized or adaptive equipment; establishing a recreation information and referral network; and improving access to facilities at State parks.

TRANSITIONING TO SELF-SUFFICIENCY

Public Welfare:

TANFBG - County Assistance.....	\$	500
New Directions.....	\$	628
Welfare to Work.....		1,256
TANFBG - Cash Grants.....		13,736
CCDFBG - Cash Grants.....		2,680
CCDFBG - Day Care.....		2,000
Transportation:		
TANFBG - Rural Transportation.....		1,000
Total.....	\$	628
	\$	21,172

This Program Revision provides \$628,000 in State funds and \$21.2 million in Federal funds to enhance services for individuals and families transitioning from welfare to work. The components of this Program Revision include: increasing the automobile, apparel and relocation allowances for welfare recipients employed or enrolled in approved work-related activities; developing reliable rural transportation options to obtain and/or retain employment; providing drug and alcohol case management services on a pilot basis through employment and training contractors; and increasing reimbursement rate ceilings for subsidized child care providers.



Ensuring Public Health and Safety

Protecting the health and safety of citizens, establishing clear and effective regulations and enforcing the laws are basic functions of State government. This budget continues the Commonwealth's effort to protect public health through implementing strategies that ensure the protection of safe drinking water. This budget recommends resources to encourage locally generated and voluntarily implemented watershed improvement plans to protect water resources. A comprehensive Environmental Laboratory Accreditation Program is proposed to evaluate and certify all laboratories submitting water quality data to the Department of Environmental Protection. Pennsylvania is committed to further protecting water quality from agricultural nutrient run off and providing support for the agricultural community in abating non-point source pollutants. This budget provides funds to the agricultural community for planning grants to determine the structures necessary for the management of agricultural nutrients and grants or loans to farmers to implement their nutrient management plans.

A comprehensive, cooperative and continuing approach to battle crime is essential to ensuring the safety of Pennsylvania citizens and neighborhoods. In an effort to meet this challenge, this budget recommends funding for increased prison capacity and security measures within institutions to eliminate continued criminal activity among the incarcerated. Funding is also provided open a new therapeutic drug and alcohol treatment unit within the State Correctional system to expand drug and alcohol treatment services. In addition, this budget recommends funding to enhance the capabilities of the Sexual Offenders Assessment Board to conduct investigations and issue assessments for violent offenders. Probation and parole services are expanded to increase the number of offenders supervised through electronic monitoring units and to substantially increase school-based probation services. This budget also recommends funding for community crime prevention efforts to address youth violence, for expanded drug education programs, and to improve community and law enforcement relationships.

Recommended Program Revision:

This Budget recommends the following Program Revisions which are explained in more detail in the agency presentation.

Program Revision / Department / Appropriation	1998-99	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
IMPROVING WATER QUALITY		
Agriculture:		
Nutrient Management.....	\$ 100	
Transfer to Nutrient Management Fund.....	2,530	
Environmental Protection:		
General Government Operations.....	128	
Environmental Program Management.....	1,000	
Safe Drinking Water Revolving Fund.....		\$ 273
Safe Drinking Water Set Asides.....		3,689
Safe Drinking Water Revolving Fund.....		506
Total.....	\$ 3,758	\$ 4,468

This Program Revision provides funding to: conduct assessments of surface and groundwater sources of drinking water; expand drinking water system capacity and operator training; assist community water systems implement surface water protection measures; conduct water quality assessments of streams and lakes; and establish an environmental laboratory accreditation program.

Overview and Summaries

1998-99	
General Fund	Federal and Other Funds

(Dollar Amounts in Thousands)

Program Revision / Department / Appropriation

ENHANCING PUBLIC SAFETY

Executive Offices:

Human Relations Commission.....	\$ 70	
Commission on Crime and Delinquency.....	140	
Commission on Crime and Delinquency.....	2,000	
Specialized Probation Services.....	5,000	
Drug Education and Law Enforcement.....	500	
DUI Equipment Grants.....	2,500	
Attorney General:		
General Government Operations.....	70	
Corrections:		
State Correctional Institutions.....	3,436	
Inmate Training.....	9	
Probation and Parole:		
General Government Operations.....	761	
Residential Substance Abuse Treatment Aftercare.....		\$ 333
Sexual Offenders Assessment Board.....	90	
DCSI - Assessment Board.....		59
State Police:		
Municipal Police Training.....	270	
Total.....	\$ 14,846	\$ 392

This Program Revision provides funding to increase prison capacity and expand drug and alcohol services within State Correctional Institutions; enhance the capabilities of the Sexual Offenders Assessment Board and increase probation and parole services. Funding is also provided to enhance community crime prevention efforts and to improve relationships between communities and law enforcement agencies. This Program Revision also provides funding to increase the Drug Abuse Resistance Education Program and to support local law enforcement efforts to deploy additional Driving Under the Influence units through increased equipment purchases. In addition, funding is provided for school-based probation, intensive supervision and aftercare services to juvenile offenders.

Information Technology for Pennsylvania

Emerging and existing technologies provide greater opportunities for government to work more effectively and efficiently. Innovative and aggressive information technology policies will improve services, reduce costs, and allow government to be more responsive to the needs of Pennsylvanians. The Commonwealth has embarked on an enterprise-wide approach to information technology that will allow agencies to interact with entities outside state government, form effective alliances with businesses and communities, and provide citizens and customers with easier access to government services.

Consistent with this enterprise-wide approach, this budget recommends \$9.1 million for the continued development and implementation of the Justice Network. This next phase of this implementation will expand the capabilities of the Justice Network to accomplish inter-agency transactions, transmit information to users' desktop workstations, implement automated data analysis tools, and allow agency computer systems to import data from the Justice Network. A complementary program to the Justice Network is the State Police Commonwealth Law Enforcement Assistance Network. This budget recommends \$11.9 million for the continued conversion and upgrading of the Commonwealth Law Enforcement Assistance Network to allow greater access to criminal justice records. This budget also recommends \$22.9 million for enterprise-wide technology projects that will positively impact the business functions of State government. Funding is provided to consolidate Commonwealth data center computer operations and support services, as well as to implement local area networks, develop Intranet applications and enhance communications networks.

Including the initiatives in this budget, the Commonwealth will have provided over a three-year period more than \$127 million to expand and enhance the use of technology in Pennsylvania's schools and communities. This budget recommends \$36.3 million for the third year of the Link to Learn Initiative for local education consortia to implement regional action plans. This budget also recommends \$7 million for the higher education component of Link to Learn to develop innovative approaches to community-based networking, and \$5 million to enable nonpublic schools to become part of the Link to Learn program. The budget also recommends \$3.5 million for new or enhanced information technology systems in a number of State agencies to improve customer service and increase efficiency in the workplace.

Overview and Summaries

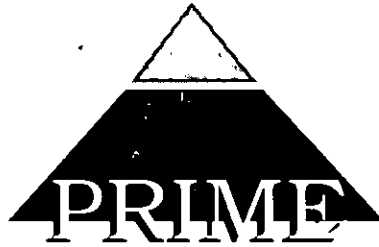
Recommended Program Revision: _____

This Budget recommends the following Program Revisions which are explained in more detail in the agency presentation.

	1998-99	
	General Fund	Federal and Other Funds
(Dollar Amounts in Thousands)		
Program Revision / Department / Appropriation		
ENHANCING INFORMATION TECHNOLOGY TO BETTER SERVE PENNSYLVANIA _____		
Executive Offices:		
Office of Administration.....	\$ 213	
Radio System Development.....	76	
Technology and Year 2000 Investment.....	22,900	
Integrated Criminal Justice System.....	9,065	
Human Relations Commission.....	750	
Agriculture:		
General Government Operations.....	200	
Agricultural Promotion, Education, and Exports.....	18	
Hardwoods Research and Promotion.....	2	
Education:		
Information Technology Improvement.....	1,599	
Technology Initiative.....	36,333	
Technology for Nonpublic Schools.....	5,000	
Higher Education Technology Grants.....	7,000	
Emergency Management Agency:		
State Fire Commissioner's Office.....	105	
Historical and Museum Commission:		
General Government Operations.....	381	
Historical Preservation Fund.....	\$ 200	
State Police:		
CLEAN System.....	3,820	
CLEAN System.....		8,116
Total.....	\$ 87,462	\$ 8,316

This Program Revision continues the development of the Justice Network which will allow for the sharing of information among criminal justice agencies; and continue the development of the Commonwealth Law Enforcement Assistance Network which will facilitate the dissemination of time-critical information to law enforcement agencies. In addition, this Program Revision provides for enterprise-wide information technology projects and solutions to the Year 2000 problem; and technical support for the Statewide Radio System. In an expansion of the Link to Learn Initiative, this Program Revision provides for: local education agencies to implement regional action plans; grants that focus on innovative approaches to community based networking; and resources to enable nonpublic schools to be part of the Link to Learn initiative. In addition, funding is provided for information technology enhancements in Commonwealth agencies including: a fire incident management system; local area networks and client-server systems; a geographic information system; an online library for historical information; and technology to allow more efficient processing of employment applications and more effective management of enforcement responsibilities.





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

The Lieutenant Governor leads the Privatize, Retain, Innovate, Modify and Eliminate (PRIME) process, the implementation stage of IMPACCT.

PRIME is creating a more customer-centered, cost efficient, and competitive State Government through employe-driven change. In each agency Innovation Teams or I- Teams have been carrying out the recommendations included in that agency's PRIME Action Plan. PRIME has started to effect fundamental changes in the way State Government does business. Currently over 360 recommendations for change are underway.

To date 180 PRIME recommendations have been implemented with total savings of over \$220 million. These accomplishments range from eliminating duplication in administering the Renal Pharmacy Program between the Departments of Health and Aging, to fostering an entrepreneurial practice in the Department of Conservation and Natural Resources by optimizing timber harvest from public lands. In 1998-99 the efforts of PRIME will continue so that core public services are delivered in the most cost effective way possible.

Examples of PRIME recommendations that were or will be completed in 1997-98 are shown below. These examples are highlighted in the respective agency presentations and identified by a PRIME logo.

1. Cross matching prison inmates with active welfare roles. The departments of Corrections and Public Welfare identified individuals who were ineligible for benefits and were subsequently terminated from the welfare rolls. As a result, the Welfare costs will be \$246,863 less per month.
2. Filing tax returns electronically. The Department of Revenue developed software to help Pennsylvania businesses file their taxes electronically. This will save \$130,000 per year to the taxpayer and reduce the time the department spends to reconcile accounts.
3. Consolidating inspections. The Department of Agriculture implemented an agreement with other State agencies for work sharing to reduce the number of visits by State inspectors. Now inspections of seasonal farms previously conducted by inspectors from the Departments of Environmental Protection, Labor and Industry and Agriculture are all performed by the Department of Agriculture inspectors.
4. Charging inmates a small co-payment for health care services is projected to save \$480,000 per year in the Department of Corrections.
5. Reviewing rigorously all requests for major investments for information technology. This process has saved the Department of Transportation \$7 million in the past year.



6. Eliminating or consolidating association memberships throughout the Department of Education. The estimated savings to the Department of Education in the first year was \$170,000.
7. Reforming Workers Compensation. The Department of Labor and Industry has completely reformed Workers Compensation enabling Pennsylvania to effectively compete with other states to retain and create jobs.
8. Developing a single application for program assistance. The Department of Community and Economic Development consolidated several grant and loan applications thereby streamlining procedures and reducing costs.
9. Developing new economic development incentive tools to allow Pennsylvania to compete with other states for relocation and expansion projects. These tools developed by the Department of Community and Economic Development include Retention Tax Credit and Opportunity Grant Programs.
10. Streamlining the client assessment process in the Department of Aging by developing a new form which enables the assessor to complete assessments in substantially less time thereby allowing more assessments to be done. Estimated redistributed savings is \$2 million.
11. Streamlining the procurement process. The Office of the Budget revised policies and procedures to streamline the procurement process, thereby eliminating unnecessary red tape. This has resulted in the ability of Commonwealth agencies to procure goods and services at lower prices.



Examples of PRIME recommendations that will be completed in 1998-99 are shown below. These examples are highlighted in the respective agency presentations and identified by a PRIME logo.

1. Streamlining the Statewide mailing of various packages and documents by centralizing the mailing contract by the Department of General Services. By eliminating the individual mailing contracts for each of the agencies and using a centralized contract the savings to the Commonwealth is estimated to be over \$600,000.
2. Streamlining the Department of Labor and Industry's process of employers reporting to the State Job Centers. The electronic transmission of employe data at the time of separation from the workplace will prevent an unemployment overpayment. This would be an estimated savings of \$85,000 to the taxpayers of Pennsylvania.
3. Reducing overtime costs. The Department of Corrections will continue to reduce Corrections Officers' overtime costs.
4. Continuing work by the Department of Environmental Protection on an Interstate Environmental Technology cooperation agreement. This will provide a guidance document promoting environmental businesses and "green technologies".
5. Refurbishing older patrol vehicles. It is estimated that \$150,000 will be saved by the State Police.
6. Streamlining licensure of health care organizations in the Department of Health.



COMMONWEALTH OF PENNSYLVANIA

FEDERAL BLOCK GRANTS

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

The Commonwealth implemented eight block grants based on the Federal Omnibus Reconciliation Act of 1981. Since that time block grants have been added based on changes in Federal law. The latest change is the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that created two new block grants; Temporary Assistance to Needy Families and the Child Care Development Fund which replaced the Child Care Block Grant.

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

The tables within this section provide information on the estimated amount to be received from the Federal Government and an estimated distribution of the funds by program within the block grant. Generally the amounts shown for administrative costs represent the amount allowable by the Federal government. The 1997-98 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 1998-99 is a preliminary proposal. Opportunities for public review and comment may result in modifications to the proposed distribution.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

SUMMARY OF FEDERAL BLOCK GRANTS

This table shows a summary by Federal block grant of 1996-97 expenditures, 1997-98 available and 1998-99 amounts budgeted as presented in the 1998-99 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Community Services.....	\$ 18,847	\$ 28,075	\$ 20,735
Small Communities.....	75,545	75,773	75,825
Education.....	12,015	12,430	14,906
Maternal and Child Health.....	25,336	26,609	27,215
Preventive Health and Health Services.....	10,249	12,975	13,147
Substance Abuse.....	56,227	60,427	60,389
Job Training Partnership.....	175,755	215,200	230,213
Child Care and Development.....	35,241	14,324	0
Child Care and Development Fund.....	0	129,719	235,723
Low Income Home Energy Assistance.....	81,202	85,932	92,496
Mental Health Services.....	11,948	12,148	12,036
Social Services.....	199,781	202,058	183,300
Temporary Assistance to Needy Families.....	0	677,161	631,124
Anti-Drug Abuse.....	36,924	40,561	48,531
TOTAL.....	\$ 739,070	\$ 1,593,392	\$ 1,645,640



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, Pennsylvania Directors' Association for Community Action, and competitive grants 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	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Community and Economic Development:			
Administration.....	\$ 518	\$ 1,075	\$ 1,035
Community Services.....	18,329	27,000	19,700
TOTAL.....	\$ 18,847	\$ 28,075	\$ 20,735

Small Communities

This block grant provides assistance in expanding low and moderate income housing opportunities, enhancing economic development and job opportunities for low and moderate income individuals, correcting deficiencies in public facilities such as water and sewer systems, and improving public facilities that affect the public health and safety.

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Community and Economic Development:			
Administration.....	\$ 557	\$ 773	\$ 825
Small Communities.....	74,988	75,000	75,000
TOTAL.....	\$ 75,545	\$ 75,773	\$ 75,825



Education

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

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Education:			
Administration/State.....	\$ 1,730 ^a	\$ 2,552 ^a	\$ 2,985 ^a
School Districts:			
School District Distribution.....	\$ 10,285	\$ 9,878	\$ 11,921
TOTAL.....	\$ 12,015	\$ 12,430	\$ 14,906

^a Includes carryover

Maternal and Child Health

This block grant provides funds for health services for mothers and children to reduce infant mortality and the incidence of preventable diseases and disabling conditions among children, rehabilitative services for visually impaired and disabled individuals under age 16, and treatment and care for disabled children.

In accordance with Department of Health and Human Services regulations, administrative costs cannot exceed ten percent.

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Health:			
Administration and Operations.....	\$ 11,747	\$ 12,645	\$ 13,028
Program Services.....	13,589	13,964	14,187
TOTAL	\$ 25,336	\$ 26,609	\$ 27,215



Preventive Health and Health Services

This block grant provides funds for preventive health services for individuals and families and for a variety of public health services to reduce preventable morbidity and mortality. Programs consolidated into the block grant by the Omnibus Budget Reconciliation Act of 1981 include emergency medical services, health incentive grants, hypertension control, rodent control, health education/risk reduction, and rape prevention and crisis services. Administration is limited to ten percent.

The Preventive Health Act Amendments of 1992 also allow funds to be spent on achieving Year 2000 Health Objectives and work toward eliminating disparities between the health status of the general population and that of identifiable subpopulations including geographical, racial, ethnic, gender or other groups.

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Health:			
Administration and Operations.....	\$ 1,662	\$ 3,356	\$ 3,678
Block Grant Program Services.....	5,762	7,198	6,543
Tuberculosis.....	523	0 ^a	0 ^a
Diabetes.....	431	0 ^a	0 ^a
Subtotal.....	<u>\$ 8,378</u>	<u>\$ 10,554</u>	<u>\$ 10,221</u>
Executive Offices:			
Communities That Care.....	\$ 522 ^b	\$ 550	\$ 550
Public Welfare:			
Domestic Violence.....	\$ 150	\$ 150	\$ 150
Rape Crisis	1,721	1,721	2,226
Subtotal.....	<u>\$ 1,871</u>	<u>\$ 1,871</u>	<u>\$ 2,376</u>
TOTAL	<u><u>\$ 10,249</u></u>	<u><u>\$ 12,975</u></u>	<u><u>\$ 13,147</u></u>

^a PHHSBG-Diabetes and PHHSBG-Tuberculosis appropriations consolidated into PHHSBG-Block Program Services appropriation.

^b Subgrants not added to total to avoid double counting.

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	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Corrections:			
SABG — Drug and Alcohol Services.....	\$ 2,100 ^a	\$ 2,100 ^a	\$ 2,100
Health:			
SABG — Administration and Operations.....	\$ 3,861	\$ 4,688	\$ 4,650
SABG — Drug and Alcohol Services.....	52,366	55,739	51,656
Subtotal.....	\$ 56,227	\$ 60,427	\$ 56,306
Public Welfare:			
SABG — Homeless Services.....	\$ 1,983 ^a	\$ 1,983 ^a	\$ 1,983
TOTAL.....	\$ 56,227	\$ 60,427	\$ 60,389

^a Subgrants not added to total to avoid double counting. Direct appropriation of 1998-99 funds is recommended in this budget.



Job Training Partnership

The Federal Job Training Partnership Act (JTPA) places responsibility for the administration of job training programs with the Commonwealth. The ultimate goal is to provide unsubsidized employment to those entering and completing the program. Under JTPA, Title II (Training Services for Disadvantaged) serves economically disadvantaged adults, youth and older workers. Title III (Employment and Training Assistance for Dislocated Workers) serves dislocated workers.

Title II is divided into three categories. Title II-A, Adult Training Programs, requires that 77 percent of its funds pass through to Service Delivery Areas (SDAs) to establish programs to prepare adults for participation in the labor force by increasing their occupational and educational skills. The remainder of the funds under this title are spent as follows: eight percent for educational training programs, five percent for incentive grants, five percent for older workers programs and five percent for administration. Title II-C, Youth Training Programs, requires that 82 percent of its funds pass through the SDAs to improve the long-term employability of youth, enhance the educational, occupational, and citizenship skills of youth, reduce welfare dependency and assist youth in addressing problems that impair their ability to make successful transitions from school to work, apprenticeship, the military, or postsecondary education and training. The remainder of the funds under this title are spent as follows: eight percent for educational training programs, five percent for incentive grants and five percent for administration. Title II-B, Summer Youth Employment and Training Programs, requires that 100 percent of its funds pass through the SDAs to enhance the basic educational skills for youth, to encourage school completion or enrollment in supplementary or alternative school programs, to provide eligible youth the exposure to the world of work, and to enhance the citizenship skills of youth.

Title III (Employment and Training Assistance for Dislocated Workers) funds are used to provide rapid response assistance; to deliver, coordinate, and integrate basic readjustment services and support services; to provide retraining services; to provide needs-related payments; and to provide for coordination with the unemployment compensation system.

Administration of these titles is shared by the Departments of Labor and Industry, and Education and the Office of the Budget.

Department / Appropriation	(Dollar Amounts in Thousands)		
	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Executive Offices:			
Office of the Budget.....	\$ 400	\$ 400	\$ 400
Education:			
Linkages.....	\$ 548	\$ 868	\$ 723
Educational Training.....	2,996	3,237	3,886
Correctional Education.....	154	258	184
Subtotal.....	\$ 3,698	\$ 4,363	\$ 4,793
Labor and Industry:			
Administration.....	\$ 3,766	\$ 5,500	\$ 5,900
Grants to Service Delivery Areas.....	46,008	60,000	66,000
Summer Youth.....	43,717	44,000	52,000
Incentive Grants.....	2,790	3,321	3,620
Older Workers.....	2,897	3,000	3,500
Dislocated Workers.....	72,479	94,616	94,000
Subtotal.....	\$ 171,657	\$ 210,437	\$ 225,020
TOTAL.....	\$ 175,755	\$ 215,200	\$ 230,213

Child Care and Development

Funding for this program expired September 30, 1997. These programs are now funded through the Child Care and Development Fund Block Grant.

The Omnibus Budget Reconciliation Act of 1990 created this block grant which provided funds to the states starting in September 1991. This block grant has no State match requirements. Funds were distributed to states by formula. Seventy-five percent of the grant was used either to provide child care services directly to families with incomes below 75 percent of the State median income or to increase the availability or quality of child care.

Of the remaining 25 percent, three-fourths was spent on programs to provide preschool education or to serve school-age children before and/or after school. Another 20 percent was spent on quality improvement activities. The remaining five percent could be spent on either activity.

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Public Welfare:			
Child Care Block Grant—Administration.....	\$ 2,207	\$ 1,519	\$ 0
Child Care Block Grant—Family Centers.....	4,778	2,805	0
Child Care Block Grant—Day Care.....	28,256	10,000	0
TOTAL.....	\$ 35,241	\$ 14,324	\$ 0



Child Care and Development Fund

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created this new block grant effective October 1, 1996 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 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.

This block grant totally replaced the Child Care and Development Block Grant (CCDBG) on October 1, 1997. The new block grant also includes funds that had been available for child care through the Aid to Families with Dependent Children and At-risk Child Care Programs.

The new block grant implementation was staggered with mandatory and matching funding effective October 1, 1996 and discretionary funding effective October 1, 1997. There were Child Care and Development Fund Block Grant (CCDFBG) expenditures in 1996-97. These block grant expenditures were charged to existing appropriations and identified through the grant accounting system.

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Public Welfare:			
CCDFBG - Administration.....	\$ 0	\$ 1,519	\$ 2,636
CCDFBG - Cash Grants.....	0	63,598	152,424
CCDFBG - Family Centers.....	0	4,818	7,623
CCDFBG - Day Care.....	0	58,524	71,780
CCDFBG - School Age.....	0	1,260	1,260
TOTAL.....	\$ 0	\$ 129,719	\$ 235,723

Low-Income Home Energy Assistance

This block grant provides funds to assist eligible low-income individuals and families to meet the cost of home energy through cash assistance and to alleviate crisis situations. The Department of Public Welfare's energy assistance program receives supplemental funding from the Energy Conservation and Assistance Fund. The fund provided \$600,000 in 1996-97, \$4,000,000 in 1997-98 and \$1,700,000 in 1998-99 for the Low-Income Home Energy Assistance Program (LIHEAP).

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Community and Economic Development:			
Administration.....	\$ 189	\$ 440	\$ 440
Weatherization Program.....	9,377	12,300	12,000
Subtotal.....	\$ 9,566	\$ 12,740	\$ 12,440
Public Welfare:			
Low-Income Home Energy Assistance			
Block Grant—Administration.....	\$ 4,960	\$ 6,327	\$ 6,603
Low-Income Home Energy Assistance Block Grant.....	66,676	66,865	73,453
Subtotal.....	\$ 71,636	\$ 73,192	\$ 80,056
 TOTAL.....	 \$ 81,202	 \$ 85,932	 \$ 92,496



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	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Public Welfare:			
Administration.....	\$ 93	\$ 87	\$ 98
Community Mental Health Services.....	11,855	12,061	11,938
TOTAL.....	\$ 11,948	\$ 12,148	\$ 12,036

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.

The Omnibus Reconciliation Act of 1993 included a new 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	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Public Welfare:			
General Government Operations.....	\$ 4,007	\$ 4,042	\$ 3,690
County Assistance Offices.....	6,800	6,860	6,262
Youth Development Centers.....	0	1,155	1,056
Community Mental Health.....	16,080	16,221	14,808
Community Mental Retardation.....	15,185	15,318	13,984
Early Intervention.....	2,383	2,404	2,195
County Child Welfare.....	13,056	13,171	12,021
Day Care.....	33,636	33,931	30,977
Domestic Violence.....	1,309	1,321	1,205
Rape Crisis.....	688	694	634
Family Planning.....	4,175	4,212	3,845
Legal Services.....	5,483	5,531	5,049
Homeless Assistance.....	2,370	2,391	2,183
Developmentally Disabled.....	0	131	120
Attendant Care.....	7,569	7,636	6,971
Empowerment Zones and Enterprise Communities.....	87,040 ^a	0	0
Subtotal.....	<u>\$ 199,781</u>	<u>\$ 115,018</u>	<u>\$ 105,000</u>
Community and Economic Development			
Empowerment Zones and Enterprise Communities.....	0	87,040 ^a	78,300 ^a
TOTAL.....	<u>\$ 199,781</u>	<u>\$ 202,058</u>	<u>\$ 183,300</u>

^a Estimated Carryover



Temporary Assistance to Needy Families

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created a new block grant which made funds available to the states to operate the Temporary Assistance to Needy Families (TANF) Program beginning no later than July 1, 1997. Funds are available to provide temporary cash 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. 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. Of the total transferred, no more than one third may be transferred to the Social Services Block Grant.

This block grant replaces four Federal welfare and related programs. They are the Aid to Families with Dependent Children (AFDC), AFDC Administration, Job Opportunities and Basic Skills Training (JOBS), and Emergency Assistance programs.

Pennsylvania implemented the TANF program on March 3, 1997. Therefore, there were block grant expenditures in 1996-97. These block grant expenditures were charged to existing appropriations and identified through the grant accounting system.

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Executive Offices:			
<i>Juvenile Court Judges Commission</i>			
TANFBG - Juvenile Probation Emergency Assistance Services.....	\$ 0	\$ 2,000	\$ 2,000
<i>Office of Inspector General</i>			
TANFBG - Program Accountability.....	0	1,475	2,500
Subtotal.....	\$ 0	\$ 3,475	\$ 4,500
Public Welfare:			
TANFBG - Administration.....	\$ 0	\$ 4,663	\$ 4,649
TANFBG - Information Systems.....	0	3,369	2,983
TANFBG - County Administration—			
Statewide.....	0	4,095	4,095
TANFBG - County Assistance Offices.....	0	44,802	45,302
TANFBG - New Directions.....	0	49,970	40,152
TANFBG - Cash Grants.....	0	445,987	397,543
TANFBG - Child Welfare.....	0	120,000	131,100
TANFBG - Domestic Violence.....	0	500	500
TANFBG - Rape Crisis.....	0	300	300
Subtotal.....	\$ 0	\$ 673,686	\$ 626,624
TOTAL.....	\$ 0	\$ 677,161	\$ 631,124

Anti-Drug Abuse

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

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

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

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

Department / Appropriation	(Dollar Amounts in Thousands)		
	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT			
FORMULA GRANT PROGRAM (DCSI)			
Executive Offices:			
<i>Juvenile Court Judges Commission</i>			
DCSI—Balanced and Restorative Justice.....	\$ 0	\$ 53 ^a	\$ 31 ^a
<i>Commission on Crime and Delinquency</i>			
DCSI—Administration.....	\$ 993	\$ 1,262	\$ 1,437
DCSI—Program Grants.....	18,006	19,800	24,000
DCSI—Criminal History Records.....	6	10	10
DCSI—Prevention.....	0	51 ^a	34 ^a
DCSI—Photo Imaging.....	0	401 ^a	0
Subtotal.....	\$ 19,005	\$ 21,072	\$ 25,447
Lieutenant Governor:			
<i>Board of Pardons</i>			
DCSI—Automated Technology--JNET Connection.....	\$ 0	\$ 230 ^a	\$ 115 ^a
Aging:			
DCSI—Elder Abuse Education and Prevention.....	\$ 143 ^a	\$ 72 ^a	\$ 0
DCSI—Older Adult Protective Services Act.....	0	150 ^a	100 ^a
Subtotal.....	\$ 143	\$ 222	\$ 100
Attorney General:			
DCSI—Child Care Dependent Abuse Training.....	\$ 11 ^a	\$ 0	\$ 0
DCSI—Elder Abuse Investigation Training.....	16 ^a	172 ^a	38 ^a
DCSI—Elder Abuse Advisory Board.....	0	38 ^a	25 ^a
DCSI—Combating Drug Gang Activities.....	127 ^a	0	0
DCSI—Criminal History Records Audits.....	172 ^a	65 ^a	0
DCSI—Monitoring Prescription Abuse.....	27 ^a	361 ^a	117 ^a
DCSI—Financial Investigations.....	0	511 ^a	425 ^a
Subtotal.....	\$ 353	\$ 1,147	\$ 605

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



Anti-Drug Abuse (continued)

Department / Appropriation	(Dollar Amounts in Thousands)		
	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
Corrections:			
DCSI—Women and Children.....	\$ 202 ^a	\$ 200 ^a	\$ 0
DCSI—County Data Automation.....	46 ^a	30 ^a	0
DCSI—Tracking System.....	182 ^a	50 ^a	47 ^a
DCSI—Victim Notification.....	35 ^a	75 ^a	25 ^a
DCSI—Therapeutic Community.....	201 ^a	175 ^a	139 ^a
DCSI—Drug Treatment.....	0	600 ^a	695 ^a
DCSI—Drug Interdiction.....	55 ^a	50 ^a	33 ^a
DCSI—Inmate Records.....	0	165 ^a	110 ^a
DCSI—Ionscan Detection.....	0	563 ^a	0
DCSI—Video Conferencing.....	0	159 ^a	0
DCSI—Violent Crime Victims.....	0	86 ^a	58 ^a
DCSI—Photo Identification.....	0	21 ^a	0
Subtotal.....	\$ 721	\$ 2,174	\$ 1,107
Probation and Parole:			
DCSI—County Adult Probation Automated System.....	\$ 49 ^a	\$ 43 ^a	\$ 4 ^a
DCSI—Office of Victim Advocate.....	128 ^a	102 ^a	27 ^a
DCSI—Intensive Supervision Units.....	2,045 ^a	1,033 ^a	592 ^a
DCSI—Assessment Board.....	419 ^a	512 ^a	841 ^a
Subtotal.....	\$ 2,641	\$ 1,690	\$ 1,464
Health			
DCSI—Adult Offender Treatment.....	\$ 0	\$ 375 ^a	\$ 250 ^a
Public Welfare:			
DCSI—Transition/Reentry.....	\$ 1 ^a	\$ 0	\$ 0
DCSI—Southeast Secure Unit.....	11 ^a	0	0
DCSI—Juvenile Justice System Expansion.....	299 ^a	0	0
DCSI—Mental Health Initiatives.....	0	281 ^a	187 ^a
DCSI—YDC/YFC Review and Assessment.....	0	75 ^a	50 ^a
DCSI—Medical and Psychiatric Services Assessment.....	0	24 ^a	16 ^a
Subtotal.....	\$ 311	\$ 380	\$ 253
State Police:			
DCSI—Ballistics.....	\$ 0	\$ 216	\$ 0
DCSI—Protection From Abuse.....	248 ^a	435 ^a	0
DCSI—AFIS Upgrade.....	0	800 ^a	0
Subtotal.....	\$ 248	\$ 1,451	\$ 0
TOTAL.....	\$ 19,005	\$ 21,288	\$ 25,447

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

Anti-Drug Abuse (continued)

(Dollar Amounts in Thousands)

Department / Appropriation	1996-97 Actual Block	1997-98 Available Block	1998-99 Recommended Block
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)			
Executive Offices:			
<i>Commission on Crime and Delinquency</i>			
DFSC—Special Programs.....	\$ 3,493	\$ 4,300	\$ 5,000
Education:			
DFSC—Administration.....	\$ 1,270	\$ 1,584	\$ 1,591
DFSC—School Districts.....	13,156	13,389	16,493
Subtotal.....	\$ 14,426	\$ 14,973	\$ 18,084
Health:			
DFSC—Special Programs/Student Assistance..... Program.....	\$ 900 ^a	\$ 900 ^a	\$ 1,125 ^a
Military and Veterans Affairs:			
DFSC—Scotland School for Veterans Children.....	\$ 2 ^a	\$ 2 ^a	\$ 2 ^a
Public Welfare:			
DFSC—Special Programs/Juvenile Aftercare..... Services	\$ 1,000 ^a	\$ 1,000 ^a	\$ 1,225 ^a
DFSC—Special Programs/Domestic Violence.....	404 ^a	425 ^a	404 ^a
DFSC—Special Programs/Rape Crisis.....	113 ^a	142 ^a	113 ^a
Subtotal.....	\$ 1,517	\$ 1,567	\$ 1,742
TOTAL.....	\$ 17,919	\$ 19,273	\$ 23,084
GRAND TOTAL ALL PROGRAMS.....	\$ 36,924	\$ 40,561	\$ 48,531

^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>Department</u>	(Dollar Amounts in Thousands)	
	<u>1997-98</u> <u>Estimate</u>	<u>1998-99</u> <u>Estimate</u>
Governor's Office.....	\$ 853	\$ 895
Executive Offices.....	97	100
Lieutenant Governor's Office.....	47	50
Aging.....	135	139
Agriculture.....	211	221
Banking.....	35	37
Civil Service Commission.....	19	33
Community and Economic Development.....	310	322
Conservation and Natural Resources.....	185	195
Corrections.....	182	187
Education.....	308	314
Emergency Management Agency.....	107	109
Environmental Protection.....	1,668	1,713
Fish and Boat Commission.....	90	95
Game Commission.....	309	296
General Services.....	106	120
Health.....	285	315
Historical and Museum Commission.....	91	96
Insurance.....	184	189
Labor and Industry.....	339	351
Liquor Control Board.....	175	183
Military and Veterans Affairs.....	104	115
Milk Marketing Board.....	186	186
Board of Probation and Parole.....	59	63
Public Television Network.....	10	12
Public Utility Commission.....	173	180
Public Welfare.....	358	380
Revenue.....	246	257
Securities Commission.....	23	24
State.....	178	202
State Police.....	194	204
Transportation.....	705	801
TOTAL.....	\$ 7,972	\$ 8,384

The Commonwealth also spends funds in these areas:

- *Lottery sales promotion* - \$18.5 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 1998-99. These expenditures are expected to generate approximately \$890 million in lottery revenues during 1998-99.
- *Economic development* - A total of \$18.4 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$12.2 billion in 1998-99 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.



Governor's Executive Budget

PROGRAM
BUDGET
SUMMARY



COMMONWEALTH OF PENNSYLVANIA

COMMONWEALTH PROGRAM BUDGET

This section summarizes the 1998-99 fiscal year budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the ten budgeted special revenue funds, Federal funds, and other revenues including augmentations, restricted receipts and revenues and other special revenue funds.

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

GOVERNOR'S EXECUTIVE BUDGET 1998-99

SUMMARY OF MAJOR REVENUE SOURCES AND EXPENDITURES FOR THE OPERATING PROGRAM

The following table is a seven year summary of the major revenue sources and expenditures by Commonwealth Program for the operating budget.

(Dollar Amounts in Thousands)

	1996-97 <u>Actual</u>	1997-98 <u>Available</u>	1998-99 <u>Budget</u>	1999-00 <u>Estimated</u>	2000-01 <u>Estimated</u>	2001-02 <u>Estimated</u>	2002-03 <u>Estimated</u>
MAJOR REVENUE SOURCES							
General Fund:							
Corporation Taxes.....	\$ 3,909,120	\$ 3,873,200	\$ 3,964,700	\$ 3,967,100	\$ 4,054,400	\$ 4,180,000	\$ 4,259,000
Personal Income Tax.....	5,745,633	6,033,500	6,216,100	6,480,700	6,749,600	7,068,400	7,389,000
Sales and Use Taxes.....	6,036,480	6,103,700	6,310,300	6,588,200	6,904,800	7,314,400	7,699,100
All Other Revenues/Taxes.....	1,629,321	1,667,700	1,699,900	1,729,100	1,780,600	1,820,600	1,869,300
Less Refunds.....	-540,000	-671,200	-546,000	-565,000	-585,000	-605,000	-625,000
Proposed Tax Cuts.....	0	0	-128,100	-117,800	-122,900	-128,300	-132,200
Total General Fund.....	\$ 16,780,554	\$ 17,006,900	\$ 17,516,900	\$ 18,082,300	\$ 18,781,500	\$ 19,650,100	\$ 20,459,200
Motor License Fund.....	1,609,129	1,789,284	1,826,980	1,844,684	1,863,677	1,883,588	1,903,225
Lottery Fund.....	943,865	889,701	923,949	905,672	902,937	900,073	897,311
Federal Funds.....	8,839,951	9,619,522	10,162,943	10,341,676	10,436,717	10,806,858	11,102,024
Other Funds.....	4,175,386	5,331,731	5,361,378	4,931,104	4,554,046	4,030,755	3,607,573
Total Revenue Sources.....	\$ 32,348,885	\$ 34,637,138	\$ 35,792,150	\$ 36,105,436	\$ 36,538,877	\$ 37,271,374	\$ 37,969,333
PROGRAM EXPENDITURES							
Direction and Supportive							
Services.....	\$ 1,448,075	\$ 1,472,136	\$ 1,480,009	\$ 1,474,226	\$ 1,486,270	\$ 1,503,777	\$ 1,519,988
Protection of Persons and Property.....	3,237,859	3,663,057	3,854,672	3,853,506	3,908,144	3,959,923	4,012,267
Intellectual Development and Education.....	8,773,421	9,164,201	9,341,843	9,336,608	9,376,625	9,418,826	9,461,169
Health and Human Services.....	14,029,556	14,533,915	15,199,143	15,635,553	16,022,555	16,533,639	17,083,498
Economic Development.....	1,398,668	1,644,677	1,702,839	1,726,579	1,731,986	1,734,089	1,730,072
Transportation and Communications.....	3,064,965	3,684,818	3,781,316	3,657,783	3,592,865	3,694,537	3,729,646
Recreation and Cultural Enrichment.....	396,341	474,334	432,335	421,204	420,473	426,642	432,693
Total Operating (Expenditures).....	\$ 32,348,885	\$ 34,637,138	\$ 35,792,157	\$ 36,105,459	\$ 36,538,918	\$ 37,271,433	\$ 37,969,333

Program Budget Summary

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 1996-97 expenditures, 1997-98 amounts available, 1998-99 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 1998-99 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Direction and Supportive Services							
General Fund.....	\$ 563,784	\$ 639,900	\$ 679,015	\$ 668,124	\$ 672,005	\$ 683,061	\$ 693,449
Special Funds.....	342,391	355,108	326,997	328,506	333,083	335,674	338,266
Federal Funds.....	7,955	9,437	9,758	9,643	9,643	9,643	9,643
Other Funds.....	533,945	467,691	464,239	467,953	471,539	475,399	478,630
Total Operating.....	\$ 1,448,075	\$ 1,472,136	\$ 1,480,009	\$ 1,474,226	\$ 1,486,270	\$ 1,503,777	\$ 1,519,988
Capital Bond Authorizations.....	\$ 234,754	\$ 429,322	\$ 0	\$ 13,851	\$ 16,622	\$ 19,392	\$ 22,162
Program Total.....	\$ 1,682,829	\$ 1,901,458	\$ 1,480,009	\$ 1,488,077	\$ 1,502,892	\$ 1,523,169	\$ 1,542,150
Protection of Persons and Property							
General Fund.....	\$ 1,717,819	\$ 1,865,563	\$ 2,013,727	\$ 2,054,858	\$ 2,097,299	\$ 2,138,774	\$ 2,178,935
Special Funds.....	387,575	409,593	431,618	438,924	445,557	452,167	458,771
Federal Funds.....	206,294	343,128	369,692	388,794	383,765	375,781	371,557
Other Funds.....	926,171	1,044,773	1,039,635	970,930	981,523	993,201	1,003,004
Total Operating.....	\$ 3,237,859	\$ 3,663,057	\$ 3,854,672	\$ 3,853,506	\$ 3,908,144	\$ 3,959,923	\$ 4,012,267
Capital Bond Authorizations.....	\$ 533,247	\$ 516,205	\$ 41,622	\$ 26,059	\$ 31,170	\$ 36,082	\$ 41,194
Program Total.....	\$ 3,771,106	\$ 4,179,262	\$ 3,896,294	\$ 3,879,565	\$ 3,939,314	\$ 3,996,005	\$ 4,053,461
Intellectual Development and Education							
General Fund.....	\$ 7,469,009	\$ 7,707,568	\$ 7,873,610	\$ 7,867,518	\$ 7,905,278	\$ 7,946,075	\$ 7,986,964
Special Funds.....	5,975	11,288	8,663	8,953	9,871	10,624	11,415
Federal Funds.....	791,309	947,270	961,664	961,664	961,664	961,664	961,664
Other Funds.....	507,128	498,075	497,906	498,473	499,812	500,463	501,126
Total Operating.....	\$ 8,773,421	\$ 9,164,201	\$ 9,341,843	\$ 9,336,608	\$ 9,376,625	\$ 9,418,826	\$ 9,461,169
Capital Bond Authorizations.....	\$ 49,108	\$ 1,067,984	\$ 7,402	\$ 23,263	\$ 27,916	\$ 32,568	\$ 37,221
Program Total.....	\$ 8,822,529	\$ 10,232,185	\$ 9,349,245	\$ 9,359,871	\$ 9,404,541	\$ 9,451,394	\$ 9,498,390
Health and Human Services							
General Fund.....	\$ 5,707,360	\$ 5,924,535	\$ 6,112,819	\$ 6,366,373	\$ 6,534,244	\$ 6,753,021	\$ 6,986,926
Special Funds.....	597,972	623,944	653,520	667,093	671,221	677,094	682,286
Federal Funds.....	6,701,749	6,908,516	7,339,434	7,509,925	7,723,390	8,007,910	8,317,195
Other Funds.....	1,022,475	1,076,920	1,093,370	1,092,162	1,093,700	1,095,614	1,097,091
Total Operating.....	\$ 14,029,556	\$ 14,533,915	\$ 15,199,143	\$ 15,635,553	\$ 16,022,555	\$ 16,533,639	\$ 17,083,498
Capital Bond Authorizations.....	\$ 77,195	\$ 25,770	\$ 0	\$ 10,271	\$ 13,326	\$ 14,380	\$ 16,434
Program Total.....	\$ 14,106,751	\$ 14,559,685	\$ 15,199,143	\$ 15,645,824	\$ 16,035,881	\$ 16,548,019	\$ 17,099,932

Program Budget Summary

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Economic Development							
General Fund.....	\$ 482,958	\$ 578,641	\$ 542,401	\$ 556,238	\$ 566,686	\$ 573,448	\$ 573,566
Special Funds.....	0	0	0	0	0	0	0
Federal Funds.....	325,835	561,118	603,892	601,142	591,142	581,142	571,142
Other Funds.....	589,875	504,918	556,546	569,199	574,158	579,499	585,364
Total Operating.....	\$ 1,398,668	\$ 1,644,677	\$ 1,702,839	\$ 1,726,579	\$ 1,731,986	\$ 1,734,089	\$ 1,730,072
Capital Bond Authorizations.....	\$ 22,985	\$ 1,482,637	\$ 240	\$ 871	\$ 1,045	\$ 1,220	\$ 1,394
Program Total.....	\$ 1,421,653	\$ 3,127,314	\$ 1,703,079	\$ 1,727,450	\$ 1,733,031	\$ 1,735,309	\$ 1,731,466
Transportation and Communication							
General Fund.....	\$ 335,237	\$ 348,772	\$ 345,086	\$ 357,321	\$ 366,286	\$ 376,834	\$ 382,186
Special Funds.....	1,228,994	1,438,044	1,478,701	1,378,361	1,402,805	1,405,503	1,419,651
Federal Funds.....	783,759	812,323	848,251	844,151	740,651	844,151	844,151
Other Funds.....	716,975	1,085,679	1,109,278	1,077,950	1,083,123	1,068,049	1,083,658
Total Operating.....	\$ 3,064,965	\$ 3,684,818	\$ 3,781,316	\$ 3,657,783	\$ 3,592,865	\$ 3,694,537	\$ 3,729,646
Capital Bond Authorizations.....	\$ 18,064	\$ 1,134,979	\$ 7,411	\$ 74,536	\$ 85,443	\$ 88,440	\$ 137,258
Program Total.....	\$ 3,083,029	\$ 4,819,797	\$ 3,788,727	\$ 3,732,319	\$ 3,678,308	\$ 3,782,977	\$ 3,866,904
Recreation and Cultural Enrichment							
General Fund.....	\$ 190,481	\$ 204,119	\$ 220,742	\$ 216,224	\$ 217,519	\$ 217,577	\$ 218,844
Special Funds.....	118,103	161,474	112,121	110,423	107,273	112,207	115,793
Federal Funds.....	23,050	37,730	30,252	26,357	26,462	26,567	26,672
Other Funds.....	64,707	71,011	69,220	68,200	69,219	70,291	71,384
Total Operating.....	\$ 396,341	\$ 474,334	\$ 432,335	\$ 421,204	\$ 420,473	\$ 426,642	\$ 432,693
Capital Bond Authorizations.....	\$ 8,805	\$ 1,397,318	\$ 4,500	\$ 30,149	\$ 26,978	\$ 30,308	\$ 34,637
Program Total.....	\$ 405,146	\$ 1,871,652	\$ 436,835	\$ 451,353	\$ 447,451	\$ 456,950	\$ 467,330
COMMONWEALTH TOTALS							
General Fund.....	\$ 16,466,648	\$ 17,269,098	\$ 17,787,400	\$ 18,086,656	\$ 18,359,317	\$ 18,688,790	\$ 19,020,870
Special Funds.....	2,681,010	2,999,451	3,011,620	2,932,260	2,969,810	2,993,269	3,026,182
Federal Funds.....	8,839,951	9,619,522	10,162,943	10,341,676	10,436,717	10,806,858	11,102,024
Other Funds.....	4,361,276	4,749,067	4,830,194	4,744,867	4,773,074	4,782,516	4,820,257
Total Operating.....	\$ 32,348,885	\$ 34,637,138	\$ 35,792,157	\$ 36,105,459	\$ 36,538,918	\$ 37,271,433	\$ 37,969,333
Capital Bond Authorizations.....	\$ 944,158	\$ 6,054,215	\$ 61,175	\$ 179,000	\$ 202,500	\$ 222,390	\$ 290,300
Program Total.....	\$ 33,293,043	\$ 40,691,353	\$ 35,853,332	\$ 36,284,459	\$ 36,741,418	\$ 37,493,823	\$ 38,259,633

Program Budget Summary

Direction and Supportive Services

The goal of this Commonwealth program is to provide an effective administrative support system through which the goals and objectives of the Commonwealth programs can be attained.

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)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Administrative and Support Services \$	63,134	84,243	116,516	101,092	96,208	98,527	101,041
Executive Direction.....	59,600	81,019	96,310	79,972	74,130	75,446	76,908
Personnel Selection.....	1	1	1	1	1	1	1
State Retirement System.....	543	33	17,015	17,865	18,758	19,695	20,679
Legal Services.....	2,990	3,190	3,190	3,254	3,319	3,385	3,453
Fiscal Management \$	498,930	525,063	513,956	512,424	518,716	525,098	530,844
Revenue Collection and Administration.....	415,564	428,798	417,813	415,147	420,095	425,105	429,453
Disbursement.....	44,973	55,397	54,032	54,324	54,809	55,304	55,808
Auditing.....	38,393	40,868	42,111	42,953	43,812	44,689	45,583
Physical Facilities and Commodities Management \$	118,123	129,712	118,015	120,503	124,472	126,094	128,134
Facility, Property and Commodity Management.....	118,123	129,712	118,015	120,503	124,472	126,094	128,134
Legislative Processes \$	181,136	203,193	207,474	207,474	207,474	207,474	207,474
Legislature.....	181,136	203,193	207,474	207,474	207,474	207,474	207,474
Interstate Relations \$	727	795	819	819	819	819	819
Interstate Relations.....	727	795	819	819	819	819	819
Debt Service \$	44,125	52,002	49,232	54,318	57,399	60,723	63,403
Debt Service.....	44,125	52,002	49,232	54,318	57,399	60,723	63,403
PROGRAM TOTAL \$	906,175	995,008	1,006,012	996,630	1,005,088	1,018,735	1,031,715

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 action.

This program deals with the following substantive areas: consumer 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, Department of Military and Veterans Affairs, Emergency Management Agency, Board of Probation and Parole, State Judicial System, Milk Marketing Board, Securities Commission, Department of State and the Insurance Department deal almost entirely with protection of persons and property. Several agencies such as the Executive Offices and the Departments of Environmental Protection, Agriculture and Labor and Industry are more diversified and some of their activities are included in this program as well as other Commonwealth programs.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
General Administration and Support.....	\$ 31,595	\$ 46,599	\$ 54,731	\$ 54,381	\$ 54,933	\$ 55,497	\$ 56,072
Criminal and Juvenile Justice Planning.....	11,928	25,486	31,911	31,045	31,131	31,218	31,307
Environmental Support Services.....	19,667	21,113	22,820	23,336	23,802	24,279	24,765
Public Protection and Law Enforcement.....	\$ 523,857	\$ 549,503	\$ 581,030	\$ 592,890	\$ 604,741	\$ 616,831	\$ 629,163
State Police.....	378,586	399,220	423,106	433,239	441,901	450,739	459,753
Attorney General.....	54,922	58,466	60,473	61,679	62,909	64,163	65,443
Highway Safety Administration and Licensing.....	90,349	91,817	97,451	97,972	99,931	101,929	103,967
Control and Reduction of Crime.....	\$ 963,707	\$ 1,045,946	\$ 1,106,778	\$ 1,134,363	\$ 1,156,814	\$ 1,179,714	\$ 1,202,956
Institutionalization of Offenders.....	894,397	971,449	1,027,917	1,054,959	1,076,059	1,097,580	1,119,532
Reintegration of Adult Offenders.....	69,310	74,497	78,861	79,404	80,755	82,134	83,424
Juvenile Crime Prevention.....	\$ 6,745	\$ 7,701	\$ 12,734	\$ 11,819	\$ 11,835	\$ 11,861	\$ 11,888
Reintegration of Juvenile Delinquents.....	6,745	7,701	12,734	11,819	11,835	11,861	11,888
Adjudication of Defendants.....	\$ 174,384	\$ 187,780	\$ 206,449	\$ 207,710	\$ 212,244	\$ 214,847	\$ 218,520
State Judicial System.....	174,384	187,780	206,449	207,710	212,244	214,847	218,520
Public Order and Community Safety.....	\$ 25,727	\$ 20,433	\$ 21,843	\$ 22,064	\$ 22,499	\$ 22,942	\$ 23,396
Emergency Management.....	10,883	5,299	5,655	5,553	5,659	5,766	5,877
State Military Readiness.....	14,844	15,134	16,188	16,511	16,840	17,176	17,519
Protection From Natural Hazards and Disasters.....	\$ 146,554	\$ 164,014	\$ 175,563	\$ 175,770	\$ 178,035	\$ 180,344	\$ 182,698
Environmental Protection and Management.....	146,554	164,014	175,563	175,770	178,035	180,344	182,698
Consumer Protection.....	\$ 93,327	\$ 95,049	\$ 116,027	\$ 134,989	\$ 136,274	\$ 137,543	\$ 138,856
Consumer Protection.....	3,398	4,577	4,287	4,418	4,513	4,570	4,649
Financial Institution Regulation.....	8,678	8,886	9,251	9,436	9,625	9,818	10,014
Securities Industry Regulation.....	2,136	2,135	2,071	2,112	2,154	2,197	2,241
Insurance Industry Regulation.....	15,553	16,475	31,974	50,282	50,628	50,981	51,341
Horse Racing Regulation.....	17,443	19,221	19,505	19,949	19,947	19,943	19,939
Milk Industry Regulation.....	2,297	2,517	2,478	2,418	2,491	2,566	2,643

Program Budget Summary

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Protection and Development of Agricultural Industries.....	43,822	41,238	46,461	46,374	46,916	47,468	48,029
Community and Occupational Safety and Stability..... \$	18,210	25,647	43,416	23,654	24,126	24,607	25,096
Community and Occupational Safety and Stability.....	16,978	24,386	21,665	22,099	22,541	22,992	23,451
Fire Prevention and Safety.....	1,232	1,261	21,751	1,555	1,585	1,615	1,645
Prevention and Elimination of Discriminatory Practic \$	8,594	9,324	10,449	9,862	10,058	10,258	10,462
Prevention and Elimination of Discriminatory Practices....	8,594	9,324	10,449	9,862	10,058	10,258	10,462
Debt Service..... \$	112,694	123,160	116,325	126,280	131,297	136,497	138,599
Debt Service.....	112,694	123,160	116,325	126,280	131,297	136,497	138,599
PROGRAM TOTAL.....	\$ 2,105,394	\$ 2,275,156	\$ 2,445,345	\$ 2,493,782	\$ 2,542,856	\$ 2,590,941	\$ 2,637,706



Program Budget Summary

Intellectual Development and Education

The goal of this program is to provide a system of learning experiences and opportunities which will permit each individual to achieve his or her maximum potential intellectual development.

Services are provided through this program in the areas of preschool, elementary and secondary, vocational, higher and continuing adult education.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Educational Support Services	\$ 18,834	\$ 19,289	\$ 21,865	\$ 21,910	\$ 21,085	\$ 21,507	\$ 21,937
Education Support Services.....	18,834	19,289	21,865	21,910	21,085	21,507	21,937
Basic Education	\$ 5,830,604	\$ 5,978,690	\$ 6,097,214	\$ 6,084,974	\$ 6,116,393	\$ 6,149,064	\$ 6,183,032
Basic Education.....	5,738,742	5,884,967	6,002,101	5,986,424	6,014,148	6,042,984	6,072,974
Public Utility Realty Payments.....	91,862	93,723	95,113	98,550	102,245	106,080	110,058
Higher Education	\$ 1,508,421	\$ 1,583,106	\$ 1,633,562	\$ 1,626,852	\$ 1,627,770	\$ 1,628,523	\$ 1,629,314
Higher Education.....	1,227,591	1,285,190	1,319,208	1,312,498	1,313,416	1,314,169	1,314,960
Financial Assistance To Students.....	245,155	261,171	276,415	276,415	276,415	276,415	276,415
Financial Assistance To Institutions.....	35,675	36,745	37,939	37,939	37,939	37,939	37,939
Debt Service	\$ 117,125	\$ 137,771	\$ 129,632	\$ 142,735	\$ 149,901	\$ 157,605	\$ 164,096
Debt Service.....	117,125	137,771	129,632	142,735	149,901	157,605	164,096
PROGRAM TOTAL	\$ 7,474,984	\$ 7,718,856	\$ 7,882,273	\$ 7,876,471	\$ 7,915,149	\$ 7,956,699	\$ 7,998,379

Program Budget Summary

Health and Human Services

The goals of this program are to ensure that all citizens of the Commonwealth have access to a comprehensive quality medical care system; to support people seeking self-sufficiency; to provide military assistance; and to provide a system of services that maximizes the capacity of individuals and families to adjust to society and to minimize socially aberrant behavior.

This program deals with 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, and families with dependent children; 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)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Human Services Support.....	\$ 61,374	\$ 63,469	\$ 65,044	\$ 66,573	\$ 67,394	\$ 68,742	\$ 70,116
Human Services Support.....	61,374	63,469	65,044	66,573	67,394	68,742	70,116
Social Development of Individuals.....	\$ 566,468	\$ 633,711	\$ 659,089	\$ 691,451	\$ 722,620	\$ 755,161	\$ 789,276
Human Services.....	566,468	633,711	659,089	691,451	722,620	755,161	789,276
Support of Older Pennsylvanians.....	\$ 629,114	\$ 668,228	\$ 698,288	\$ 711,867	\$ 716,001	\$ 721,880	\$ 727,079
Community Services for Older Pennsylvanians.....	189,357	198,916	206,871	212,990	219,615	226,935	234,526
Older Pennsylvanians Transit.....	126,240	146,312	148,117	150,577	153,086	155,645	158,253
Homeowners and Renters Assistance.....	88,517	86,000	83,300	82,300	81,300	80,300	79,300
Pharmaceutical Assistance.....	225,000	237,000	260,000	266,000	262,000	259,000	255,000
Income Maintenance.....	\$ 966,402	\$ 794,344	\$ 760,495	\$ 746,559	\$ 741,491	\$ 748,054	\$ 755,915
Income Maintenance.....	958,562	786,139	750,514	736,578	731,510	738,073	745,934
Workers Compensation and Assistance.....	4,429	4,126	3,887	3,887	3,887	3,887	3,887
Military Compensation and Assistance.....	3,411	4,079	6,094	6,094	6,094	6,094	6,094
Physical Health Treatment.....	\$ 2,796,256	\$ 3,021,533	\$ 3,171,011	\$ 3,393,617	\$ 3,522,721	\$ 3,686,651	\$ 3,863,022
Medical Assistance.....	2,537,115	2,745,102	2,888,714	3,107,554	3,234,273	3,395,898	3,569,917
Health Treatment Services.....	20,578	21,294	20,094	20,094	20,094	20,094	20,094
Health Support Services.....	28,408	29,429	30,760	31,365	31,986	32,620	33,266
Health Research.....	8,642	9,021	9,224	9,268	9,381	9,496	9,614
Emergency Food Assistance.....	13,000	14,650	18,650	18,650	18,650	18,650	18,650
Prevention and Treatment of Drug and Alcohol Abuse.....	37,400	37,160	37,410	37,535	37,660	37,660	37,660
Preventive Health.....	105,119	107,908	109,252	109,576	109,910	110,250	110,597
Veterans Homes and School.....	45,994	56,969	56,907	59,575	60,767	61,983	63,224
Mental Health.....	\$ 528,577	\$ 559,095	\$ 582,989	\$ 582,713	\$ 591,707	\$ 600,882	\$ 610,240
Mental Health.....	528,577	559,095	582,989	582,713	591,707	600,882	610,240
Mental Retardation.....	\$ 711,074	\$ 763,043	\$ 786,941	\$ 795,490	\$ 798,127	\$ 800,817	\$ 803,560
Mental Retardation.....	711,074	763,043	786,941	795,490	798,127	800,817	803,560



Program Budget Summary

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Debt Service.....	\$ 46,067	\$ 45,056	\$ 42,482	\$ 45,196	\$ 45,404	\$ 47,928	\$ 50,004
Debt Service.....	46,067	45,056	42,482	45,196	45,404	47,928	50,004
PROGRAM TOTAL.....	\$ 6,305,332	\$ 6,548,479	\$ 6,766,339	\$ 7,033,466	\$ 7,205,465	\$ 7,430,115	\$ 7,669,212

Program Budget Summary

Economic Development

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

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Economic Development Support Services.....	\$ 41,912	\$ 47,396	\$ 52,167	\$ 52,936	\$ 53,674	\$ 53,786	\$ 54,542
Economic Development Support Services.....	41,912	47,396	52,167	52,936	53,674	53,786	54,542
Commonwealth Economic Development.....	\$ 124,784	\$ 154,798	\$ 165,551	\$ 165,556	\$ 167,366	\$ 167,683	\$ 168,007
Business and Job Development.....	88,084	110,598	124,851	128,156	130,066	126,983	127,307
Technology Development.....	36,700	44,200	40,700	37,400	37,300	40,700	40,700
Economic Development - Disadvantaged & Disabled. \$	48,099	\$ 55,394	\$ 58,853	\$ 59,094	\$ 59,339	\$ 59,589	\$ 59,844
Job Training.....	10,680	14,566	15,461	15,580	15,701	15,825	15,951
Job Training Development.....	11,961	14,899	13,738	13,860	13,984	14,110	14,239
Vocational Rehabilitation.....	25,458	25,929	29,654	29,654	29,654	29,654	29,654
Community Development.....	\$ 130,350	\$ 163,447	\$ 137,454	\$ 139,942	\$ 142,618	\$ 145,393	\$ 148,273
Community Development.....	60,846	85,596	68,596	68,596	68,596	68,596	68,596
Housing Assistance.....	3,000	10,000	0	0	0	0	0
Public Utility Realty Payments.....	66,504	67,851	68,858	71,346	74,022	76,797	79,677
Local Government Assistance.....	\$ 1,684	\$ 549	\$ 708	\$ 708	\$ 708	\$ 708	\$ 708
Municipal Pension Systems.....	1,684	549	708	708	708	708	708
Debt Service.....	\$ 136,129	\$ 157,057	\$ 127,668	\$ 138,002	\$ 142,981	\$ 146,289	\$ 142,192
Debt Service.....	136,129	157,057	127,668	138,002	142,981	146,289	142,192
PROGRAM TOTAL.....	\$ 482,958	\$ 578,641	\$ 542,401	\$ 556,238	\$ 566,686	\$ 573,448	\$ 573,566



Program Budget Summary

Transportation and Communication

The purpose of this program is to provide a system for the fast, efficient and safe movement of individuals, cargo and information within the Commonwealth which is interfaced with a national and international system of transportation and communication.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Transportation Systems and Services.....	\$ 1,385,498	\$ 1,604,841	\$ 1,648,976	\$ 1,559,996	\$ 1,601,144	\$ 1,622,769	\$ 1,653,317
State Highway and Bridge Construction and Reconstruct	145,392	369,385	388,200	390,600	393,700	411,800	429,900
Local Highway and Bridge Assistance.....	176,989	178,941	186,173	180,509	181,748	183,031	184,308
Mass Transportation.....	255,070	257,070	257,082	257,090	257,099	257,108	257,117
Intercity Rail and Bus Transportation.....	5,486	9,888	9,945	9,945	9,945	9,945	9,945
State Highway and Bridge Maintenance.....	754,543	735,179	729,270	668,649	704,419	705,594	722,075
Transportation Support Services.....	48,018	54,378	78,306	53,203	54,233	55,291	49,972
Debt Service.....	\$ 178,733	\$ 181,975	\$ 174,811	\$ 175,686	\$ 167,947	\$ 159,568	\$ 148,520
Debt Service.....	178,733	181,975	174,811	175,686	167,947	159,568	148,520
PROGRAM TOTAL.....	\$ 1,564,231	\$ 1,786,816	\$ 1,823,787	\$ 1,735,682	\$ 1,769,091	\$ 1,782,337	\$ 1,801,837

Program Budget Summary

Recreation and Cultural Enrichment

The goal of this program is to make available sufficient opportunities for individual and group recreation and cultural growth.

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Recreation \$	185,615	231,486	193,784	193,857	192,536	198,157	202,870
Parks and Forests Management.....	114,156	145,008	114,932	115,981	121,058	126,046	130,114
Recreational Fishing and Boating.....	28,408	31,672	31,227	31,037	31,658	32,291	32,936
Wildlife Management.....	43,051	54,806	47,625	46,839	39,820	39,820	39,820
Cultural Enrichment \$	92,530	98,610	107,027	98,889	98,390	98,970	100,153
State Historical Preservation.....	26,493	27,831	25,090	25,260	25,500	26,677	27,550
Local Museum Assistance.....	6,903	8,353	5,953	5,953	5,953	5,953	5,953
Development of Artists and Audiences.....	9,948	10,160	11,602	11,222	11,242	11,263	11,284
State Library Services.....	40,115	43,029	52,049	45,062	45,243	45,563	45,789
Public Television Services.....	9,071	9,237	12,333	11,392	10,452	9,514	9,577
Debt Service \$	30,439	35,497	32,052	33,901	33,866	32,657	31,614
Debt Service.....	30,439	35,497	32,052	33,901	33,866	32,657	31,614
PROGRAM TOTAL \$	308,584	365,593	332,863	326,647	324,792	329,784	334,637





Governor's Executive Budget

SUMMARY

BY

FUND



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

FINANCIAL STATEMENT

The following financial statement and accompanying notes are a summary of the General Fund revenues and expenditures for the 1996-97 actual year, 1997-98 available year and 1998-99 budget year. It excludes augmentations and Federal funds that are detailed in subsequent tables.

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 156,249	\$ 402,678	\$ 280,568
Adjustment to Beginning Balance....	2,254	-400	0
Adjusted Beginning Balance.....	\$ 158,503	\$ 402,278	\$ 280,568
Revenue:			
Revenue Receipts.....	\$ 17,320,554	\$ 17,678,100	\$ 18,191,000
Less Refunds Reserve.....	-540,000	-671,200	-546,000
Less Proposed Tax Reductions.....	0	0	-128,100
Total Revenue.....	\$ 16,780,554	\$ 17,006,900	\$ 17,516,900
Prior Year Lapses.....	118,977	70,000	0
Funds Available.....	\$ 17,058,034	\$ 17,479,178	\$ 17,797,468
Expenditures:			
Appropriations.....	\$ 16,548,304	\$ 17,168,458	\$ 17,787,400
Supplemental Appropriations.....	0	100,640	0
Less Current Year Lapses.....	-81,656	-120,000	0
Total Expenditures.....	\$ 16,466,648	\$ 17,149,098	\$ 17,787,400
Closing Balance.....	\$ 591,386	\$ 330,080	\$ 10,068
Less Transfer to Tax Stabilization Reserve Fund.....	-188,708	-49,512	-1,510
Fund Balance	<u>\$ 402,678</u>	<u>\$ 280,568</u>	<u>\$ 8,558</u>

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX REDUCTIONS

	1998-99 Estimated
Personal Income Tax:	
Expand Tax Forgiveness	\$ -54,100
<p>The eligibility income limit for each claimant and dependent to qualify for tax forgiveness under the special tax provisions are proposed to be increased respectively from \$6,300 to \$6,500 and from \$4,000 to \$6,000 each, effective January 1, 1998. A qualifying family of four with two claimants and two dependents will owe no tax on taxable income up to \$25,000. The nine income brackets used to determine partial forgiveness are proposed to be increased from \$100 to \$250 each.</p>	
Capital Stock and Franchise Tax:	
Reduce Tax Rate	-46,200
<p>The existing 12.75 mill tax rate is proposed to be reduced by 0.5 mills to 12.25 mills effective January 1, 1998.</p>	
Corporate Net Income Tax:	
Extend Net Operating Loss Recovery Period	-17,800
<p>The period of time over which deductions for net operating losses may be taken is proposed to be increased from three (3) years to ten (10) years following the loss. The change is proposed to be phased-in starting with tax years beginning on and after January 1, 1998.</p>	
Job Creation Tax Credit	-5,000
<p>The current \$15 million annual cap on credits is proposed to be increased to \$20 million effective July 1, 1998.</p>	
Keystone Opportunity Zone	-5,000
<p>Twelve geographical areas in economically distressed urban and rural communities are proposed to be designated as tax-free or virtually tax-free zones for a specific period of time.</p>	
TOTAL PROPOSED TAX REDUCTIONS	<u>\$ -128,100</u>



NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	1997-98 Estimated
Education	
Pupil Transportation.....	\$ 2,444
Education of Migrant Laborers Children.....	56
<i>Education Total</i>	<u>\$ 2,500</u>
Environmental Protection	
Streamgauging.....	<u>\$ 580</u>
General Services	
Capital Project Leasing.....	<u>\$ 393</u>
Labor and Industry	
General Government Operations.....	<u>\$ 320</u>
Public Welfare	
Mental Health Services.....	\$ 5,000
Cash Grants.....	-30,283
Medical Assistance - Outpatient.....	78,646
AIDS Special Pharmaceutical Services.....	2,417
Medical Assistance - Inpatient.....	96,810
Medical Assistance - Capitation.....	-12,320
Long-Term Care Facilities.....	-44,023
<i>Public Welfare Total</i>	<u>\$ 96,247</u>
State	
Publishing Constitutional Amendments (EA).....	<u>\$ 600</u>
 TOTAL	 <u>\$ 100,640</u>

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 1996-97 expenditures, the 1997-98 amounts available and the 1998-99 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Budget
Governor's Office.....	\$ 6,532	\$ 6,859	\$ 7,065
Executive Offices.....	88,248	124,878	153,881
Lieutenant Governor's Office.....	915	991	1,024
Attorney General.....	54,922	58,466	60,473
Auditor General.....	40,077	41,417	42,819
Treasury.....	586,014	663,941	605,590
Aging.....	18,411	19,194	19,678
Agriculture.....	52,937	51,597	60,703
Civil Service Commission.....	1	1	1
Community and Economic Development.....	227,542	287,790	286,314
Conservation and Natural Resources.....	79,264	83,420	87,728
Corrections.....	894,397	971,449	1,027,917
Education*.....	7,026,739	7,230,710	7,399,113
Emergency Management Agency.....	12,115	6,560	27,406
Environmental Protection**.....	166,221	181,127	194,383
Fish and Boat Commission.....	9	9	808
General Services.....	90,337	101,940	97,232
Health.....	200,147	204,812	206,740
Higher Education Assistance Agency.....	280,830	297,916	314,354
Historical and Museum Commission.....	23,651	26,591	25,803
Housing Finance Agency.....	3,000	10,000	0
Insurance.....	15,553	16,475	31,974
Labor and Industry.....	58,826	69,340	68,944
Military and Veterans Affairs.....	64,249	76,182	79,189
Milk Marketing Board.....	0	0	0
Probation and Parole Board.....	69,310	74,497	78,861
Public Television Network.....	9,071	9,237	12,333
Public Welfare.....	5,363,170	5,550,559	5,733,291
Revenue***.....	269,121	276,772	289,485
Securities Commission.....	2,136	2,135	2,071
State.....	3,398	4,577	4,287
State Employees Retirement System.....	543	33	17,015
State Police.....	123,256	129,649	137,451
Tax Equalization Board.....	1,233	1,219	1,275
Transportation.....	278,953	297,782	298,269
Legislature****.....	181,136	203,193	207,474
Judiciary.....	174,384	187,780	206,449
GRAND TOTAL.....	\$ 16,466,648	\$ 17,269,098	\$ 17,787,400

* Includes State System of Higher Education

** Includes Environmental Hearing Board

*** Excludes refunds.

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



FEDERAL FUNDS BY DEPARTMENT

The following is a summary of Federal funds, by department, of 1996-97 expenditures, the 1997-98 amounts available and the 1998-99 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Budget
Executive Offices.....	\$ 46,214	\$ 69,969	\$ 83,285
Lieutenant Governor's Office.....	0	230	230
Attorney General.....	6,025	13,563	13,563
Auditor General.....	2	0	0
Aging.....	8,797	11,077	14,479
Agriculture.....	2,879	4,870	5,231
Community and Economic Development.....	119,732	223,675	204,649
Conservation and Natural Resources.....	4,632	16,343	10,960
Corrections.....	3,814	20,100	23,208
Education.....	795,430	950,812	966,437
Emergency Management Agency.....	51,129	37,823	20,820
Environmental Protection*.....	75,027	103,830	102,535
General Services.....	43	0	0
Health.....	283,278	334,030	331,236
Higher Education Assistance Agency.....	0	1,224	1,224
Historical and Museum Commission.....	1,676	2,738	1,160
Infrastructure Investment Authority.....	0	83,276	91,594
Insurance.....	0	50,161	80,316
Labor and Industry.....	261,084	317,533	372,741
Liquor Control Board.....	0	71	80
Military and Veterans Affairs.....	36,177	52,026	62,480
Probation and Parole Board.....	2,641	1,810	1,917
Public Utility Commission.....	955	955	955
Public Welfare.....	6,278,483	6,418,533	6,843,410
State Police.....	5,162	13,666	4,208
Transportation.....	13,583	20,848	26,819
GRAND TOTAL.....	\$ 7,996,763	\$ 8,749,163	\$ 9,263,537

* Includes Environmental Hearing Board

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 1996-97 expenditures, the 1997-98 amounts available and the 1998-99 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Budget
Executive Offices.....	\$ 58,478	\$ 62,309	\$ 60,124
Lieutenant Governor's Office.....	85	85	85
Attorney General*.....	8,662	11,930	9,055
Auditor General.....	7,282	6,137	6,460
Treasury.....	93,815	7,726	9,369
Aging.....	2,461	3,932	7,019
Agriculture.....	3,213	2,803	2,736
Civil Service Commission.....	12,314	12,409	12,568
Community and Economic Development*.....	4,545	5,586	5,815
Conservation and Natural Resources.....	29,582	36,280	39,663
Corrections.....	652	1,225	1,420
Education.....	5,336	6,426	6,128
Emergency Management Agency.....	86	229	97
Environmental Protection**.....	16,803	18,408	17,206
General Services.....	4,777	5,165	5,461
Health.....	4,901	5,775	5,687
Historical and Museum Commission.....	479	726	663
Insurance.....	2,468	2,736	2,177
Labor and Industry.....	21,355	26,127	37,809
Military and Veterans Affairs.....	14,821	16,544	17,066
Probation and Parole Board.....	8,128	8,591	8,743
Public Television Network.....	25	20	15
Public Utility Commission*.....	38,854	40,032	40,138
Public Welfare*.....	737,812	781,815	805,969
Revenue.....	19,726	18,310	18,066
Securities Commission.....	2,552	3,272	3,331
State*.....	24,730	22,907	23,624
State Police.....	21,452	25,598	26,007
Transportation*.....	6,187	82,989	82,410
Judiciary*.....	13,698	10,809	13,943
GRAND TOTAL.....	\$ 1,165,279	\$ 1,226,901	\$ 1,268,854

* Includes funds appropriated from restricted revenues.

** Includes Environmental Hearing Board

General Fund Revenue Summary

Five Year Revenue Projections

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)						
	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income.....	\$ 1,697,077	\$ 1,657,900	\$ 1,686,600	\$ 1,642,700	\$ 1,638,000	\$ 1,678,500	\$ 1,701,700
Capital Stock and Franchise.....	954,503	955,500	993,400	1,024,000	1,060,500	1,099,400	1,123,100
Selective Business:							
Gross Receipts Tax.....	717,508	704,300	712,700	702,300	725,500	736,400	747,700
Public Utility Realty.....	137,164	158,100	161,000	169,200	174,600	179,500	184,500
Insurance Premiums.....	202,157	189,300	192,700	200,900	215,800	231,300	233,300
Financial Institutions.....	187,719	195,800	205,800	215,500	227,500	242,400	256,200
Other.....	12,992	12,300	12,500	12,500	12,500	12,500	12,500
Total — Corporation Taxes.....	\$ 3,909,120	\$ 3,873,200	\$ 3,964,700	\$ 3,967,100	\$ 4,054,400	\$ 4,180,000	\$ 4,259,000
Consumption Taxes							
Sales and Use.....	\$ 6,036,480	\$ 6,103,700	\$ 6,310,300	\$ 6,588,200	\$ 6,904,800	\$ 7,314,400	\$ 7,699,100
Cigarette.....	291,590	277,900	283,100	278,400	273,900	270,400	267,200
Malt Beverage.....	25,216	26,000	26,000	26,000	26,000	26,000	26,000
Liquor.....	130,660	137,300	141,900	144,700	147,600	150,600	153,600
Total — Consumption Taxes.....	\$ 6,483,946	\$ 6,544,900	\$ 6,761,300	\$ 7,037,300	\$ 7,352,300	\$ 7,761,400	\$ 8,145,900
Other Taxes							
Personal Income Tax.....	\$ 5,745,633	\$ 6,033,500	\$ 6,216,100	\$ 6,480,700	\$ 6,749,600	\$ 7,068,400	\$ 7,389,000
Realty Transfer.....	200,927	215,200	213,100	227,200	260,000	279,600	304,900
Inheritance.....	615,495	682,900	707,800	729,000	750,900	773,400	796,600
Minor and Repealed.....	3,047	-9,000	-3,200	-2,900	-2,500	-2,100	-1,700
Total — Other Taxes.....	\$ 6,565,102	\$ 6,922,600	\$ 7,133,800	\$ 7,434,000	\$ 7,758,000	\$ 8,119,300	\$ 8,488,800
TOTAL TAX REVENUE.....	\$ 16,958,168	\$ 17,340,700	\$ 17,859,800	\$ 18,438,400	\$ 19,164,700	\$ 20,060,700	\$ 20,893,700
NONTAX REVENUE							
Liquor Store Transfer.....	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees.....	72,830	70,400	72,500	70,900	70,900	70,900	70,900
Miscellaneous.....	207,539	193,400	185,100	182,200	180,200	178,200	178,200
Fines, Penalties and Interest:							
On Taxes.....	29,463	22,700	22,700	22,700	22,700	22,700	22,700
Other.....	2,554	900	900	900	900	900	900
TOTAL NONTAX REVENUES.....	\$ 362,386	\$ 337,400	\$ 331,200	\$ 326,700	\$ 324,700	\$ 322,700	\$ 322,700
GENERAL FUND TOTAL.....	\$ 17,320,554	\$ 17,678,100	\$ 18,191,000	\$ 18,765,100	\$ 19,489,400	\$ 20,383,400	\$ 21,216,400

General Fund Revenues

Adjustments to Revenue Estimate

On December 19, 1997, the Official Estimate for 1997-98 was re-certified to be \$17,447,046,000. The adjustments detailed below take into account actual revenue collections through the first six months of the fiscal year and projected collections for the remainder of the fiscal year based on current expectations for the economy and revenue trends.

(Dollar Amounts in Thousands)

	1997-98 Official Estimate	Adjustments	1997-98 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income.....	\$ 1,657,900	\$ 0	\$ 1,657,900
Capital Stock and Franchise.....	955,500	0	955,500
Selective Business:			
Gross Receipts.....	711,400	-7,100	704,300
Public Utility Realty.....	147,800	10,300	158,100
Insurance Premiums.....	213,100	-23,800	189,300
Financial Institutions.....	197,000	-1,200	195,800
Other.....	11,000	1,300	12,300
Total — Corporation Taxes.....	\$ 3,893,700	\$ -20,500	\$ 3,873,200
Consumption Taxes			
Sales and Use.....	\$ 6,146,000	\$ -42,300	\$ 6,103,700
Cigarette.....	280,900	-3,000	277,900
Malt Beverage.....	26,000	0	26,000
Liquor.....	130,600	6,700	137,300
Total — Consumption Taxes.....	\$ 6,583,500	\$ -38,600	\$ 6,544,900
Other Taxes			
Personal Income Tax.....	\$ 5,819,800	\$ 213,700	\$ 6,033,500
Realty Transfer.....	215,200	0	215,200
Inheritance.....	622,900	60,000	682,900
Minor and Repealed.....	-9,000	0	-9,000
Total — Other Taxes.....	\$ 6,648,900	\$ 273,700	\$ 6,922,600
TOTAL TAX REVENUE.....	\$ 17,126,100	\$ 214,600	\$ 17,340,700
NONTAX REVENUE			
Liquor Store Transfer.....	\$ 50,000	\$ 0	\$ 50,000
Licenses Fees and Miscellaneous:			
Licenses and Fees.....	70,846	-446	70,400
Miscellaneous.....	176,600	16,800	193,400
Fines, Penalties and Interest:			
On Taxes.....	22,700	0	22,700
Other.....	800	100	900
TOTAL NONTAX REVENUES.....	\$ 320,946	\$ 16,454	\$ 337,400
GENERAL FUND TOTAL.....	\$ 17,447,046	\$ 231,054	\$ 17,678,100



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 multiplied by two, and the denominator is four.

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%

Proposed Change: The maximum period for which net operating loss deduction may be applied to taxable income is proposed to be increased from three (3) years to ten (10) years following the loss. The \$1 million cap on such deductions for losses in tax years after tax year 1995 remains unchanged. The proposed change is to be phased-in starting with tax years beginning on and after January 1, 1998.

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

Capital Stock and Franchise Taxes

Tax Base: The taxes are levied on the capital stock value of domestic and foreign corporations doing business or having property or capital employed in the State on that portion of the capital stock value apportionable to Pennsylvania under a statutory formula. The first \$125,000 of capital stock value is exempt and a minimum tax payment of \$300 is required.

Tax Rates:	January 1, 1992 to current	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to the Hazardous Sites Cleanup Fund).
	January 1, 1991 to December 31, 1991	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to the Hazardous Sites Cleanup Fund and 0.25 mill for transfer semiannually to the State Lottery Fund).
	January 1, 1988 to December 31, 1990	9.5 mills (including 0.5 mill for transfer semiannually to the Hazardous Sites Cleanup Fund).
	January 1, 1987 to December 31, 1987	9 mills.
	Prior to January 1, 1987	10 mills.

Proposed Change: The current General Fund tax rate of 12.25 mills is proposed to be reduced by 0.5 mills effective for tax years beginning on and after January 1, 1998.

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

General Fund Revenue Sources

Gross Receipts Tax

Tax Base: This tax is levied on the gross receipts from business transacted wholly within Pennsylvania by specified companies owned, operated or leased by corporations, associations or individuals. Beginning with fiscal year 1993-94, 0.25 mills is transferred to the Alternative Fuels Incentive Grant Fund. The revenues shown for the General Fund are net of this transfer.

Tax Rates: For all companies except motor transportation companies:

July 1, 1991 to Current	45 mills plus a 5 mill surtax (electric utilities pay 44 mills).
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 cost of utility realty, less reserves for depreciation or depletion as shown by the books of account of the utility.

Tax Rate: 30 mills on each dollar of State taxable value. An additional levy may be due upon determination by the Department of Revenue that the required distribution of the tax to municipalities exceeds the tax receipts. Revenue from an additional 12 mills is deposited in the Public Transportation Assistance Fund.

Reference: Purdon's Title 72 P.S. §8101-A—§8108-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 title insurance companies, and on the taxable net income of mutual thrift institutions.

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

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



General Fund Revenue Sources

Other Selective Business Taxes

Tax Base: Other selective business taxes include: Loans Tax Domestic and Foreign, Act of June 22, 1935, P.L. 414 as amended; Electric Cooperative Corporation Tax, Act of June 21, 1937, P.L. 1969; 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 Agriculture Cooperative Associations Corporate Tax is 4 percent on net income.

Reference: Purdon's Title 72 P.S. §3250—§3250-14. Loans Tax—Domestic and Foreign
Purdon's Title 72 P.S. §3420-21—§3420-28. Agricultural Cooperative Associations

Sales and Use Tax

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

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

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

Cigarette Tax

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

Tax Rates: The rate is 1.55 cents per cigarette. Prior to August 19, 1991 the rate was 0.9 cents per cigarette. Beginning in fiscal year 1992-93, two thirty-firsts of receipts are transferred semiannually to the Children's Health Insurance Program (CHIP). After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Beginning in fiscal year 1993-94, two thirty-firsts of receipts are transferred semiannually to the Agricultural Conservation Easement Purchase Fund. The revenue estimates are net of these transfers.

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

Malt Beverage Tax

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

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

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

General Fund Revenue Sources

Liquor Tax

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

Tax Rate: The rate is 18 percent of the net retail purchase price.

Reference: Purdon's Title 72 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, and (8) income from estates and trusts. The tax is also paid by non-resident individuals, estates and trusts on the following income from sources within the Commonwealth: compensation for personal services performed in Pennsylvania unless the taxpayer is a resident of a state with which there is a reciprocal agreement; net profits from activity conducted in Pennsylvania; and income from the rental, ownership or disposition of any real or personal property. A loss in one class of income may not be offset against income in another class, nor may gains or losses be carried back or forward from year to year.

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

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

Proposed Change: The exemption of income from the tax for each qualifying claimant and claimant's dependents for tax forgiveness under the special tax provisions for poverty is proposed to be increased. The exemption for each claimant is proposed to rise by \$200 to \$6,500 and for each dependent by \$2,000 to \$6,000. The nine income brackets above these amounts for partial exemption qualification are proposed to be increased from \$100 to \$250 each. The increased exemption and change in bracket size are to be effective January 1, 1998.

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 which will not be used primarily for industrial purposes, and "deemed" transfers of real estate because of the acquisition of companies which are in the business of holding or selling real estate. Beginning in July 1994 and thereafter, fifteen (15) percent of the revenues are transferred to the Keystone Recreation, Park and Conservation Fund. The revenues shown for the General fund are net of this transfer.

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

Reference: Purdon's Title 72 P.S. §8101-C—§8111-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 on 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 based on the amount of the Federal estate tax credit for state death taxes on estates situated in Pennsylvania.

Tax Rates: Generally, lineal beneficiaries are taxed at the rate of 6 percent and collateral beneficiaries are taxed at 15 percent. The Estate Tax is equal to the amount of Federal estate tax credit for state death taxes, less the Inheritance Tax paid. Transfers to a spouse of non-jointly held property are tax exempt for decedents dying on or after January 1, 1995.

Reference: Purdon's Title 72 Pa.C.S.A. §1701—§1796.

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 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), and excess Vehicle Rental Tax, Act of June 16, 1994, P.L. 279 (Purdon's Title 72 P.S. §8601).

Liquor Store Transfer

The Liquor Store Transfer is an amount determined by the Liquor Control Board to be available for transfer to the General Fund from the State Stores 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 which 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 includes 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 1987-64 (Purdon's Title 42 Pa.C.S.A. §3733). Any fines, fees or costs which are allocated to counties and municipalities are not affected by this act.

Fines, Penalties and Interest

This revenue source includes all penalties and interest collected in the enforcement of tax regulations. The largest portion is from corporation taxes, penalties and interest.

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)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
TAX REVENUE			
Corporate Net Income Tax	\$ 1,697,077	\$ 1,657,900	\$ 1,686,600
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic.....	\$ 513,993	\$ 514,530	\$ 534,939
Franchise Taxes — Foreign.....	440,510	440,970	458,461
SUBTOTAL	\$ 954,503	\$ 955,500	\$ 993,400
Gross Receipts Tax			
Electric, Hydroelectric and Water Power.....	\$ 446,447	\$ 438,229	\$ 443,456
Gas.....	106,938	104,969	106,221
Motor Transportation.....	2,528	2,481	2,511
Telephone and Telegraph.....	160,036	157,091	158,964
Transportation.....	1,559	1,530	1,548
SUBTOTAL	\$ 717,508	\$ 704,300	\$ 712,700
Public Utility Realty Tax	\$ 137,164	\$ 158,100	\$ 161,000
Insurance Premiums Tax			
Domestic Casualty.....	\$ 56,710	\$ 53,103	\$ 54,057
Domestic Fire.....	17,440	16,331	16,624
Domestic Life and Previously Exempted Lines.....	9,308	8,716	8,873
Excess Insurance Brokers.....	6,189	5,795	5,899
Foreign Excess Casualty.....	7,583	7,101	7,228
Foreign Excess Fire.....	5,751	5,385	5,482
Foreign Life.....	94,489	88,480	90,069
Marine.....	33	31	31
Title Insurance.....	1,869	1,750	1,782
Unauthorized Insurance.....	2,785	2,608	2,655
SUBTOTAL	\$ 202,157	\$ 189,300	\$ 192,700
Financial Institutions Taxes			
Federal Mutual Thrift Institutions.....	\$ 782	\$ 897	\$ 939
National Banks.....	138,684	143,064	150,451
State Banks.....	13,763	14,198	14,931
State Mutual Thrift Institutions.....	17,973	20,603	21,561
Trust Companies.....	16,517	17,038	17,918
SUBTOTAL	\$ 187,719	\$ 195,800	\$ 205,800
Other Selective Business Taxes			
Corporate Loans — Domestic.....	\$ 8,551	\$ 8,061	\$ 8,192
Corporate Loans — Foreign.....	4,342	4,093	4,160
Miscellaneous Business Taxes.....	154	146	148
Corporation Taxes — Clearing Accounts Undistributed.....	-55	0	0
SUBTOTAL	\$ 12,992	\$ 12,300	\$ 12,500
Sales and Use Tax			
Motor Vehicle.....	\$ 821,326	\$ 860,800	\$ 850,100
Non-Motor Vehicle.....	5,215,154	5,242,900	5,460,200
SUBTOTAL	\$ 6,036,480	\$ 6,103,700	\$ 6,310,300
Cigarette Tax	\$ 291,590	\$ 277,900	\$ 283,100
Malt Beverage Tax	\$ 25,216	\$ 26,000	\$ 26,000
Liquor Tax	\$ 130,660	\$ 137,300	\$ 141,900

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Personal Income Tax			
Withholding.....	\$ 4,434,923	\$ 4,669,600	\$ 4,868,600
Non-Withholding.....	1,310,710	1,363,900	1,347,500
SUBTOTAL.....	\$ 5,745,633	\$ 6,033,500	\$ 6,216,100
Realty Transfer Tax.....	\$ 200,927	\$ 215,200	\$ 213,100
Inheritance Tax			
Nonresident Inheritance and Estate Tax.....	\$ 3,211	\$ 3,563	\$ 3,693
Resident Inheritance and Estate Tax.....	612,284	679,337	704,107
SUBTOTAL.....	\$ 615,495	\$ 682,900	\$ 707,800
Minor and Repealed Taxes			
Distilled Spirits.....	\$ -4	\$ -1	\$ -1
Excess Vehicle Rental Tax.....	10,683	5,000	10,800
Job Creation Tax Credit.....	-11,688	-15,000	-15,000
Rectified Spirits.....	0	0	0
Tax on Writs, Wills and Deeds.....	1,182	292	292
Wines.....	40	10	10
Unallocated EFT Payments.....	2,834	699	699
SUBTOTAL.....	\$ 3,047	\$ -9,000	\$ -3,200
TOTAL TAX REVENUE.....	\$ 16,958,168	\$ 17,340,700	\$ 17,859,800
NONTAX REVENUES			
Liquor Store Transfer.....	\$ 50,000	\$ 50,000	\$ 50,000
Licenses, Fees and Miscellaneous			
Executive Offices			
MISCELLANEOUS REVENUE			
Crime Victims Award Restitution.....	\$ -94	\$ 165	\$ 165
Interest from Federal Government — CMIA - 90.....	3,186	0	0
Interest From Special Funds — CMIA - 90.....	14	0	0
Interest Transferred to Employee Benefits.....	-6,581	-6,935	-6,935
Miscellaneous.....	13	0	0
Refunds Of Expenditures Not Credited To Appropriations.....	1	0	0
SUBTOTAL.....	\$ -3,461	\$ -6,770	\$ -6,770
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees.....	\$ 4	\$ 4	\$ 4
Board Of Pardons — Filing Fees.....	5	5	5
SUBTOTAL.....	\$ 9	\$ 9	\$ 9
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims.....	\$ 17	\$ 15	\$ 15
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments.....	\$ 156	\$ 133	\$ 150
Miscellaneous Interest Offset for Appropriation 611.....	-60	-52	-53
Miscellaneous.....	*	25	25
Refunds Of Expenditures Not Credited To Appropriations.....	7	*	*
SUBTOTAL.....	\$ 103	\$ 106	\$ 122

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs.....	\$ 3,063	\$ 3,450	\$ 3,450
Clearing Account — PA EFTS.....	-28	-5	-5
Depository Adjustments.....	1	2	0
Interest Transferred to Hodge Trust Fund.....	-11	-10	-10
Interest on Average Collected Balance - WIC Program.....	64	72	60
Interest On Deposits.....	394	325	380
Interest On Securities — Liquor License Fund.....	95	95	95
Interest On Securities.....	83,395	88,120	83,430
Interest Transferred — Lawrence County Audit.....	-3	-6	-5
Miscellaneous.....	844	130	100
Premium And Discount On Tax Notes Sold.....	3,022	2,600	2,600
Redeposit Of Checks.....	-232	500	250
Refunds Of Expenditures Not Credited To Appropriations.....	30	3	0
Unclaimed Property — Administration Cost Reimbursements.....	-5,677	-5,958	-6,256
Unclaimed Property — Claim Payments.....	-12,504	-13,236	-14,300
Unclaimed Property — Financial Institution Deposits.....	14,718	15,316	16,082
Unclaimed Property — Other Holder Deposits.....	42,852	44,000	46,459
SUBTOTAL.....	\$ 130,023	\$ 135,398	\$ 132,330
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses.....	\$ 49	\$ 6	\$ 6
Approved Inspectors Certificate And Registration Fees.....	5	9	4
Domestic Animal Dealers' Licenses.....	23	68	68
Eating & Drinking Licenses.....	1,121	1,149	1,219
Egg Certification Fees.....	17	19	16
Egg Opening Licenses.....	1	*	*
Farm Products Inspection Fees.....	44	32	32
Garbage Feeders Licenses.....	*	1	1
Horse Slaughtering Licenses.....	*	*	0
Ice Cream Licenses.....	160	148	157
Livestock Branding Fees.....	*	*	*
Miscellaneous Licenses And Fees.....	12	15	15
Poultry Technician Licenses.....	1	1	1
Public Weighmasters' Liquid Fuel License — State Share.....	119	119	120
Public Weighmasters' Solid Fuel License — State Share.....	17	17	0
Registration Fee — Food Establishment.....	247	208	190
Rendering Plant Licenses.....	*	3	3
Seed Testing And Certification Fees.....	57	66	58
Veterinarian Diagnostic Laboratory Fees.....	252	280	280
MISCELLANEOUS REVENUE			
Miscellaneous.....	24	0	*
Refunds Of Expenditures Not Credited To Appropriations.....	8	0	0
SUBTOTAL.....	\$ 2,157	\$ 2,141	\$ 2,170
Civil Service Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ *	\$ *
Refunds Of Expenditures Not Credited To Appropriations.....	1	0	0
SUBTOTAL.....	\$ 1	\$ 0	\$ 0

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases.....	\$ 563	\$ 575	\$ 575
Ground Rents.....	14	14	14
Housing Rents.....	25	25	25
Minerals Sales.....	10	10	10
Miscellaneous.....	43	45	45
Refunds Of Expenditures Not Credited To Appropriations.....	28	28	28
Rights-Of-Way.....	357	375	375
Sales Tax Escrow Account.....	5	5	5
Water Leases.....	16	17	17
SUBTOTAL.....	\$ 1,061	\$ 1,094	\$ 1,094
Department of Corrections			
MISCELLANEOUS REVENUE			
Antitrust Case Payments.....	\$ 1	\$ 0	\$ 0
Miscellaneous.....	2	0	0
Refunds Of Expenditures Not Credited To Appropriations.....	132	131	131
SUBTOTAL.....	\$ 135	\$ 131	\$ 131
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees.....	\$ 168	\$ 170	\$ 170
MISCELLANEOUS REVENUE			
Infrastructure Developer/Bid Appropriation 174 Loan Repayments.....	168	169	160
Interest From Grantees.....	129	130	120
Housing and Redevelopment Appropriation 183 Loan Repayments.....	365	365	350
Miscellaneous.....	1,516	1,517	1,012
Nursing Home Loans — Repayments.....	16	17	16
Refunds of Expenditures Not Credited to Appropriations.....	767	768	500
Repayable Grant Payments.....	1,853	1,900	1,900
SUBTOTAL.....	\$ 4,982	\$ 5,036	\$ 4,228
Department of Education			
LICENSES AND FEES			
Fees For Licensing Private Schools.....	\$ 194	\$ 198	\$ 201
PDE Fees Transcripts — Closed Private Schools.....	*	*	*
Private Academic School Teacher Certification Fees.....	11	18	20
Fees For Licensing Private Driver Training Schools.....	65	69	70
Secondary Education Evaluation Fees.....	43	55	70
Teacher Certification Fees.....	414	500	800
MISCELLANEOUS REVENUE			
Miscellaneous.....	15	0	0
Refunds of Expenditures Not Credited to Appropriations.....	1	0	0
SUBTOTAL.....	\$ 743	\$ 840	\$ 1,161
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 5	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 5	\$ 0	\$ 0

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	Actual	Estimated	Budget
Department of Environmental Protection			
LICENSES AND FEES			
Anthracite Miners' Examination and Certification Fees.....	\$ 1	\$ 1	\$ 1
Bituminous Miners' Examination and Certification Fees.....	1	1	1
Bituminous Shot Firers' And Machine Runners Examination and Certification Fees.....	*	*	*
Blasters' Examination and Licensing Fees.....	40	40	40
Dams And Encroachment Fees.....	141	140	140
Examination and Certification Fees.....	6	5	5
Explosives Storage Permit Fees.....	74	70	70
Hazardous Waste Facility Annual Permit Administration Fees.....	64	63	63
Hazardous Waste Facility Permit Application Fees.....	42	42	42
Hazardous Waste Transporter License and Fees.....	69	69	69
Hazardous Waste Storage-Disposal Fac-Fee.....	66	65	65
Infectious and Chemical Waste Transport Fees.....	10	10	10
Municipal Waste Annual Permit Administration Fees.....	263	260	260
Municipal Waste Permit Application Fees.....	207	206	206
Residual Waste Closure Administration Fees.....	*	0	0
Residual Waste Permit Administration Fees.....	202	180	180
Residual Waste Permit Application/Modification Fees.....	356	300	300
Sewage Permit Fees.....	347	345	345
Submerged Land Fees.....	58	55	55
Water Bacteriological Examination Fees.....	29	28	28
Water Power and Supply Permit Fees.....	85	85	85
MISCELLANEOUS REVENUE			
Ground Rentals.....	31	30	30
Interest Income - Water Facilities.....	0	100	0
Interest on Loan Payments.....	1,451	1,900	1,500
Interest Payments — Mine Subsidence.....	6	6	6
Miscellaneous.....	354	50	50
Payment To Occupy Submerged Lands.....	121	120	120
Penalty Charges — Delinquent Interest.....	1	300	300
Refunds of Expenditures Not Credited to Appropriations.....	14	14	14
Repayment Of Loans — Water Facilities.....	3,103	2,600	3,200
Residual Waste Permit Application/Modification Fees.....	4	0	0
Rights-of-Way.....	9	0	0
Royalties for Recovery Of Materials — Schuylkill River.....	99	97	97
Sales Tax Escrow Account.....	*	1	1
Sales Tax — Allegheny County.....	*	*	*
Sewage Treatment And Waterworks Application Fees.....	82	81	81
Surface Subsidence Assistance Loans — Repayments.....	28	27	27
SUBTOTAL	\$ 7,364	\$ 7,291	\$ 7,391
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7.....	\$ 1,646	\$ 1,074	\$ 1,074
Allocation Of Purchasing Costs Job 19.....	939	939	939
Mileage Of State Automobiles.....	509	0	0
Miscellaneous.....	797	797	797
Real Estate Services.....	247	247	247
Refunds of Expenditures Not Credited to Appropriations.....	4	0	0
Rental Of State Property.....	144	125	125
Sale Of Publications.....	40	40	40
Sale Of State Property.....	1,604	7,237	6,000
Sale Of Unserviceable Property.....	494	494	494
SUBTOTAL	\$ 6,424	\$ 10,953	\$ 9,716

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees.....	\$ 2	\$ 2	\$ 2
Certificate of Need.....	-28	0	0
Immunization Service Fees.....	72	55	42
Life Safety Code Inspection Fees.....	242	247	249
Miscellaneous Licensure Fees.....	123	124	126
Nursing Home Licenses.....	377	387	394
Profit Making Hospital Licenses.....	180	123	200
Organized Camps Program Fees.....	4	4	4
Registration Fees — Hearing Aid Act.....	62	61	61
Registration Fees — Drugs Devices and Cosmetics Act.....	350	293	293
Vital Statistics Fees.....	2,752	2,860	2,860
Wholesale Prescription Drug Distribution Licenses.....	31	50	50
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program.....	-3	-3	-3
Miscellaneous.....	85	90	100
Refunds of Expenditures Not Credited to Appropriations.....	1	1	1
SUBTOTAL.....	\$ 4,250	\$ 4,294	\$ 4,379
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 5	\$ 0	\$ 0
Insurance Department			
LICENSES AND FEES			
Agents' and Brokers' Certification Fees.....	\$ 427	\$ 300	\$ 300
Agents' Licenses.....	10,836	9,163	9,163
Brokers' Licenses.....	90	175	175
Division of Companies Certification — Certificates and Filing Fees.....	774	750	750
Examination Fees and Expenses.....	2,320	2,300	2,300
Market Conduct Examination Fees.....	143	200	200
Miscellaneous Fees.....	25	20	20
Miscellaneous Licenses.....	62	93	93
New Applicants.....	209	336	336
Physical Damage Appraiser License.....	45	45	45
Renewals.....	2,062	1,604	1,598
Valuation of Policies Fees.....	2,628	2,300	2,300
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	293	300	300
SUBTOTAL.....	\$ 19,914	\$ 17,586	\$ 17,580
Labor and Industry			
LICENSES AND FEES			
Approval of Building Plan Fees.....	\$ 4,470	\$ 4,200	\$ 4,250
Approval of Elevator Plan Fees.....	320	300	350
Bedding And Upholstery Fees.....	541	500	550
Boiler Inspection Fees.....	2,346	2,300	2,350
Elevator Inspection Fees.....	1,960	1,900	1,964
Employment Agents' Licenses.....	34	32	32
Employment Agents' Registration Fees.....	6	6	6
Industrial Homework Permit Fees.....	*	*	*
Liquefied Petroleum Gas Registration Fees.....	198	200	200
Projectionists' Examination And License Fees.....	7	7	7
Stuffed Toys Manufacturers' Registration Fees.....	54	45	45

* Less than \$500.



General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Labor and Industry (continued)			
MISCELLANEOUS REVENUE			
CETA Audit Settlement.....	12	0	0
Miscellaneous.....	21	3	3
Refunds of Expenditures Not Credited to Appropriations.....	21	0	0
SUBTOTAL.....	\$ 9,990	\$ 9,493	\$ 9,757
Department of Military Affairs			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 2	\$ 2	\$ 2
Refunds of Expenditures Not Credited to Appropriations.....	109	100	100
SUBTOTAL.....	\$ 111	\$ 102	\$ 102
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 73	\$ 0	\$ 0
Public Television Network			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 0	\$ 20	\$ 15
Public Utility Commission			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 1	*	*
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses.....	\$ 47	\$ 45	\$ 50
MISCELLANEOUS REVENUE			
Miscellaneous.....	162	10	10
Refunds of Expenditures Not Credited to Appropriations.....	242	130	130
SUBTOTAL.....	\$ 451	\$ 185	\$ 190
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees.....	\$ 37	\$ 36	\$ 37
Cigarette Permit Fees.....	655	787	823
Domestic Violence and Rape Crisis Program Fee.....	1,894	2,092	2,140
Uniform Commercial Fee Act 1992-67.....	8,068	8,083	8,450
MISCELLANEOUS REVENUE			
Distribution Due Absentee.....	-176	-288	-288
District Justice Costs.....	7,631	9,744	10,661
Exempt Collections Per Act 1992-67.....	10,688	10,938	11,938
Income Tax Check-Offs — Olympics.....	87	87	87
Miscellaneous.....	5	21	21
Refunds of Expenditures Not Credited to Appropriations.....	2	4	4
Voluntary Donations.....	*	0	0
SUBTOTAL.....	\$ 28,891	\$ 31,504	\$ 33,873

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial.....	\$ 55	\$ 57	\$ 27
Associated Persons — Renewal.....	202	224	105
Associated Persons — Transfer.....	3	6	3
Brokers, Dealers Registration Fees — Initial.....	85	87	90
Brokers, Dealers Registration Fees — Renewal.....	547	591	638
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs.....	7	*	*
Investment Advisors Filing Fees — Initial.....	27	25	28
Investment Advisors Filing Fees — Renewal.....	188	160	170
Investment Advisors — Notice Filings Initial.....	0	6	7
Investment Advisors — Notice Filings Renewal.....	0	40	42
Mutual Funds — Increase in Amount of Filing.....	363	225	350
Mutual Funds — Initial Filing.....	643	600	600
Mutual Funds — Oversales of Offering.....	0	5	5
Mutual Funds — Renewal Filing.....	4,440	4,200	4,400
Mutual Funds — Unregistered Sales.....	0	0	1
Section 202G Securities Exemption Fees.....	5	4	0
Section 203 (D) — Increase in Amount of Filing.....	3	1	3
Section 203 (D) — Initial Filing.....	394	370	400
Section 203 (I) (O) (II) — Initial Filing.....	7	8	7
Section 203(N) — Initial Filing.....	4	5	0
Section 203(P) — Initial Filing.....	*	1	*
Section 205 — Security Registration and Amendment Fees.....	124	130	130
Section 206 — Increase in Amount of Filing.....	2	2	2
Section 206 — Qualification Filing — Initial.....	77	80	80
Securities Agents Filing Fees — Initial.....	1,835	1,905	1,905
Securities Agents Filing Fees — Renewal.....	4,818	5,251	5,228
Securities Agents Filing Fees — Transfer.....	315	400	328
Takeover Disclosure Filing Fees.....	10	*	5
MISCELLANEOUS REVENUE			
Miscellaneous.....	*	2	0
SUBTOTAL	\$ 14,154	\$ 14,385	\$ 14,554
Department of State			
LICENSES AND FEES			
Commission and Filing Fees — Bureau Of Elections.....	\$ 394	\$ 345	\$ 345
Commission and Filing Fees — Corporation Bureau.....	7,739	6,981	6,981
Commission Fees.....	50	60	60
Notary Public Commission Fees.....	961	920	920
Registration Fee for Public Charities.....	0	546	1,335
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	2	0	0
SUBTOTAL	\$ 9,146	\$ 8,852	\$ 9,641
State Police			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 276	\$ 276	\$ 280
Reimbursement For Lost Property.....	5	6	7
Refunds of Expenditures Not Credited to Appropriations.....	154	153	155
SUBTOTAL	\$ 435	\$ 435	\$ 442
Department of Transportation			
MISCELLANEOUS REVENUE			
Interest — Railroad Rehabilitation.....	\$ -10	\$ 0	\$ 0

* Less than \$500.

General Fund Revenue Detail

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Other			
MISCELLANEOUS REVENUE			
Conscience Money.....	\$ 8	\$ 0	\$ 0
Payments in Lieu of Taxes — SWIF.....	4,068	3,825	2,117
Transfer from Nursing Home Loan Development Fund.....	78	0	0
Transfers From Special Funds.....	10,089	11,475	11,475
Transfer from Sunny Day Fund.....	28,000	0	0
Transfer from Pennsylvania Economic Revitalization Fund.....	1,152	5,400	1,878
SUBTOTAL.....	\$ 43,395	\$ 20,700	\$ 15,470
Total Licenses, Fees and Miscellaneous.....	\$ 280,369	\$ 263,800	\$ 257,600
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax.....	\$ 18,367	\$ 14,151	\$ 14,151
Interest on Excise Taxes — Corporations (Department of Revenue).....	9,959	7,673	7,673
Penalties on Excise Taxes — Corporations.....	1,137	876	876
Other Fines and Penalties			
Department of Agriculture			
Amusement Rides and Attractions — Fines.....	\$ 2	\$ 1	\$ 1
Egg Fines.....	*	*	1
General Food Fines.....	6	8	4
Harness Racing Fines and Penalties.....	35	35	35
Horse Racing Fines and Penalties.....	34	39	39
Marking Law Fines.....	*	*	*
Miscellaneous Fines.....	5	0	0
Seasonal Farm Laborers Fines and Penalties.....	3	3	3
Department of Conservation and Natural Resources			
Miscellaneous Fines.....	2	3	3
Department of Environmental Protection			
Blasters Fines.....	0	0	0
Miscellaneous Fines.....	*	*	*
Ethics Commission			
Violations-Act 1978-170.....	5	15	15
Department of General Services			
Traffic Violation Fines.....	29	25	25
Department of Health			
Non-Compliance Fines And Penalties.....	20	20	20
Department of Insurance			
Miscellaneous Fines.....	2,034	365	349
Department of Labor and Industry			
Minor Labor Law Fines.....	4	18	18
Miscellaneous Fines.....	71	80	80
Public Utility Commission			
Violation Of Order Fines.....	256	255	275
Department of Revenue			
Malt Liquor Fines and Penalties.....	48	33	32
Motor Law Fines Prior To 7/1/76.....	*	0	0
Spirituuous and Vinous Liquor Fines Penalties.....	0	0	0
Total Other Fines.....	\$ 32,017	\$ 23,600	\$ 23,600
TOTAL NONTAX REVENUES.....	\$ 362,386	\$ 337,400	\$ 331,200
TOTAL GENERAL FUND REVENUES.....	\$ 17,320,554	\$ 17,678,100	\$ 18,191,000

* 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)					
	1991-92 Actual	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income.....	\$ 1,613,290	\$ 1,456,128	\$ 1,554,112	\$ 1,905,933	\$ 1,625,889	\$ 1,697,077
Capital Stock and Franchise.....	886,021	875,105	881,128	894,032	879,543	954,503
Selective Business:						
Gross Receipts Tax.....	660,117	637,999	646,413	683,892	665,606	717,508
Public Utility Realty.....	202,941	156,269	156,616	154,031	151,003	137,164
Insurance Premiums.....	243,410	235,855	266,909	253,270	228,256	202,157
Financial Institutions.....	147,044	141,067	160,931	172,924	176,529	187,719
Other.....	8,342	21,734	12,591	13,545	12,417	12,992
Total — Corporation Taxes.....	\$ 3,761,165	\$ 3,524,157	\$ 3,678,700	\$ 4,077,627	\$ 3,739,243	\$ 3,909,120
Consumption Taxes						
Sales and Use.....	\$ 4,499,734	\$ 4,828,823	\$ 5,124,463	\$ 5,526,850	\$ 5,682,355	\$ 6,036,480
Cigarette.....	336,245	330,065	307,679	298,587	297,660	291,590
Malt Beverage.....	26,983	25,812	26,258	25,517	25,464	25,216
Liquor.....	117,645	122,746	119,985	121,187	124,044	130,660
Total — Consumption Taxes.....	\$ 4,980,607	\$ 5,307,446	\$ 5,578,385	\$ 5,972,141	\$ 6,129,523	\$ 6,483,946
Other Taxes						
Personal Income Tax.....	\$ 4,807,421	\$ 4,789,995	\$ 4,872,745	\$ 5,083,152	\$ 5,374,301	\$ 5,745,633
Realty Transfer.....	171,804	181,749	207,706	175,299	178,164	200,927
Inheritance.....	537,732	562,880	603,985	576,033	553,477	615,495
Minor and Repealed.....	1,093	1,833	1,320	1,401	1,055	3,047
Total — Other Taxes.....	\$ 5,518,050	\$ 5,536,457	\$ 5,685,756	\$ 5,835,885	\$ 6,106,997	\$ 6,565,102
TOTAL TAX REVENUE.....	\$ 14,259,822	\$ 14,368,060	\$ 14,942,841	\$ 15,885,653	\$ 15,975,763	\$ 16,958,168
NONTAX REVENUE						
Liquor Store Transfer.....	\$ 41,000	\$ 33,000	\$ 47,000	\$ 60,000	\$ 42,000	\$ 50,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees.....	56,200	55,470	65,684	63,796	68,665	72,830
Miscellaneous.....	139,104	153,495	130,372	183,532	231,051	207,539
Fines, Penalties and Interest:						
On Taxes.....	19,406	21,624	22,500	31,052	20,474	29,463
Other.....	1,265	1,469	2,345	651	585	2,554
TOTAL NONTAX REVENUES.....	\$ 256,975	\$ 265,058	\$ 267,901	\$ 339,031	\$ 362,775	\$ 362,386
GENERAL FUND TOTAL.....	\$ 14,516,797	\$ 14,633,118	\$ 15,210,742	\$ 16,224,684	\$ 16,338,538	\$ 17,320,554



COMMONWEALTH OF PENNSYLVANIA

MOTOR LICENSE FUND

The Motor License Fund is a special fund composed of monies received from liquid fuels taxes, licenses and fees on motor vehicles, aviation 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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Financial Statement *

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 119,089	\$ 114,073	\$ 101,117
Revenue:			
Revenue Receipts	\$ 1,609,129	\$ 1,789,284	\$ 1,826,980
Accrued Revenues Unrealized	92,516	85,442	85,442
Less Revenues Accrued Previously	<u>-99,376</u>	<u>-92,516</u>	<u>-85,442</u>
Total Revenue	<u>\$ 1,602,269</u>	<u>\$ 1,782,210</u>	<u>\$ 1,826,980</u>
Prior Year Lapses	<u>26,225</u>	<u>39,000</u>	<u>0</u>
Funds Available	<u>\$ 1,747,583</u>	<u>\$ 1,935,283</u>	<u>\$ 1,928,097</u>
Expenditures:			
Appropriations	\$ 1,633,510	\$ 1,872,851	\$ 1,926,687
Less Current Year Lapses	<u>0</u>	<u>-38,685</u>	<u>0</u>
Estimated Expenditures	<u>\$ -1,633,510</u>	<u>\$ -1,834,166</u>	<u>\$ -1,926,687</u>
Ending Balance	<u>\$ 114,073</u>	<u>\$ 101,117</u>	<u>\$ 1,410</u>

* Excludes restricted revenue.

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Executive Offices			
General Government			
Office of the Budget.....	\$ 3,996	\$ 4,024	\$ 4,093
TOTAL STATE FUNDS	\$ 3,996	\$ 4,024	\$ 4,093
Augmentations.....	\$ 813	\$ 994	\$ 910
DEPARTMENT TOTAL.....	\$ 4,809	\$ 5,018	\$ 5,003
Treasury Department			
General Government			
Replacement Checks.....	\$ 7	\$ 300	\$ 300
Refunding Liquid Fuel Tax — Agricultural.....	1,785	3,200	3,200
Administration of Refunding Liquid Fuel Tax.....	346	353	458
Refunding Liquid Fuel Tax — State Share.....	284	500	500
Refunding Emergency Liquid Fuel Tax.....	0	1	1
Refunding Liquid Fuel Tax — Political Subdivisions.....	1,348	2,300	2,300
Refunding Liquid Fuel Tax — Volunteer Services.....	71	350	350
Refunding Liquid Fuel Tax — Boat Fund.....	1,788	2,300	2,300
Subtotal.....	\$ 5,629	\$ 9,304	\$ 9,409
Debt Service Requirements			
Capital Debt — Transportation Projects.....	\$ 117,944	\$ 113,884	\$ 110,514
General Obligation Debt Service.....	1,367	1,301	1,260
Loan and Transfer Agent.....	54	135	135
Subtotal.....	\$ 119,365	\$ 115,320	\$ 111,909
TOTAL STATE FUNDS	\$ 124,994	\$ 124,624	\$ 121,318
Restricted Revenue.....	\$ 30,463	\$ 31,260	\$ 29,711
DEPARTMENT TOTAL.....	\$ 155,457	\$ 155,884	\$ 151,029
Department of Conservation and Natural Resources			
Dirt and Gravel Roads.....	\$ 0	\$ 1,000	\$ 1,000
TOTAL STATE FUNDS	\$ 0	\$ 1,000	\$ 1,000
Restricted Revenue.....	\$ 7,480	\$ 4,670	\$ 4,704
DEPARTMENT TOTAL.....	\$ 7,480	\$ 5,670	\$ 5,704
Department of Education			
Grants and Subsidies			
Safe Driving Course.....	\$ 1,279	\$ 1,526	\$ 1,556
DEPARTMENT TOTAL.....	\$ 1,279	\$ 1,526	\$ 1,556

Summary by Department (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Department of Environmental Protection			
Dirt and Gravel Roads.....	\$ 0	\$ 4,000	\$ 4,000
DEPARTMENT TOTAL.....	\$ 0	\$ 4,000	\$ 4,000
Department of General Services			
Tort Claims Payments.....	\$ 27,000	\$ 27,000	\$ 20,000
Harristown Rental Charges.....	93	96	101
Harristown Utility and Municipal Charges.....	160	161	163
DEPARTMENT TOTAL.....	\$ 27,253	\$ 27,257	\$ 20,264
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax.....	\$ 9,430	\$ 11,483	\$ 12,053
Refunding Liquid Fuels Tax.....	1,603	5,400	3,500
TOTAL STATE FUNDS	\$ 11,033	\$ 16,883	\$ 15,553
Augmentations.....	\$ 357	\$ 96	\$ 50
DEPARTMENT TOTAL.....	\$ 11,390	\$ 16,979	\$ 15,603
State Police			
General Government			
General Government Operations.....	\$ 245,717	\$ 255,240	\$ 267,214
Municipal Police Training.....	3,731	3,978	4,133
Patrol Vehicles.....	5,882	6,012	6,192
CLEAN System.....	0	4,341	8,116
DEPARTMENT TOTAL.....	\$ 255,330	\$ 269,571	\$ 285,655
Department of Transportation			
General Government			
General Government Operations.....	\$ 27,233	\$ 28,073	\$ 28,915
Highway Systems Technology.....	0	12,080	35,275
Refunding Collected Monies.....	3,161	3,300	3,300
Relocation of Transportation and Safety Operations.....	15,720	9,071	8,887
Highway and Safety Improvement.....	143,301	165,000	179,600
Highway Capital Projects.....	0	172,985	179,600
Metric Conversion.....	2,091	3,400	1,000
Highway Maintenance.....	546,942	625,585	609,932
Secondary Roads — Maintenance and Resurfacing.....	58,061	61,100	60,398
Highway Maintenance — Supplemental.....	78,797	0	0
Highway Maintenance Resurfacing.....	61,000	0	0
Highway Maintenance One Time Surface Improvements..	0	41,000	0
Preventive Maintenance.....	0	0	50,000
Reinvestment — Facilities.....	8,500	6,000	7,175
Safety Administration and Licensing.....	87,830	89,431	93,593
Enhanced Titling and Registration.....	0	0	1,400
Subtotal.....	\$ 1,032,636	\$ 1,217,025	\$ 1,259,075



Summary by Department (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Grants and Subsidies			
Local Road Maintenance and Construction Payments.....	\$ 171,989	\$ 173,941	\$ 181,173
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000
Payment to Turnpike Commission.....	0	28,000	28,000
Subtotal.....	\$ 176,989	\$ 206,941	\$ 214,173
TOTAL STATE FUNDS	\$ 1,209,625	\$ 1,423,966	\$ 1,473,248
Federal Funds.....	\$ 770,176	\$ 791,981	\$ 822,628
Augmentations.....	37,213	48,994	40,514
Restricted Revenue.....	370,568	676,081	669,555
DEPARTMENT TOTAL.....	\$ 1,177,957	\$ 1,517,056	\$ 1,532,697
Fund Summary			
State Funds — Transportation.....	\$ 1,209,625	\$ 1,423,966	\$ 1,473,248
State Funds — Other Departments.....	423,885	448,885	453,439
TOTAL STATE FUNDS	\$ 1,633,510	\$ 1,872,851	\$ 1,926,687
Motor License Fund Total—All Funds			
State Funds.....	\$ 1,633,510	\$ 1,872,851	\$ 1,926,687
Federal Funds.....	770,176	791,981	822,628
Augmentations.....	38,383	50,084	41,474
Restricted Revenue.....	408,511	712,011	703,970
FUND TOTAL.....	\$ 2,850,580	\$ 3,426,927	\$ 3,494,759

REVENUE SUMMARY

Five Year Revenue Projections

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Liquid Fuels Taxes.....	\$ 1,011,427	\$ 1,012,394	\$ 1,009,200	\$ 1,016,139	\$ 1,023,384	\$ 1,030,698	\$ 1,038,081
Motor Licenses and Fees.....	519,578	689,300	731,030	742,429	751,924	761,659	771,435
Other Motor License Fund Revenues.....	78,124	87,590	86,750	86,116	88,369	91,231	93,709
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 1,609,129	\$ 1,789,284	\$ 1,826,980	\$ 1,844,684	\$ 1,863,677	\$ 1,883,588	\$ 1,903,225
Aviation Restricted Revenues.....	\$ 18,603	\$ 17,780	\$ 10,836	\$ 10,725	\$ 10,725	\$ 10,725	\$ 10,725
Highway Bridge Improvement Restricted Revenues.....	\$ 77,349	\$ 84,218	\$ 82,017	\$ 82,824	\$ 84,154	\$ 85,505	\$ 86,878
State Highway Transfer Restricted Revenues.....	\$ 16,919	\$ 16,392	\$ 16,424	\$ 16,531	\$ 16,649	\$ 16,768	\$ 16,888
Oil Company Franchise Tax Restricted Revenues.....	\$ 309,530	\$ 300,524	\$ 301,107	\$ 303,068	\$ 305,232	\$ 307,415	\$ 309,620
Supplemental Maintenance Restricted Revenues.....	\$ 0	\$ 210,367	\$ 210,775	\$ 212,148	\$ 213,662	\$ 215,191	\$ 216,734

Adjustments to 1997-98 Revenue Estimate

On May 6, 1997, an official estimate for the 1997-98 fiscal year of \$1,808,715,000 was certified. The revised estimate detailed below reflects actual revenue collections through the first six months of the fiscal year and expected collections for the balance of the fiscal year.

(Dollar Amounts in Thousands)

	1997-98 Official Estimate	Adjustments	1997-98 Revised Estimate
Liquid Fuels Taxes.....	\$ 1,019,005	\$ -6,611	\$ 1,012,394
Motor Licenses and Fees.....	705,700	-16,400	689,300
Other Motor License Fund Revenues.....	84,010	3,580	87,590
TOTAL.....	\$ 1,808,715	\$ -19,431	\$ 1,789,284

Revenue Sources

Liquid Fuels Taxes

(Dollar Amounts in Thousands)

	Actual		Estimated
1991-92.....	\$ 925,019	1997-98.....	\$ 1,012,394
1992-93.....	985,955	1998-99.....	1,009,200
1993-94.....	954,002	1999-00.....	1,016,139
1994-95.....	982,556	2000-01.....	1,023,384
1995-96.....	982,117	2001-02.....	1,030,698
1996-97.....	1,011,427	2002-03.....	1,038,081

Tax Base and Rates:

Liquid Fuels and Fuels Tax: The Liquid Fuels and Fuels Tax is based on the number of gallons of liquid fuel (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, having been increased from the previous eleven cents per gallon rate on August 8, 1983. 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 liquid fuels and fuels taxed pursuant to the Liquid Fuels and Fuels Tax. The current tax rate is 153.5 mills for liquid fuels and 208.5 mills for fuels and is imposed on a cents-per-gallon equivalent basis. The tax rate was increased by 35 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.

Revenue Sources (Continued)

Motor Licenses and Fees

(Dollar Amounts in Thousands)

Actual		Estimated	
1991-92.....	467,094	1997-98.....	\$ 689,300
1992-93.....	471,953	1998-99.....	731,030
1993-94.....	476,426	1999-00.....	742,429
1994-95.....	505,716	2000-01.....	751,924
1995-96.....	506,555	2001-02.....	761,659
1996-97.....	519,578	2002-03.....	771,435

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 July 1, 1997 by Act 3 of 1997.

Other Motor License Fund Revenues

(Dollar Amounts in Thousands)

Actual		Estimated	
1991-92.....	74,580	1997-98.....	\$ 87,590
1992-93.....	66,670	1998-99.....	86,750
1993-94.....	72,305	1999-00.....	86,116
1994-95.....	71,351	2000-01.....	88,369
1995-96.....	78,183	2001-02.....	91,231
1996-97.....	78,124	2002-03.....	93,709

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 — An excise tax imposed upon the gross receipts of owners and operators of motor vehicles transporting property for hire on public highways. The current tax rate is eight mills. Only the tax received from companies operating over routes which are not entirely within the Commonwealth is deposited in the Motor License Fund.

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



Revenue Detail

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

(Dollar Amounts in Thousands)

	<u>1996-97</u> Actual	<u>1997-98</u> Estimate	<u>1998-99</u> Budget
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax.....	\$ 555,786	\$ 553,035	\$ 546,986
Liquid Fuels Tax Interest.....	96	95	94
Liquid Fuels Tax Penalties.....	157	155	153
Subtotal.....	<u>\$ 556,039</u>	<u>\$ 553,285</u>	<u>\$ 547,233</u>
Fuel Use Tax			
Fuel Use Tax.....	\$ 139,623	\$ 148,695	\$ 146,765
Fuel Use Tax Interest.....	218	233	228
Fuel Use Tax Penalties.....	341	364	357
Subtotal.....	<u>\$ 140,182</u>	<u>\$ 149,292</u>	<u>\$ 147,350</u>
Alternative Fuel Tax			
Alternative Fuel Tax.....	\$ 0	\$ 300	\$ 495
Alternative Fuel Tax Interest.....	0	9	12
Alternative Fuel Tax Penalties.....	0	1	3
Subtotal.....	<u>\$ 0</u>	<u>\$ 310</u>	<u>\$ 510</u>
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax.....	\$ -4,686	\$ 2,000	\$ 1,600
Motor Carriers Road/IFTA— Registration Fees, Special Permit Fees and Fines.....	864	603	450
Subtotal.....	<u>\$ -3,822</u>	<u>\$ 2,603</u>	<u>\$ 2,050</u>
Interstate Bus Compact Fuels Tax			
Penalties & Interest.....	\$ -8	\$ 0	\$ 0
Oil Company Franchise Tax.....	<u>\$ 319,036</u>	<u>\$ 306,904</u>	<u>\$ 312,057</u>
TOTAL LIQUID FUELS TAXES.....	<u><u>\$ 1,011,427</u></u>	<u><u>\$ 1,012,394</u></u>	<u><u>\$ 1,009,200</u></u>
MOTOR LICENSES AND FEES			
Operators' Licenses.....	\$ 52,173	\$ 50,500	\$ 52,000
Other Fees Collected by Bureau of Motor Vehicles.....	18,079	18,500	18,500
Registration Fees Received From Other States/IRP.....	34,076	40,000	49,830
Special Hauling Permit Fees.....	11,512	11,800	11,800
Vehicle Registration and Tinting.....	403,738	568,500	598,900
TOTAL MOTOR LICENSES AND FEES.....	<u><u>\$ 519,578</u></u>	<u><u>\$ 689,300</u></u>	<u><u>\$ 731,030</u></u>

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
OTHER MOTOR LICENSE FUND REVENUES			
Gross Receipts Tax.....	\$ 566	\$ 600	\$ 600
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines.....	\$ 26,774	\$ 27,920	\$ 27,882
Department of Transportation			
Vehicle Code Fines.....	4,622	4,580	5,118
Subtotal.....	\$ 31,396	\$ 32,500	\$ 33,000
Miscellaneous Revenues			
Treasury Department			
Interest on Deposits - Cash Advancement Accounts.....	\$ 75	\$ 94	\$ 88
Interest on Securities.....	23,214	30,831	29,075
Interest on Securities - Liquid Fuels Tax Fund.....	490	617	576
Redeposit of Checks.....	-32	-42	-39
Subtotal.....	\$ 23,747	\$ 31,500	\$ 29,700
Department of General Services			
Sale of Unserviceable Property.....	\$ 291	\$ 490	\$ 450
Department of Revenue			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 2	\$ 0	\$ 0
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles.....	\$ 27	\$ 28	\$ 29
Highway Bridge Income.....	121	123	125
Highway Encroachment Permits.....	1,279	1,305	1,331
Interest Earned - Restricted Revenue.....	-1,223	-813	-734
Miscellaneous Revenues.....	307	313	317
Recovered Damages.....	1	1	1
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	198	203	205
Sale of Abandoned Vehicles.....	0	2	2
Sale of Bid Proposals and Contract Specifications.....	625	637	650
Sale of Inspection Stickers.....	20,372	20,278	20,643
Sale of Maps and Plans.....	415	423	431
Subtotal.....	\$ 22,122	\$ 22,500	\$ 23,000
TOTAL OTHER MOTOR LICENSE FUND REVENUES.....	\$ 78,124	\$ 87,590	\$ 86,750
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 1,609,129	\$ 1,789,284	\$ 1,826,980



Restricted Revenues Not Included in Department Total

Aviation Revenues

(Dollar Amounts in Thousands)

	Actual		Estimated	
1991-92.....	\$ 17,469		1997-98.....	\$ 17,780
1992-93.....	17,230		1998-99.....	10,836
1993-94.....	19,696		1999-00.....	10,725
1994-95.....	18,678		2000-01.....	10,725
1995-96.....	17,653		2001-02.....	10,725
1996-97.....	18,603		2002-03.....	10,725

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 has been transferred to a local authority. Therefore, starting with fiscal year 1997-98, aviation revenues have been restated to exclude State-owned airport revenue. Both tax rates are annually adjusted 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, 1998 is 3.5 cents per gallon on aviation gasoline and 1.7 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	\$ 9,258	\$ 10,740	\$ 10,200
Harrisburg International Airport Industrial Park.....	445	250	0
Harrisburg International Airport Operations.....	7,485	6,000	0
State Airport Operations.....	192	90	0
Interest.....	1,223	700	636
TOTAL AVIATION REVENUES.....	\$ 18,603	\$ 17,780	\$ 10,836

Highway Bridge Improvement Revenues

(Dollar Amounts in Thousands)

	Actual		Estimated	
1991-92.....	\$ 35,498 ^a		1997-98.....	\$ 84,218
1992-93.....	38,924 ^a		1998-99.....	82,017
1993-94.....	69,781		1999-00.....	82,824
1994-95.....	75,410		2000-01.....	84,154
1995-96.....	62,573		2001-02.....	85,505
1996-97.....	77,349		2002-03.....	86,878

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.

^a The Motor Carrier Surcharge amounts are net of \$32 million of Axle Tax refunds in 1991-92 and \$30.4 million in 1992-93.

Restricted Revenues Not Included in Department Total (continued)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Motor Carrier Surcharge.....	\$ 59,426	\$ 25,000	\$ 500
Registration Fee Portion-PA-Based Motor Vehicles.....	17,582	17,400	17,411
Temporary Permit Fees.....	341	140	125
Oil Company Fuel Tax.....	0	41,678	63,981
TOTAL HIGHWAY BRIDGE REVENUES.....	\$ 77,349	\$ 84,218	\$ 82,017

State Highway Transfer Revenues

(Dollar Amounts in Thousands)

Actual	Estimated
1991-92..... \$ 14,903	1997-98..... \$ 16,392
1992-93..... 16,369	1998-99..... 16,424
1993-94..... 15,438	1999-00..... 16,531
1994-95..... 15,716	2000-01..... 16,649
1995-96..... 15,833	2001-02..... 16,768
1996-97..... 16,919	2002-03..... 16,888

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

(Dollar Amounts in Thousands)

Actual	Estimated
1991-92..... 176,918	1997-98..... \$ 300,524
1992-93..... 288,863	1998-99..... 301,107
1993-94..... 280,361	1999-00..... 303,068
1994-95..... 287,874	2000-01..... 305,232
1995-96..... 289,626	2001-02..... 307,415
1996-97..... 309,530	2002-03..... 309,620

Oil Company Franchise Tax Restricted Account revenues are provided by a 55 mill tax on the average wholesale price of motor fuels 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

(Dollar Amounts in Thousands)

Actual	Estimated
1991-92..... 0	1997-98..... \$ 210,367
1992-93..... 0	1998-99..... 210,775
1993-94..... 0	1999-00..... 212,148
1994-95..... 0	2000-01..... 213,662
1995-96..... 0	2001-02..... 215,191
1996-97..... 0	2002-03..... 216,734

Supplemental Maintenance Restricted Account revenues are provided by a 38.5 mill tax on the average wholesale price of motor fuels as a result of Act 3 of 1997. Revenues are restricted to the following purposes: 12 percent for municipalities and 88 percent for maintenance.





COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance.....	\$ 3,844	\$ 5,684	\$ 6,672
Receipts:			
Revenue Estimate.....	\$ 10,517	\$ 10,189	\$ 10,510
Prior Year Lapses.....	315	0	0
Total Receipts.....	\$ 10,832	\$ 10,189	\$ 10,510
Funds Available.....	\$ 14,676	\$ 15,873	\$ 17,182
Expenditures:			
Appropriated.....	\$ 8,992	\$ 9,201	\$ 9,579
Estimated Expenditures.....	-8,992	-9,201	-9,579
Cash Balance, Ending.....	\$ 5,684	\$ 6,672	\$ 7,603

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Banking Department			
General Government			
General Government Operations.....	\$ 8,678	\$ 8,886	\$ 9,251
DEPARTMENT TOTAL.....	\$ 8,678	\$ 8,886	\$ 9,251
Department of General Services			
General Government			
Harristown Rental Charges.....	\$ 139	\$ 139	\$ 139
Harristown Utility and Municipal Charges.....	175	171	184
DEPARTMENT TOTAL.....	\$ 314	\$ 310	\$ 323
FUND TOTAL.....	\$ 8,992	\$ 9,201	\$ 9,579



REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Licenses and Fees.....	\$ 10,063	9,702	\$ 10,070	\$ 10,040	\$ 10,270	\$ 10,519	\$ 10,828
Fines and Penalties.....	50	40	50	53	55	58	61
Miscellaneous.....	404	447	390	493	517	543	570
TOTAL BANKING DEPARTMENT FUND REVENUES.....	\$ 10,517	\$ 10,189	\$ 10,510	\$ 10,586	\$ 10,842	\$ 11,120	\$ 11,459

Revenue Sources

Licenses and Fees

Actual	Estimated
1991-92..... \$ 9,058	1997-98..... \$ 9,702
1992-93..... 10,440	1998-99..... 10,070
1993-94..... 12,382	1999-00..... 10,040
1994-95..... 10,546	2000-01..... 10,270
1995-96..... 10,721	2001-02..... 10,519
1996-97..... 10,063	2002-03..... 10,828

The Commonwealth receives revenue from examination fees based on the actual cost of examining banks and trust companies, savings and private banks, savings associations, pawnbrokers, consumer discount companies and credit unions. Overhead assessment fees, based upon total assets, also are charged against banks and trust companies, savings and private banks, credit unions, and savings associations. Annual license fees are paid by pawnbrokers, consumer discount companies, small loan companies, installment sellers, sales finance companies, collector-repossessors, money transmitters and miscellaneous fees including those for branch banks and mergers. Since 1989-90, fees include the impact of Act 90 of 1989, the Mortgage Bankers and Brokers Act.

Fines and Penalties

Actual	Estimated
1991-92..... \$ 14	1997-98..... \$ 40
1992-93..... 40	1998-99..... 50
1993-94..... 101	1999-00..... 53
1994-95..... 63	2000-01..... 55
1995-96..... 146	2001-02..... 58
1996-97..... 50	2002-03..... 61

The Commonwealth receives fines and penalties collected from companies illegally doing business in the Commonwealth as well as companies that file financial statements beyond deadlines established in regulations.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1991-92.....	\$ 162	1997-98.....	\$ 447
1992-93.....	79	1998-99.....	390
1993-94.....	79	1999-00.....	493
1994-95.....	221	2000-01.....	517
1995-96.....	297	2001-02.....	543
1996-97.....	404	2002-03.....	570

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)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Licenses and Fees			
Banking — Examinations.....	\$ 5	\$ 4	\$ 0
Banking — Application Fees.....	107	70	88
Banking — Interstate Application Fees.....	3	0	10
Banking — Intrastate Application Fees.....	8	20	10
Savings Associations — Examinations.....	356	370	286
Savings Associations — Overhead Assessments.....	97	89	83
Savings Associations — Application Fees.....	4	9	34
Savings Associations — Mergers and Consolidations.....	0	5	0
Consumer Credit — Examinations.....	271	230	237
Consumer Credit — Overhead Assessments.....	299	282	296
Consumer Credit — Pawnbroker Licenses.....	21	22	23
Consumer Credit — Installment Seller Licenses.....	922	950	979
Consumer Credit — Consumer Discount Company Licenses.....	229	234	239
Consumer Credit — Money Transmitter Licenses.....	52	40	40
Consumer Credit — Sales Finance Licenses.....	413	400	400
Consumer Credit — Collector-Repossessor Licenses.....	36	30	31
Consumer Credit — Second Mortgage Licenses.....	557	380	392
Secondary Mortgage Broker Licenses.....	68	70	72
Examinations — Credit Union.....	367	300	411
Examinations — Pawnbrokers.....	16	22	23
Examinations — Second Mortgage.....	93	91	93
Examinations — Trust Companies.....	212	150	209
Examinations — Money Transmitters.....	22	44	50
Examinations — Secondary Mortgage Broker.....	0	24	28
Overhead Assessments — Trust Companies.....	70	83	83
Total Assessment Charges — Banks.....	5,252	5,400	5,552
First Mortgage Company — Licenses.....	534	342	388
Mutual Holding Companies — Reorganization Application Fees.....	10	0	0
Miscellaneous.....	39	41	13
TOTAL.....	\$ 10,063	\$ 9,702	\$ 10,070



Revenue Detail (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Fines and Penalties			
Banking Law--Fines and Penalties.....	\$ 50	\$ 40	\$ 50
TOTAL.....	<u>\$ 50</u>	<u>\$ 40</u>	<u>\$ 50</u>
Miscellaneous Revenue			
Interest on Securities.....	\$ 392	\$ 447	\$ 390
Miscellaneous.....	12	0	0
TOTAL.....	<u>\$ 404</u>	<u>\$ 447</u>	<u>\$ 390</u>
TOTAL REVENUES.....	<u>\$ 10,517</u>	<u>\$ 10,189</u>	<u>\$ 10,510</u>



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance.....	\$ 5,861	\$ 8,467	\$ 8,631
Receipts:			
Revenue Estimate.....	\$ 11,016	\$ 9,916	\$ 9,721
Prior Year Lapses ^a	755	825	0
Total Receipts.....	\$ 11,771	\$ 10,741	\$ 9,721
Funds Available.....	\$ 17,632	\$ 19,208	\$ 18,352
Expenditures:			
Appropriated.....	\$ 9,165	\$ 10,577	\$ 9,705
Estimated Expenditures.....	-9,165	-10,577	-9,705
Cash Balance, Ending.....	\$ 8,467	\$ 8,631	\$ 8,647

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

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 7,467	\$ 8,277	\$ 7,982
TOTAL STATE FUNDS	\$ 7,467	\$ 8,282	\$ 7,987
Federal Funds.....	\$ 1,672	\$ 2,280	\$ 1,698
Other Funds.....	26	15	20
FUND TOTAL	\$ 9,165	\$ 10,577	\$ 9,705

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Licenses and Fees.....	\$ 4,585	\$ 4,577	\$ 5,205	\$ 4,958	\$ 5,348	\$ 5,100	\$ 5,496
Fines and Penalties.....	168	150	160	160	160	160	160
Miscellaneous.....	4,565	2,894	2,638	2,743	2,834	2,930	3,035
TOTAL BOAT FUND REVENUES.....	\$ 9,318	\$ 7,621	\$ 8,003	\$ 7,861	\$ 8,342	\$ 8,190	\$ 8,691
Augmentations.....	\$ 1,698	\$ 2,295	\$ 1,718	\$ 670	\$ 675	\$ 680	\$ 685
TOTAL BOAT FUND RECEIPTS.....	\$ 11,016	\$ 9,916	\$ 9,721	\$ 8,531	\$ 9,017	\$ 8,870	\$ 9,376

Revenue Sources

Licenses and Fees

Actual	Estimated
1991-92..... \$ 3,259	1997-98..... \$ 4,577
1992-93..... 4,331	1998-99..... 5,205
1993-94..... 4,128	1999-00..... 4,958
1994-95..... 4,583	2000-01..... 5,348
1995-96..... 4,231	2001-02..... 5,100
1996-97..... 4,585	2002-03..... 5,496

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

Fines and Penalties

Actual	Estimated
1991-92..... \$ 103	1997-98..... \$ 150
1992-93..... 108	1998-99..... 160
1993-94..... 141	1999-00..... 160
1994-95..... 133	2000-01..... 160
1995-96..... 161	2001-02..... 160
1996-97..... 168	2002-03..... 160

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



Revenue Sources (continued)

Miscellaneous Revenue

Actual	Estimated
1991-92..... \$ 2,189	1997-98..... \$ 2,894
1992-93..... 2,335	1998-99..... 2,638
1993-94..... 2,352	1999-00..... 2,743
1994-95..... 2,679	2000-01..... 2,834
1995-96..... 672	2001-02..... 2,930
1996-97..... 4,565	2002-03..... 3,035

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)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	\$ 4,537	\$ 4,305	\$ 4,856
Boat Mooring Permits — Walnut Creek Access.....	36	35	38
Boating Safety Curriculum Fees.....	4	4	4
Boat Capacity Plate Fees.....	8	8	7
Boat Titling Fees.....	0	225	300
TOTAL.....	\$ 4,585	\$ 4,577	\$ 5,205
Fines and Penalties			
Motor Boat Fines.....	\$ 168	\$ 150	\$ 160
TOTAL.....	\$ 168	\$ 150	\$ 160
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels			
Tax Funds.....	\$ 3,928	\$ 2,200	\$ 1,976
Miscellaneous.....	15	20	20
Interest on Securities.....	419	435	440
Sale of Unserviceable Property.....	45	2	2
Sales Tax Agent Fee PFC Share.....	20	87	50
North East Marina.....	138	150	150
TOTAL.....	\$ 4,565	\$ 2,894	\$ 2,638
Augmentations			
Sale of Automobiles.....	\$ 26	\$ 15	\$ 20
U.S. Coast Guard Grant for Boating Safety.....	1,058	1,344	1,200
Coastal Zone Management.....	25	0	0
Sport Fish Restoration.....	531	841	458
Clean Vessel Act.....	58	95	40
TOTAL.....	\$ 1,698	\$ 2,295	\$ 1,718
TOTAL RECEIPTS.....	\$ 11,016	\$ 9,916	\$ 9,721



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Farm Products Show Fund

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance.....	\$ 745	\$ 958	\$ 502
Receipts:			
Revenue Estimate.....	\$ 3,698	\$ 3,677	\$ 3,750
Transfer from General Fund.....	812	800	800
Prior Year Lapses.....	246	0	0
Total Receipts.....	\$ 4,756	\$ 4,477	\$ 4,550
Funds Available.....	\$ 5,501	\$ 5,435	\$ 5,052
Expenditures:			
Appropriated.....	\$ 4,543	\$ 4,933	\$ 5,041
Estimated Expenditures.....	-4,543	-4,933	-5,041
Cash Balance, Ending.....	\$ 958	\$ 502	\$ 11

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government	\$ 0	\$ 5	\$ 5
Department of Agriculture			
General Government			
General Operations.....	\$ 3,731	\$ 4,128	\$ 4,236
Augmentations.....	\$ 812	\$ 800	\$ 800
FUND TOTAL.....	\$ 4,543	\$ 4,933	\$ 5,041

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Fees.....	\$ 280	\$ 270	\$ 285	\$ 285	\$ 285	\$ 285	\$ 285
Miscellaneous.....	3,418	3,407	3,465	3,465	3,465	3,465	3,465
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	\$ 3,698	\$ 3,677	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750
Augmentations.....	\$ 812	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	\$ 4,510	\$ 4,477	\$ 4,550	\$ 4,550	\$ 4,550	\$ 4,550	\$ 4,550

Revenue Sources

Fees

Actual		Estimated	
1991-92.....	\$ 263	1997-98.....	\$ 270
1992-93.....	276	1998-99.....	285
1993-94.....	274	1999-00.....	285
1994-95.....	278	2000-01.....	285
1995-96.....	282	2001-02.....	285
1996-97.....	280	2002-03.....	285

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	
1991-92.....	\$ 2,651	1997-98.....	\$ 3,407
1992-93.....	2,830	1998-99.....	3,465
1993-94.....	2,870	1999-00.....	3,465
1994-95.....	3,218	2000-01.....	3,465
1995-96.....	3,367	2001-02.....	3,465
1996-97.....	3,418	2002-03.....	3,465

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 authorization.

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Licenses and Fees			
Exhibit Fees — Competitive—Farm Show.....	\$ 19	\$ 20	\$ 20
Exhibit — Commercial.....	261	250	265
TOTAL.....	\$ 280	\$ 270	\$ 285
Miscellaneous Revenue			
Concession Revenue.....	\$ 900	\$ 915	\$ 915
Service Charges.....	393	410	410
Rentals.....	1,453	1,400	1,438
Miscellaneous Revenue.....	71	71	71
Interest on Securities, Deposits, Returned Checks.....	62	41	62
Parking Fees.....	493	520	520
Salary Reimbursement — Dairy and Livestock Association.....	42	44	44
Sign Shop Sales.....	4	6	5
TOTAL.....	\$ 3,418	\$ 3,407	\$ 3,465
Augmentations			
Transfer from General Fund.....	\$ 812	\$ 800	\$ 800
TOTAL RECEIPTS.....	\$ 4,510	\$ 4,477	\$ 4,550



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 9,586	\$ 12,384	\$ 13,940
Receipts:			
Miscellaneous.....	\$ 37,173	\$ 40,051	\$ 37,580
Prior Year Lapses.....	1,264	950	0
Total Receipts	\$ 38,437	\$ 41,001	\$ 37,580
Funds Available	\$ 48,023	\$ 53,385	\$ 51,520
Expenditures:			
Appropriated.....	\$ 35,639	\$ 39,445	\$ 37,505
Estimated Expenditures.....	-35,639	-39,445	-37,505
Cash Balance, Ending	\$ 12,384	\$ 13,940	\$ 14,015

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Debt Service Requirements			
General Operation Debt Service.....	\$ 1	\$ 0	\$ 0
DEPARTMENT TOTAL	\$ 1	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 20,689	\$ 22,621	\$ 22,436
TOTAL STATE FUNDS	\$ 20,690	\$ 22,626	\$ 22,441
Federal Funds	\$ 5,368	\$ 5,805	\$ 4,988
Other Funds	9,581	11,014	10,076
FUND TOTAL	\$ 35,639	\$ 39,445	\$ 37,505

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REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Licenses and Fees.....	\$ 19,908	\$ 21,085	\$ 20,202	\$ 20,518	\$ 20,939	\$ 21,366	\$ 21,804
Fines and Penalties.....	323	300	320	320	320	320	320
Miscellaneous.....	1,993	1,847	1,994	1,999	1,975	1,960	1,945
TOTAL FISH FUND REVENUES.....	\$ 22,224	\$ 23,232	\$ 22,516	\$ 22,837	\$ 23,234	\$ 23,646	\$ 24,069
Augmentations.....	\$ 14,949	\$ 16,819	\$ 15,064	\$ 14,058	\$ 14,332	\$ 14,605	\$ 14,880
TOTAL FISH FUND RECEIPTS.....	\$ 37,173	\$ 40,051	\$ 37,580	\$ 36,895	\$ 37,566	\$ 38,251	\$ 38,949

Revenue Sources

Licenses and Fees

Actual	Estimated
1991-92..... \$ 17,027	1997-98..... \$ 21,085
1992-93..... 17,239	1998-99..... 20,202
1993-94..... 17,170	1999-00..... 20,518
1994-95..... 17,500	2000-01..... 20,939
1995-96..... 19,100	2001-02..... 21,366
1996-97..... 19,908	2002-03..... 21,804

The Commonwealth issues resident fishing licenses to persons between the ages of 16 and 64 if the applicant can prove residency within the Commonwealth for 60 days. Through the passage of Act 47 of 1995, the resident fees were increased to \$16.25. The Commonwealth also issues senior resident fishing licenses to persons 65 years of age and older for a fee of \$3.25. An individual eligible for a senior resident license can purchase a lifetime license for a fee of \$15.25. Act 47 of 1995 also increased nonresident fees to \$34.25 and the tourist fishing license to \$29.25. Tourist licenses are valid for a period of seven consecutive days. Effective January 1991, persons fishing for trout or salmon are now required to buy a \$5.00 stamp in addition to their regular fishing licenses. Other sources of revenue include special eel licenses, Lake Erie commercial fishing licenses and commercial hatchery licenses.

Fines and Penalties

Actual	Estimated
1991-92..... \$ 261	1997-98..... \$ 300
1992-93..... 293	1998-99..... 320
1993-94..... 317	1999-00..... 320
1994-95..... 282	2000-01..... 320
1995-96..... 314	2001-02..... 320
1996-97..... 323	2002-03..... 320

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

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Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1991-92.....	\$ 2,297	1997-98.....	\$ 1,847
1992-93.....	2,035	1998-99.....	\$ 1,994
1993-94.....	1,950	1999-00.....	1,999
1994-95.....	1,884	2000-01.....	1,975
1995-96.....	1,940	2001-02.....	1,960
1996-97.....	1,993	2002-03.....	1,945

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, 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)

	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Licenses and Fees			
Resident Fishing Licenses.....	\$ 14,063	\$ 14,689	\$ 14,274
Resident Senior Fishing Licenses.....	56	77	57
Nonresident Fishing Licenses.....	1,619	2,175	1,619
Tourist Fishing Licenses - 3 Day.....	415	268	435
Tourist Fishing Licenses - 7 Day.....	80	47	82
Lake Erie Licenses.....	2	2	2
Commercial Hatchery Licenses.....	8	9	9
Fishing Lake Licenses.....	23	24	24
Miscellaneous Permits and Fees.....	38	37	38
Scientific Collector's Permits.....	6	6	6
Lifetime Fishing Licenses - Senior Resident.....	188	244	194
Membership Fees - Pennsylvania League of Angling Youth.....	11	16	12
H.R. Stackhouse Facilities User Fees.....	3	1	3
Trout/Salmon Stamp.....	3,396	3,490	3,447
TOTAL.....	\$ 19,908	\$ 21,085	\$ 20,202
Fines and Penalties			
Fish Law Fines.....	\$ 323	\$ 300	\$ 320
TOTAL.....	\$ 323	\$ 300	\$ 320

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Revenue Detail (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimated	1998-99 Budget
Miscellaneous Revenue			
Sale of Publications.....	\$ 40	\$ 25	\$ 40
Sale of Unserviceable Property.....	4	5	5
Miscellaneous Revenue.....	104	55	113
Interest on Securities and Deposits.....	752	700	760
Rental of Fish and Boat Commission Property.....	25	13	26
Income from Sand and Gravel Dredging.....	391	330	380
In Lieu of Payments for Fishways.....	25	25	25
Sale of <i>Pennsylvania Angler & Boater</i>	238	230	240
Pollution and Stream Disturbance Settlements.....	359	350	350
Sale of Recreational Fishing Promotional Items.....	24	92	24
Royalty Payments.....	31	12	31
Contributions - Land and Water Acquisition.....	0	10	0
TOTAL.....	\$ 1,993	\$ 1,847	\$ 1,994
TOTAL REVENUES.....	\$ 22,224	\$ 23,232	\$ 22,516
Augmentations			
Sale of Automobiles and Other Vehicles.....	\$ 50	\$ 50	\$ 50
Reimbursement for Services - Boat Fund.....	9,165	10,572	9,700
Reimbursement for Services - Department of Transportation.....	55	52	52
Reimbursement for Services - Shad Restoration.....	205	215	229
Reimbursement for Services - DEP/EPA Projects.....	81	83	45
Reimbursement for Services - Wild Resource Conservation Fund.....	25	38	0
Claim Settlement - Texas Eastern.....	0	4	0
Federal Reimbursement - Sport Fish Restoration.....	4,963	5,380	4,655
Reimbursement for Services - Mid-Atlantic Management Council.....	10	0	0
Federal Reimbursement - Clean Vessel Act.....	0	7	0
Federal Reimbursement - Endangered Species.....	4	5	0
Federal Reimbursement - Surface Mine Regulation.....	40	40	40
Federal Reimbursement - NOAA.....	245	373	293
Emergency and Disaster Relief.....	106	0	0
TOTAL.....	\$ 14,949	\$ 16,819	\$ 15,064
TOTAL RECEIPTS.....	\$ 37,173	\$ 40,051	\$ 37,580

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COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 31,856	\$ 30,854	\$ 15,699
Receipts:			
Revenue Estimate.....	\$ 49,435	\$ 47,688	\$ 47,494
Prior Year Lapses.....	1,156	500	0
Total Receipts.....	\$ 50,591	\$ 48,188	\$ 47,494
Funds Available	\$ 82,447	\$ 79,042	\$ 63,193
Expenditures:			
Appropriated.....	\$ 51,593	\$ 63,343	\$ 56,174
Estimated Expenditures.....	-51,593	-63,343	-56,174
Cash Balance, Ending	\$ 30,854	\$ 15,699	\$ 7,019

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Game Commission			
General Government			
General Operations.....	\$ 42,794	\$ 54,189	\$ 47,524
Land Acquisition and Development.....	207	500	100
DEPARTMENT TOTAL.....	\$ 43,001	\$ 54,689	\$ 47,624
TOTAL STATE FUNDS	\$ 43,001	\$ 54,694	\$ 47,629
Federal Funds.....	\$ 8,047	\$ 8,060	\$ 8,060
Other Funds.....	545	589	485
FUND TOTAL.....	\$ 51,593	\$ 63,343	\$ 56,174



REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Licenses and Fees.....	\$ 22,290	\$ 22,183	\$ 22,183	\$ 22,751	\$ 22,751	\$ 22,751	\$ 22,751
Fines and Penalties.....	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Miscellaneous.....	17,053	15,356	15,266	15,569	15,569	15,569	15,569
TOTAL GAME FUND REVENUES.....	\$ 40,843	\$ 39,039	\$ 38,949	\$ 39,820	\$ 39,820	\$ 39,820	\$ 39,820
Augmentations.....	\$ 8,592	\$ 8,649	\$ 8,545	\$ 7,544	\$ 7,544	\$ 7,544	\$ 7,544
TOTAL GAME FUND RECEIPTS.....	\$ 49,435	\$ 47,688	\$ 47,494	\$ 47,364	\$ 47,364	\$ 47,364	\$ 47,364

Revenue Sources

Licenses and Fees

Actual		Estimated	
1991-92.....	\$ 26,246	1997-98.....	\$ 22,183
1992-93.....	25,646	1998-99.....	22,183
1993-94.....	25,388	1999-00.....	22,751
1994-95.....	26,363	2000-01.....	22,751
1995-96.....	25,087	2001-02.....	22,751
1996-97.....	22,290	2002-03.....	22,751

The current fees for licenses became effective September 1985. For resident hunting and resident furtaker licenses, the fees are: ages 17 to 64, \$12.00; over age 65, \$10.00; ages 12 to 16, \$5.00. A resident senior lifetime hunting license is \$50.00. For nonresidents of the Commonwealth, hunting and furtaker licenses are: over age 17, \$80.00; ages 12 to 16, \$40.00. In addition, a license for a nonresident to hunt bear is \$25.00. Archery, muzzleloading and antlerless deer licenses are \$5.00. Nonresidents may also buy a special three-day license to hunt on a regulated shooting ground for \$3.00; a seven-day license to hunt small game costs \$15.00.

Fines and Penalties

Actual		Estimated	
1991-92.....	\$ 1,685	1997-98.....	\$ 1,500
1992-93.....	1,809	1998-99.....	1,500
1993-94.....	1,581	1999-00.....	1,500
1994-95.....	1,323	2000-01.....	1,500
1995-96.....	2,140	2001-02.....	1,500
1996-97.....	1,500	2002-03.....	1,500

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1991-92.....	\$ 14,729	1997-98.....	\$ 15,356
1992-93.....	16,785	1998-99.....	15,266
1993-94.....	16,155	1999-00.....	15,569
1994-95.....	16,774	2000-01.....	15,569
1995-96.....	15,870	2001-02.....	15,569
1996-97.....	17,053	2002-03.....	15,569

The Commonwealth receives Game Fund revenue from various miscellaneous sources including 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)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Licenses and Fees			
Resident Hunting Licenses.....	\$ 9,054	\$ 9,267	\$ 9,267
Resident Junior Hunting Licenses.....	382	397	397
Nonresident Hunting Licenses.....	5,296	5,300	5,300
Special Game Permits.....	282	250	250
Special Antlerless Deer Licenses.....	2,449	2,156	2,156
Special Archery Licenses.....	1,625	1,600	1,600
Landowner Hunting Licenses.....	6	6	6
Resident Senior Hunting Licenses.....	456	458	458
Muzzleloading Hunting Licenses.....	420	420	420
Right-of-Way Licenses.....	457	450	450
Resident Bear Licenses.....	983	980	980
Nonresident Bear Licenses.....	60	60	60
Hunting License Issuing Agents' Application Fees.....	47	55	55
Nonresident Junior Hunting License.....	105	100	100
Nonresident 7-Day Hunting License.....	68	68	68
Senior Resident - Lifetime Hunting License.....	261	288	288
Adult Resident Furtaker License.....	252	250	250
Junior Resident Furtaker License.....	15	15	15
Senior Resident Furtaker License.....	14	14	14
Nonresident Furtaker License.....	29	20	20
Senior Lifetime Furtaker License.....	7	7	7
Junior Nonresident Furtaker.....	1	1	1
Migratory Game Bird License.....	21	21	21
TOTAL.....	\$ 22,290	\$ 22,183	\$ 22,183
Game Law Fines.....	\$ 1,500	\$ 1,500	\$ 1,500
TOTAL.....	\$ 1,500	\$ 1,500	\$ 1,500

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Miscellaneous Revenue			
Sports Promotional Publications and Materials.....	\$ 16	\$ 10	\$ 10
Sale of Coal.....	293	285	285
Sale of Wood Products.....	11,737	10,500	10,800
Interest on Deposits.....	9	15	10
Sale of Skins and Guns.....	28	25	25
Rental of State Property.....	10	8	8
Miscellaneous Revenue.....	159	100	100
Interest on Securities.....	2,316	2,300	2,307
Gas and Oil Ground Rentals and Royalties.....	535	485	485
Refund of Expenditures Not Credited to Appropriations.....	50	5	5
Miscellaneous Revenue License Division.....	15	15	15
Redeposit of Checks.....	0	2	1
Sale of Game News.....	731	716	716
Condemnation Awards Received.....	2	1	1
Sale of Grain and Hay.....	24	25	25
Sale of Maps.....	26	25	25
Wildlife Management Promotional Revenue.....	152	140	140
Sale of Wood Products - PR Tracts.....	612	391	0
Sale of Centennial Commemorative Items.....	15	15	15
Working Together For Wildlife - Non-Game Fund.....	216	200	200
Oil and Gas Recovery Support.....	11	0	0
Waterfowl Management Stamp Sales and Royalties.....	95	90	90
Sales Tax.....	1	3	3
TOTAL.....	\$ 17,053	\$ 15,356	\$ 15,266
TOTAL REVENUES.....	\$ 40,843	\$ 39,039	\$ 38,949
Augmentations			
Sale of Automobiles.....	\$ 220	\$ 250	\$ 250
Federal Reimbursement - Pittman Robinson Act.....	7,523	8,000	8,000
Endangered Species Program.....	26	14	14
Pennsylvania Conservation Corps.....	139	204	100
Federal Reimbursement - Surface Mine Regulation.....	46	46	46
Private Donations.....	104	10	10
Youth Hunter Education Challenge.....	9	10	10
Federal Land and Water.....	91	0	0
Streambank Fencing Program.....	60	100	100
Emergency and Disaster Relief.....	360	0	0
Becoming an Outdoors Woman.....	13	15	15
Federal Reimbursement - Wild Action Grant.....	1	0	0
TOTAL.....	\$ 8,592	\$ 8,649	\$ 8,545
TOTAL RECEIPTS.....	\$ 49,435	\$ 47,688	\$ 47,494



COMMONWEALTH OF PENNSYLVANIA

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 acquisition, improvements and expansions of Commonwealth and community parks, recreation facilities, historic sites, zoos, public libraries, nature preserves and wildlife habitats.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Keystone Recreation, Park and Conservation Fund

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 54,640	\$ 51,125	\$ 34,894
Receipts:			
Revenue Estimate.....	\$ 39,149	\$ 54,108	\$ 39,211
Prior Year Lapses.....	8,985	14,325	0
Total Receipts.....	\$ 48,134	\$ 68,433	\$ 39,211
Funds Available	\$ 102,774	\$ 119,558	\$ 74,105
Expenditures:			
Appropriated.....	\$ 51,649	\$ 84,664	\$ 40,186
Estimated Expenditures.....	-51,649	-84,664	-40,186
Cash Balance, Ending	\$ 51,125	\$ 34,894	\$ 33,919

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury			
Bond Issuance Expenses.....	\$ 8	\$ 15	\$ 0
Department of Conservation and Natural Resources			
General Government			
Park and Forest Facility Rehabilitation — Bond Proceeds..	\$ 7,837	\$ 178	\$ 0
Park and Forest Facility Rehabilitation — Realty Transfer Tax.....	11,887	18,765	12,093
Grants and Subsidies			
Grants for Local Recreation — Bond Proceeds.....	4,997	7,275	0
Grants for Local Recreation — Realty Transfer Tax.....	5,073	23,613	10,078
Grants to Land Trusts — Bond Proceeds.....	1,633	405	1
Grants to Land Trusts — Realty Transfer Tax.....	1,894	9,222	4,031
Grants to Zoos — Bond Proceeds.....	1,571	1,130	1
DEPARTMENT TOTAL	\$ 34,892	\$ 60,588	\$ 26,204
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development — Bond Proceeds.....	\$ 877	\$ 466	\$ 1
Local Libraries Rehabilitation and Development — Realty Transfer Tax.....	1,138	3,358	1,632
DEPARTMENT TOTAL	\$ 2,015	\$ 3,824	\$ 1,633

Keystone Recreation, Park and Conservation Fund

Summary by Department (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
State System of Higher Education			
General Government			
Deferred Maintenance — Realty Transfer Tax.....	\$ 4,696	\$ 9,762	\$ 7,107
Fish and Boat Commission			
General Government			
Fishing and Boating Access Areas — Bond Proceeds.....	\$ 243	\$ 765	\$ 1
Game Commission			
General Government			
Land Acquisition and Development — Bond Proceeds.....	\$ 50	\$ 117	\$ 1
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development — Bond Proceeds.....	\$ 3,404	\$ 1,935	\$ 0
Historic Site Development — Realty Transfer Tax.....	6,341	7,658	5,240
DEPARTMENT TOTAL.....	\$ 9,745	\$ 9,593	\$ 5,240
FUND TOTAL.....	\$ 51,649	\$ 84,664	\$ 40,186

Keystone Recreation, Park and Conservation Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Sale of Bonds.....	\$ 0	\$ 13,797	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Realty Transfer Tax.....	35,092	38,000	37,600	40,100	45,900	49,300	53,800
Miscellaneous.....	4,057	2,311	1,611	1,619	1,789	1,977	2,138
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	\$ 39,149	\$ 54,108	\$ 39,211	\$ 41,719	\$ 47,689	\$ 51,277	\$ 55,938

Revenue Sources

Sale of Bonds

Actual		Estimated	
1991-92.....	\$ 0	1997-98.....	\$ 13,797
1992-93.....	0	1998-99.....	0
1993-94.....	0	1999-00.....	0
1994-95.....	11,862	2000-01.....	0
1995-96.....	23,684	2001-02.....	0
1996-97.....	0	2002-03.....	0

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

Realty Transfer Tax

Actual		Estimated	
1991-92.....	\$ 0	1997-98.....	\$ 38,000
1992-93.....	0	1998-99.....	37,600
1993-94.....	0	1999-00.....	40,100
1994-95.....	31,204	2000-01.....	45,900
1995-96.....	31,620	2001-02.....	49,300
1996-97.....	35,092	2002-03.....	53,800

Act 50 of 1993 approves 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.

Keystone Recreation, Park and Conservation Fund

Revenue Sources (continued)

Miscellaneous Revenues

Actual		Estimated	
1991-92.....	\$ 0	1997-98.....	\$ 2,311
1992-93.....	0	1998-99.....	1,611
1993-94.....	0	1999-00.....	1,619
1994-95.....	999	2000-01.....	1,789
1995-96.....	2,562	2001-02.....	1,977
1996-97.....	4,057	2002-03.....	2,138

Miscellaneous revenues are earned interest.

Revenue Detail

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

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Licenses and Fees			
Sale of Bonds.....	\$ 0	\$ 13,797	\$ 0
Realty Transfer Tax.....	35,092	38,000	37,600
Miscellaneous.....	4,057	2,311	1,611
TOTAL RECEIPTS.....	\$ 39,149	\$ 54,108	\$ 39,211





COMMONWEALTH OF PENNSYLVANIA

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 drug costs.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 32,324	\$ 56,957	\$ 37,202
Reserve from Previous Year.....	100,000	140,000	190,000
Total Beginning Balance	<u>\$ 132,324</u>	<u>\$ 196,957</u>	<u>\$ 227,202</u>
Receipts:			
Revenue Estimate.....	\$ 943,865	\$ 889,701	\$ 923,949
Prior Year Lapses.....	12,558	31,405	0
Total Receipts	<u>\$ 956,423</u>	<u>\$ 921,106</u>	<u>\$ 923,949</u>
Funds Available	<u>\$ 1,088,747</u>	<u>\$ 1,118,063</u>	<u>\$ 1,151,151</u>
Expenditures:			
Appropriated.....	\$ 891,790	\$ 920,890	\$ 930,486
Less Current Year Lapses.....	0	-30,029	0
Estimated Expenditures	<u>-891,790</u>	<u>-890,861</u>	<u>-930,486</u>
Reserve for Current Year.....	\$ -140,000	\$ -190,000	\$ -190,000
Ending Balance	<u>\$ 56,957</u>	<u>\$ 37,202</u>	<u>\$ 30,665</u>



Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Executive Offices			
General Government			
Ridership Verification.....	\$ 114	\$ 128	\$ 133
Treasury Department			
General Government			
Replacement Checks.....	\$ 3	\$ 100	\$ 100
Department of Aging			
General Government			
General Government Operations.....	\$ 3,692	\$ 4,975	\$ 5,796
Grants and Subsidies			
PENNCARE.....	\$ 167,254	\$ 174,747	\$ 181,397
Pharmaceutical Assistance Fund.....	225,000	237,000	260,000
Subtotal.....	\$ 392,254	\$ 411,747	\$ 441,397
TOTAL STATE FUNDS	\$ 395,946	\$ 416,722	\$ 447,193
Federal Funds.....	\$ 57,925	\$ 62,233	\$ 62,512
Augmentations.....	1,201	56	6
DEPARTMENT TOTAL.....	\$ 455,072	\$ 479,011	\$ 509,711
Department of General Services			
General Government			
Harristown Rental Charges.....	\$ 80	\$ 77	\$ 75
Harristown Utility and Municipal Charges.....	139	128	121
DEPARTMENT TOTAL.....	\$ 219	\$ 205	\$ 196
Department of Revenue			
General Government			
General Operations.....	\$ 50,100	\$ 54,364	\$ 56,460
On-line Vendor Commissions.....	24,023	23,610	22,879
Instant Vendor Commissions.....	9,098	12,091	12,118
Personal Income Tax for Lottery Prizes.....	25,209	26,020	24,869
Payment of Prize Money.....	185,052	180,428	160,211
Subtotal.....	\$ 293,482	\$ 296,513	\$ 276,537
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians.....	\$ 88,517	\$ 86,000	\$ 83,300
TOTAL STATE FUNDS	\$ 381,999	\$ 382,513	\$ 359,837
Augmentations.....	\$ 4,631	\$ 5,138	\$ 5,363
DEPARTMENT TOTAL.....	\$ 386,630	\$ 387,651	\$ 365,200

Summary by Department (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Department of Transportation			
Grants and Subsidies			
Older Pennsylvanians Free Transit.....	\$ 58,393	\$ 60,152	\$ 61,957
Older Pennsylvanians Shared Rides.....	55,116	61,070	61,070
DEPARTMENT TOTAL.....	<u>\$ 113,509</u>	<u>\$ 121,222</u>	<u>\$ 123,027</u>
TOTAL STATE FUNDS.....	<u>\$ 891,790</u>	<u>\$ 920,890</u>	<u>\$ 930,486</u>
Federal Funds.....	\$ 57,925	\$ 62,233	\$ 62,512
Other Funds.....	5,832	5,194	5,369
FUND TOTAL.....	<u>\$ 955,547</u>	<u>\$ 988,317</u>	<u>\$ 998,367</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Collections.....	\$ 928,259	\$ 880,908	\$ 914,440	\$ 896,992	\$ 895,958	\$ 895,257	\$ 894,876
Capital Stock and.....							
Franchise Tax.....	82	0	0	0	0	0	0
Miscellaneous Revenue.....	15,524	8,793	9,509	8,680	6,979	4,816	2,435
TOTAL LOTTERY FUND REVENUES.....	\$ 943,865	\$ 889,701	\$ 923,949	\$ 905,672	\$ 902,937	\$ 900,073	\$ 897,311

Revenue Sources

Net Lottery Collections

	Actual	Estimated
1991-92.....	\$ 800,309	1997-98..... \$ 880,908
1992-93.....	797,097	1998-99..... 914,440
1993-94.....	848,265	1999-00..... 896,992
1994-95.....	841,404	2000-01..... 895,958
1995-96.....	856,428	2001-02..... 895,257
1996-97.....	928,259	2002-03..... 894,876

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 \$100 or less for instant games can be paid by the ticket agents. The State Lottery is currently operating six games. The "Daily Number" game introduced in March 1977, the "Big 4" game introduced in November 1980, the "Lotto" game introduced in April 1982 and revised as "Wild Card Lotto" in February 1988, the "Cash 5" game introduced in April 1992, and the "Keystone Jackpot" game introduced in November 1995, all utilize computer sales terminals located across the Commonwealth. The sixth game is the instant game which consists of variations of instant game tickets introduced at routine intervals during the year. Ticket prices are \$1 for "Cash 5" which consists of 1 play to pick 5 of 39 numbers, and "Keystone Jackpot" which consists of 1 play to pick 6 of 33 numbers, and one additional keyball number out of 33 numbers. Wild Card Lotto is priced at 2 games for \$1. "Daily Number" and "Big 4" game ticket prices range from \$.50 to \$5. The "Instant Game" ticket prices range from \$1 to \$5.

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)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Ticket Sales.....	\$ 1,710,014	\$ 1,658,049	\$ 1,732,267	\$ 1,699,952	\$ 1,698,780	\$ 1,698,329	\$ 1,698,598
Commissions.....	-88,013	-85,743	-89,868	-88,283	-88,307	-88,367	-88,468
Field Paid Prizes.....	-693,742	-691,398	-727,959	-714,677	-714,515	-714,705	-715,254
NET LOTTERY COLLECTIONS.....	\$ 928,259	\$ 880,908	\$ 914,440	\$ 896,992	\$ 895,958	\$ 895,257	\$ 894,876

Revenue Sources (continued)

Capital Stock and Franchise Tax

Actual		Estimated	
1991-92.....	\$ 12,492	1997-98.....	\$ 0
1992-93.....	3,758	1998-99.....	0
1993-94.....	266	1999-00.....	0
1994-95.....	347	2000-01.....	0
1995-96.....	91	2001-02.....	0
1996-97.....	82	2002-03.....	0

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

Miscellaneous Revenue

Actual		Estimated	
1991-92.....	\$ 5,776	1997-98.....	\$ 8,793
1992-93.....	11,637	1998-99.....	9,509
1993-94.....	2,894	1999-00.....	8,680
1994-95.....	5,111	2000-01.....	6,979
1995-96.....	6,259	2001-02.....	4,816
1996-97.....	15,524	2002-03.....	2,435

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

Revenue Detail

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

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Collections.....	\$ 928,259	\$ 880,908	\$ 914,440
Capital Stock and Franchise Taxes.....	82	0	0
Miscellaneous.....	15,524	8,793	9,509
TOTAL LOTTERY FUND REVENUES.....	\$ 943,865	\$ 889,701	\$ 923,949





COMMONWEALTH OF PENNSYLVANIA

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 dealers.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance	\$ 1,784	\$ 1,737	\$ 1,396
Receipts:			
Revenue Estimate.....	\$ 2,186	\$ 2,186	\$ 2,344
Prior Year Lapses.....	64	0	0
Total Receipts	\$ 2,250	\$ 2,186	\$ 2,344
Funds Available	\$ 4,034	\$ 3,923	\$ 3,740
Expenditures:			
Appropriated.....	\$ 2,297	\$ 2,527	\$ 2,488
Estimated Expenditures.....	-2,297	-2,527	-2,488
Cash Balance, Ending	\$ 1,737	\$ 1,396	\$ 1,252

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Refund Milk Marketing Licenses and Fees.....	0	5	5
DEPARTMENT TOTAL	\$ 0	\$ 10	\$ 10
Milk Marketing Board			
General Operations.....	\$ 2,297	\$ 2,517	\$ 2,478
FUND TOTAL	\$ 2,297	\$ 2,527	\$ 2,488

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Licenses and Fees.....	\$ 2,007	\$ 2,007	\$ 2,167	\$ 2,167	\$ 2,167	\$ 2,167	\$ 2,167
Fines and Penalties.....	31	31	30	30	30	30	30
Miscellaneous Revenue.....	148	148	147	149	149	149	149
TOTAL MILK MARKETING FUND REVENUES.....	\$ 2,186	\$ 2,186	\$ 2,344	\$ 2,346	\$ 2,346	\$ 2,346	\$ 2,346

Revenue Sources

Licenses and Fees

Actual		Estimated	
1991-92.....	\$ 1,299	1997-98.....	\$ 2,007
1992-93.....	2,053	1998-99.....	2,167
1993-94.....	2,070	1999-00.....	2,167
1994-95.....	2,047	2000-01.....	2,167
1995-96.....	2,139	2001-02.....	2,167
1996-97.....	2,007	2002-03.....	2,167

The Commonwealth receives revenues from licenses and fees collected annually by the Milk Marketing Board. A flat rate fee is based on the daily average number of pounds of milk handled by dealers and an additional fee, levied on milk for which the board fixes minimum prices, is based on the number of pounds of such milk sold by dealers. Additional license fees are for weighing and measuring permits, tester's certificates of proficiency, weigher's and sampler's certificates of proficiency and applications for examination. Act 135 of 1988 allows the Milk Marketing Board to set fees by regulation.

Fines and Penalties

Actual		Estimated	
1991-92.....	\$ 61	1997-98.....	\$ 31
1992-93.....	92	1998-99.....	30
1993-94.....	68	1999-00.....	30
1994-95.....	100	2000-01.....	30
1995-96.....	2	2001-02.....	30
1996-97.....	31	2002-03.....	30

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1991-92.....	\$ 31	1997-98.....	\$ 148
1992-93.....	37	1998-99.....	147
1993-94.....	61	1999-00.....	149
1994-95.....	119	2000-01.....	149
1995-96.....	152	2001-02.....	149
1996-97.....	148	2002-03.....	149

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

Revenue Detail

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

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Licenses and Fees			
Milk Dealers Licenses.....	\$ 1,414	\$ 1,414	\$ 1,414
Milk Testers Certificate Fees.....	3	3	4
Milk Weighers Certificate Fees.....	29	29	29
Milk Tester and Weighers Examination Fees.....	3	3	3
Milk Haulers Licenses Fees.....	522	522	681
Milk Sub Dealers Licenses.....	15	15	15
Service Contract Fees.....	21	21	21
TOTAL	\$ 2,007	\$ 2,007	\$ 2,167
Fines and Penalties			
Milk Marketing Act Fines.....	\$ 31	\$ 31	\$ 30
Miscellaneous Revenues			
Interest on Securities.....	\$ 146	\$ 146	\$ 145
Miscellaneous.....	2	2	2
TOTAL	\$ 148	\$ 148	\$ 147
TOTAL REVENUES	\$ 2,186	\$ 2,186	\$ 2,344



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Financial Statement

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Beginning Balance.....	\$ 10,088	\$ 11,475	\$ 11,271
Receipts:			
Revenue Estimate.....	\$ 18,851	\$ 19,394	\$ 20,176
Prior Year Lapses.....	427	0	0
Total Receipts.....	\$ 19,278	\$ 19,394	\$ 20,176
Funds Available.....	\$ 29,366	\$ 30,869	\$ 31,447
Expenditures:			
Appropriated.....	\$ 17,891	\$ 19,598	\$ 19,896
Estimated Expenditures.....	-17,891	-19,598	-19,896
Cash Balance, Ending.....	\$ 11,475	\$ 11,271	\$ 11,551

Summary by Department

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 10	\$ 10
Department of Agriculture			
General Government			
State Racing Commissions.....	\$ 5,937	\$ 6,125	\$ 6,562
Equine Toxicology and Research Laboratory.....	1,417	1,621	1,672
Payments to Pennsylvania Fairs--Administration.....	154	163	172
Subtotal.....	\$ 7,508	\$ 7,909	\$ 8,406
Grants and Subsidies			
Transfer to the General Fund.....	\$ 10,089	\$ 11,475	\$ 11,271
DEPARTMENT TOTAL.....	\$ 17,597	\$ 19,384	\$ 19,677
Department of Revenue			
General Government			
Collections--Racing.....	\$ 294	\$ 204	\$ 209
FUND TOTAL.....	\$ 17,891	\$ 19,598	\$ 19,896

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Tax Revenues.....	\$ 14,783	\$ 15,069	\$ 15,564	\$ 15,564	\$ 15,564	\$ 15,564	\$ 15,564
Licenses and Fees.....	431	449	445	445	445	445	445
Miscellaneous Revenue.....	3,637	3,876	4,167	4,167	4,167	4,167	4,167
TOTAL RACING FUND REVENUES.....	\$ 18,851	\$ 19,394	\$ 20,176	\$ 20,176	\$ 20,176	\$ 20,176	\$ 20,176

Revenue Sources

Tax Revenues

Actual		Estimated	
1991-92.....	\$ 6,884	1997-98.....	\$ 15,069
1992-93.....	5,463	1998-99.....	15,564
1993-94.....	8,918	1999-00.....	15,564
1994-95.....	11,709	2000-01.....	15,564
1995-96.....	13,336	2001-02.....	15,564
1996-97.....	14,783	2002-03.....	15,564

The Harness Racing Fund and the Horse Racing Fund were combined into the Racing Fund by Act 93 of 1983. Act 93 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. In addition, a 0.7 percent wagering tax was imposed on exotic wagering.

Act 127 of 1988 permits off-track betting in the Commonwealth.

Licenses and Fees

Actual		Estimated	
1991-92.....	\$ 515	1997-98.....	\$ 449
1992-93.....	419	1998-99.....	445
1993-94.....	431	1999-00.....	445
1994-95.....	462	2000-01.....	445
1995-96.....	425	2001-02.....	445
1996-97.....	431	2002-03.....	445

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	
1991-92.....	\$ 1,360	1997-98.....	\$ 3,876
1992-93.....	1,580	1998-99.....	4,167
1993-94.....	1,886	1999-00.....	4,167
1994-95.....	2,983	2000-01.....	4,167
1995-96.....	3,526	2001-02.....	4,167
1996-97.....	3,637	2002-03.....	4,167

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)

	1996-97 Actual	1997-98 Estimate	1998-99 Budget
Tax Revenue			
State Admission Tax.....	\$ 156	\$ 160	\$ 172
Wagering Tax.....	13,544	13,784	14,252
Breakage Tax.....	1,083	1,125	1,140
TOTAL.....	\$ 14,783	\$ 15,069	\$ 15,564
Licenses and Fees			
License Fees.....	\$ 431	\$ 449	\$ 445
TOTAL.....	\$ 431	\$ 449	\$ 445
Miscellaneous Revenues			
Uncashed Tickets.....	\$ 3,054	\$ 3,300	\$ 3,575
Interest on Securities.....	572	575	590
Miscellaneous.....	10	0	1
Interest on Deposits.....	1	1	1
TOTAL.....	\$ 3,637	\$ 3,876	\$ 4,167
TOTAL REVENUES.....	\$ 18,851	\$ 19,394	\$ 20,176



Governor's Executive Budget

TAX
EXPENDITURES



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



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 manufacturing exemption in the capital stock/franchise 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.

Therefore, the 1998-99 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, and
- (3) Allow for administration, legislative and public scrutiny and facilitate discussion on each tax expenditure's merits.

The following enhancements are contained in this budget analysis for tax expenditures as required by Act 180 of 1992:

- (1) Actual or estimated cost of administration of each tax expenditure, and
- (2) Actual or estimated number and description of benefiting taxpayers.

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

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

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

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

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

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

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

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/franchise tax that engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations which provide such activities. The credit is allowed for neighborhood assistance, job training or education for individuals, community services, economic development or crime prevention in an impoverished area. The program must be approved by the Secretary of Community and Economic Development. The credit available to a taxpayer equals up to 50 percent of the contribution to approved programs during the tax year, but may not exceed \$250,000. An expanded credit of 70 percent (maximum of \$350,000 per taxpayer) may be available for investments in certain priority programs defined by the Secretary of Community and Economic Development. The total amount of credits taken by all taxpayers can not exceed \$18,000,000 in fiscal year 1997-98 and later, \$4,000,000 of which is exclusively reserved for private companies (as defined in Section 3 of the Pennsylvania Industrial Development Authority Act and Section 3 of the Industrial and Commercial Development Act) which make qualified investments to improve buildings or land located within designated enterprise zones. The previous cap was \$16,750,000. Also, \$3,250,000 in credits are allocated annually for the performance of comprehensive service projects effective July 1, 1997.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Net Income Tax						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 3.7	\$ 3.7	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2
	Capital Stock/Franchise Tax						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.6	\$ 2.6	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9
	Selective Business Taxes						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 3.0	\$ 3.0	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4

Beneficiaries: Approximately 1,500 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

EMPLOYMENT INCENTIVE PAYMENTS

Authorization: Act of April 8, 1982 (P.L. 231, No. 75) 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 30, 1999.

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 & Industry and the Department of Revenue. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Taxes						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9
<i>Estimates:</i>	Personal Income Tax						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 200 companies doing business in Pennsylvania and 300 Pennsylvania personal income taxpayers benefit from this tax expenditure.

HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE FUND

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

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

Purpose: This credit encourages businesses to contribute to a fund established to prevent mortgage foreclosures and distress sales of homes 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 1996-97. Limited participation in this program, at best, is expected in the future.

Beneficiaries: NA

General Fund Tax Expenditures

JOB CREATION TAX CREDIT

Authorization: Act 67-1996, signed June 29, 1996, known as the Job Enhancement Act.

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 and franchise tax, gross premiums tax, gross receipts tax, bank and trust company shares tax, mutual thrift institution tax, title insurance company shares tax, personal income tax or any combination thereof. The total amount of tax credits approved in a year may not exceed \$15,000,000.

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 \$0.3 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 11.7	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0

Beneficiaries: Approximately 80 companies doing business in Pennsylvania benefit from this tax credit program.

RESEARCH AND DEVELOPMENT TAX CREDIT

Authorization: Act 7-1997, signed May 7, 1997.

Description: A research and development tax credit is available for performing qualified research in Pennsylvania. The credit equals 10 percent of the increase in qualified research expenses for the current taxable year over a base period. Total credits in any one fiscal year are capped at \$15 million with \$3 million of the total earmarked exclusively for small business. The credit may be applied against the corporate net income tax, capital stock and franchise tax, personal income tax or any combination thereof but may not exceed 50 percent of such qualified tax liability. Unused credits may be carried forward fifteen taxable years. Credits are available for tax years ending on or before December 31, 2004.

Purpose: This tax credit is intended to encourage businesses in the Commonwealth to conduct research, especially research of a technological or scientific nature.

Administrative Costs: Costs to administer the Research and Development Tax credits are borne by the Department of Revenue. These costs are estimated to be nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	--	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0

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



General Fund Tax Expenditures

CORPORATION TAXES

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Net Income Tax and Capital Stock/Franchise Tax						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3
	Selective Business Taxes						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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.

The corporate net income tax expenditures listed below do not include any deductions, exemptions or types of special treatment which are reflected in Line 28 on the Federal IRS Form 1120 and are not modified or adjusted by Pennsylvania statute.

DIVIDENDS PAID

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: A minimal number of public utilities benefit from this tax expenditure.

General Fund Tax Expenditures

NET OPERATING LOSS CARRYFORWARD

Description: Corporations may deduct from current taxable income the net losses from previous years to arrive at their tax liability.

Unused loss carryovers for the years 1988 through 1993, which were suspended by Act 22 – 1991, are authorized to be claimed in tax years beginning in 1995. The total loss deduction is capped at \$1,000,000 per year per taxpayer beginning in tax year 1996. Loss deductions from tax years 1988 through 1994, in the aggregate, remain capped at \$500,000 a year per taxpayer. Suspended losses may be carried forward as follows: 1988 unused losses can be taken against tax year 1995 profits; 1989 unused losses can be taken against tax year 1995 and 1996 profits; and 1990 through 1993 unused losses can be taken against tax years 1995 through 1997 profits.

Losses for subsequent years will be allowed as follows: 1994 losses can be taken against tax year 1995 profits; 1995 losses can be taken against tax year 1996 and 1997 profits; and 1996 and subsequent losses can be carried forward for up to three tax years.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 73.8	\$ 84.7	\$ 78.8	\$ 84.4	\$ 87.9	\$ 87.9	\$ 87.9

Beneficiaries: Approximately 25,700 businesses per year benefit from this tax expenditure.

DOUBLE-WEIGHTED SALES FACTOR

Description: Beginning in tax year 1995, corporations must apportion their net income using a three-factor formula (payroll, property and sales) which double-weights the sales factor. The sales factor in the numerator of the CNI apportionment formula is multiplied by two and the denominator is four.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 40.4	\$ 42.8	\$ 43.2	\$ 43.1	\$ 43.6	\$ 44.7	\$ 45.4

Beneficiaries: Approximately 5,600 corporations operating in Pennsylvania benefit from this tax expenditure.



General Fund Tax Expenditures

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the corporate net income tax. Act 7 of 1997 provides that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code 1986 (P.L. 99-514, 26 U.S.C.) is exempt. Additionally, any corporation organized as a not-for-profit entity under the law of any state is exempt from tax. The estimates below are based on unrelated business income taxable by the federal government.

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

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 4.2	\$ 4.8	\$ 5.4	\$ 6.1	\$ 6.9	\$ 7.9	\$ 8.9

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

PENNSYLVANIA S CORPORATIONS

Description: Corporations that have a valid Pennsylvania S corporation election in effect for the taxable year are exempt from the corporate net income tax. However, Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania personal income tax purposes. The tax expenditure is the difference between what is paid by the shareholders under the personal income tax and what the corporations would have paid under the corporate net income tax. Act 7-1997 conforms to 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.

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

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 302.5	\$ 345.4	\$ 352.5	\$ 369.0	\$ 383.9	\$ 397.9	\$ 407.2

Beneficiaries: Approximately 80,000 Sub-chapter 'S' corporations doing business in Pennsylvania could benefit from this tax expenditure.

General Fund Tax Expenditures

LIMITED LIABILITY COMPANIES (LLCs)

Description: LLCs are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. LLCs that are not taxed as corporations for federal purposes are exempt from the corporate net income tax. Owners of the LLC must include their share of corporate income for Pennsylvania personal income tax purposes. The tax expenditure is the difference between what is paid by the owners under the personal income tax and what the LLCs would have paid under the corporate net income tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.0	\$ 0.0	\$ 37.7	\$ 54.9	\$ 68.0	\$ 77.1	\$ 84.8

Beneficiaries: Approximately 2,400 companies doing business in Pennsylvania benefit from this tax expenditure.

COMMERCIAL PRINTERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

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



CAPITAL STOCK/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 and franchise taxes are based on capital stock value which is defined as one-half of the sum of the average net income capitalized at the rate of 9.5 percent plus 75 percent of the net worth, less \$125,000. Beginning with the 1992 tax year the tax rate is 12.75 mills, with 0.5 mills designated to the Hazardous Sites Cleanup Fund. The estimates in this analysis include only the 12.25 mills General Fund portion of the tax. Act 22-1991 established a minimum tax of \$300 for tax years beginning in 1991 and thereafter.

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/franchise tax. Act 7 of 1997 provides that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code 1986 (P.L. 99-514, 26 U.S.C.) is exempt. Additionally, any corporation organized as a not-for-profit entity under the law of any state is exempt from tax. The estimates below are based on unrelated business income taxable by the federal government.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 5.4	\$ 5.7	\$ 6.0	\$ 6.3	\$ 6.6	\$ 6.9	\$ 7.2

Beneficiaries: Approximately 1,800 nonprofit corporations benefit from this tax expenditure.

FAMILY FARM CORPORATIONS

Description: Family farm corporations are exempt from the capital stock/franchise tax. A family farm corporation is one which devotes at least 75 percent of its assets to agriculture and at least 75 percent of its stock is owned by members of the same family.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1

Beneficiaries: Approximately 400 family farm corporations operating in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

Description: Corporations (except those which enjoy the right of eminent domain, i.e., utilities) organized for manufacturing, processing, or research or development purposes may claim an exemption for capital stock invested in such activities within Pennsylvania. Pollution control assets are included for these corporations. This exemption is reflected in computing the percentage of the capital stock value actually subject to tax and applies to both single-factor and three-factor apportionment.

Purpose: This exemption encourages investment in manufacturing, processing, and research and development activities which improves the Commonwealth's economic position.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 538.0	\$ 560.1	\$ 579.9	\$ 594.6	\$ 610.7	\$ 627.6	\$ 644.6

Beneficiaries: Approximately 15,600 corporations operating in Pennsylvania benefit from this tax expenditure.

APPORTIONMENT FORMULA OPTIONS

Description: Corporations which have multistate operations have the option of using either a single-factor or a three-factor formula to compute the portion of the capital stock value that is subject to tax. The single-factor formula is based on the ratio of the book value of taxable assets to book value of total assets. The three-factor formula is based on property, payroll, and sales within and without Pennsylvania. Historically, only domestic corporations were permitted to choose the single-factor apportionment method until the Pennsylvania Supreme Court ruled that foreign corporations must be allowed the same option. These estimates measure the difference between the tax on capital stock value apportioned using three-factor apportionment for those corporations choosing the single-factor method and able to use the three-factor method.

Purpose: This option provides tax relief to those corporations with considerable tangible investment in the Commonwealth and thereby encourages corporate investment in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 36.7	\$ 38.2	\$ 39.7	\$ 40.9	\$ 42.3	\$ 43.9	\$ 44.9

Beneficiaries: Approximately 5,800 corporations doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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/franchise tax. This exemption is reflected as an exclusion from the numerator of the single asset apportionment fraction or the numerator of the property factor when the three-factor apportionment formula is used. However, for manufacturing, processing, or research and development corporations these assets are included as exempt equipment and shown in the expenditure for assets used in manufacturing, processing, and research and development.

Purpose: This exemption provides tax relief to corporations required to install pollution control devices and encourages investment in pollution control assets.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 26.9	\$ 27.6	\$ 28.4	\$ 29.4	\$ 30.5	\$ 31.0	\$ 31.8

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

DEDUCTION FROM THE FIXED FORMULA

Description: For tax years beginning in 1997 and thereafter, corporations may deduct \$125,000 from the capital stock value which is then subject to apportionment to determine the taxable base. The valuation deduction was \$100,000 for tax year 1995 and 1996. The exemption was \$75,000 for tax year 1994.

Purpose: This exemption provides a tax-free portion of capital stock value for corporations, particularly beneficial to new businesses realizing little or no profits during their early years.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 58.0	\$ 62.2	\$ 65.0	\$ 67.8	\$ 70.5	\$ 73.3	\$ 76.2

Beneficiaries: Approximately 79,300 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 which computes the taxable portion of capital stock value by taking 10 percent of the total capital stock value. The single-factor apportionment formula was used as the standard apportionment formula in the estimating process. Holding companies are corporations (1) which derive at least 90 percent of their income from stock or securities and the rendering of administrative or management services to subsidiary corporations and (2) whose assets are at least 60 percent comprised of securities or indebtedness of subsidiary corporations.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 15.4	\$ 16.1	\$ 17.0	\$ 17.8	\$ 18.7	\$ 19.6	\$ 20.6

Beneficiaries: Approximately 200 companies doing business in Pennsylvania benefit from this tax expenditure.

REGULATED INVESTMENT COMPANIES

Description: Regulated investment companies are subject to special valuation for capital stock/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.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 43.5	\$ 44.1	\$ 46.1	\$ 47.4	\$ 49.6	\$ 51.9	\$ 54.2

Beneficiaries: Approximately 100 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

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

LIMITED LIABILITY COMPANIES: (LLCs)

Description: Limited Liability Companies (LLCs) and Restricted Professional Companies (RPCs) are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. RPCs are limited liability companies performing restricted professional services. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology and veterinary medicine. These types of business entities give members the protection of limited liability for the neglect of another member. RPCs are exempt from the capital stock/franchise tax. However, an annual fee of \$300 per resident member is imposed under the Associations Code, \$25 of which is credited to the Corporation Bureau's restricted account. LLCs generally are subject to the tax. However, for the fixed formula valuation, the net worth of a limited liability company is defined as an entity's assets minus its liabilities as of the close of the tax year, and average net income is calculated by allowing a reduction in the income or loss in any given year for distributions to materially participating members.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 2,400 companies doing business in Pennsylvania benefit from this tax expenditure.

UTILITY GROSS RECEIPTS TAX

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

The utilities 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; gas companies; and electric light, water power and hydroelectric energy companies. Certain companies are entitled to exemptions.

A tax is levied at 50 mills on gross receipts from passengers, baggage, freight and oil transported within the state; sales of gas by regulated utilities; telephone and telegraph messages transmitted within the state; and at 44 mills on sales of electric energy.

Motor carrier vehicles engaged in carrying property for hire are not taxed under the provisions of the Tax Reform Code of 1971, but are subject to the motor carriers gross receipts tax imposed by the Act of June 22, 1931. (P.L. 694, No. 255).

LIQUEFIED PETROLEUM GAS

Description: The gross receipts of gas companies that sell liquefied petroleum gas are exempt from the gross receipts tax.

Purpose: This tax relief encourages the use of liquefied petroleum gas. It also benefits customers to the extent that the tax relief is reflected through lower prices.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.4	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.5	\$ 0.6	\$ 0.6

Beneficiaries: 12 gas companies operating in the Commonwealth benefit from this tax expenditure.

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.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 27.2	\$ 35.0	\$ 33.6	\$ 31.4	\$ 30.6	\$ 32.6	\$ 33.1

Beneficiaries: The 33 municipally owned utilities operating in the Commonwealth benefit from this tax expenditure.

General Fund Tax Expenditures

NUCLEAR GENERATING FACILITY DAMAGE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 40 electric suppliers could potentially benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the utility gross receipts 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 9.7	\$ 9.5	\$ 9.6	\$ 9.5	\$ 9.8	\$ 9.9	\$ 10.0

Beneficiaries: There are 13 cooperatives in the Commonwealth that benefit from this tax expenditure.

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.

This tax is levied at the rate of 30 mills (with an additional 12 mills for the Public Transportation Assistance Fund beginning in 1991) on each dollar of "state taxable value" of utility realty at the end of the preceding calendar year. The taxable value is the cost of utility realty less reserves for depreciation and depletion. Certain utility property is exempt from the tax. The estimates in this analysis include only the 30 mills portion of the tax.

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.

General Fund Tax Expenditures

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 exemption prevents the double taxation of such property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 9.4	\$ 10.1	\$ 10.3	\$ 10.2	\$ 10.3	\$ 10.4	\$ 10.4

Beneficiaries: The 447 public utilities could benefit from this tax expenditure.

MACHINERY AND EQUIPMENT

Description: Machinery and equipment, regardless of whether it is housed within included property, is excluded from the PURTA base.

Purpose: PURTA is intended as a tax on land and attached structures. The exemption of business personalty encourages investment in machinery and equipment so that efficient utility service may be provided. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 669.0	\$ 719.3	\$ 730.3	\$ 729.3	\$ 734.3	\$ 737.9	\$ 741.6

Beneficiaries: The 447 public utilities could benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity which entitles the public utility company to limited use related to the provision of utility service.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 9.6	\$ 8.3	\$ 9.0	\$ 9.1	\$ 9.1	\$ 9.2	\$ 9.2

Beneficiaries: The 447 public utilities could benefit from this tax expenditure.



General Fund Tax Expenditures

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 19.4	\$ 20.8	\$ 21.1	\$ 21.1	\$ 21.3	\$ 21.4	\$ 21.5

Beneficiaries: The 69 railroad public utilities could benefit from this tax expenditure.

LINES

Description: Pole, transmission tower, pipe, rail or other lines, regardless of whether they are attached to the land or other included property, are excluded from the PURTA base.

Purpose: This exemption encourages investment in transmission facilities necessary for universal service to all consumers. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 240.2	\$ 258.3	\$ 262.2	\$ 261.9	\$ 263.7	\$ 265.0	\$ 266.3

Beneficiaries: The 447 public utilities could benefit from this tax expenditure.

HYDROELECTRIC PROPERTY

Description: All land and other property first used after July 1, 1983 to furnish hydroelectric power is excluded from the PURTA base. This exemption commences in the first year in which the land and property is used to furnish hydroelectric power and energy and remains in effect for a period of ten years.

Purpose: This exemption encourages investment in hydroelectric power as an alternative form of energy. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: No known new hydroelectric facilities are currently operating or expected to be online in the near future.

General Fund Tax Expenditures

SEWAGE SERVICES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 17.1	\$ 18.3	\$ 18.6	\$ 18.6	\$ 18.7	\$ 18.8	\$ 18.9

Beneficiaries: The 90 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 10.5	\$ 11.3	\$ 11.5	\$ 11.5	\$ 11.5	\$ 11.6	\$ 11.7

Beneficiaries: The 474 municipal authorities and the 33 municipal public utilities 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 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.



General Fund Tax Expenditures

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 purpose of this tax expenditure, these associations are treated as life insurance companies.

Purpose: Mutual beneficial associations are charitable and benevolent organizations which 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 5.3	\$ 6.0	\$ 6.0	\$ 6.4	\$ 6.8	\$ 7.2	\$ 7.6

Beneficiaries: The 88 Mutual Beneficial Associations doing business in Pennsylvania benefit from this tax expenditure.

NONPROFIT HOSPITAL AND MEDICAL CARE SERVICE ORGANIZATIONS

Description: Companies organized under the "Nonprofit Hospital Plan Act" (Act of June 21, 1937, P.L. 1948, No. 378) and the "Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act" (Act of June 27, 1939, P.L. 1125, No. 399) are exempt from the insurance premiums tax. Those exempt include, for example, Capital Blue Cross, Hospital Service Association of Northeastern Pennsylvania, Good Vision Plan, Inc., Medical Service Association of Pennsylvania (Blue Shield), Pennsylvania Dental Service Corp., and Vision Service Plan of Pennsylvania.

Purpose: These companies are deemed to be charitable and benevolent institutions which 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 189.2	\$ 211.7	\$ 217.3	\$ 233.1	\$ 251.0	\$ 268.1	\$ 286.9

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

General Fund Tax Expenditures

EXTRAORDINARY MEDICAL BENEFIT

Description: An exemption is allowed for any premiums written after June 1, 1989 by automobile insurance companies for optional extraordinary medical benefit coverage from \$100,000 to \$1,100,000.

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

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.2

Beneficiaries: The 472 automobile insurance companies doing 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 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 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 a tax credit. This credit also provides indirect relief to subscribers to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 43.6	\$ 38.3	\$ 34.0	\$ 29.4	\$ 18.3	\$ 6.7	\$ 8.9

Beneficiaries: Approximately 720 life and accident and health insurance companies doing business in Pennsylvania may 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 as of each January 1 is a six-year average calculated by dividing the total number of shares into the average of each of the previous six years' quarterly average value of shares adjusted to exclude the value of United States obligations. The tax rate on the dollar value of each taxable share of stock is 1.25 percent.

The bank and trust company shares tax contains no expenditures as defined for this tax expenditure analysis.



MUTUAL THRIFT INSTITUTIONS TAX

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

The mutual thrift institutions tax is imposed on the net income of savings institutions, savings banks without capital stock, savings and loan associations, and building and loan associations conducting business in Pennsylvania.

The tax is based on net income determined in accordance with generally accepted accounting principals with the following major exceptions: income earned from United States obligations or Pennsylvania state and local obligations is excluded; the interest expense associated with tax exempt interest income is disallowed as a deduction; and net operating losses from previous years may be carried forward for a maximum of three years. Taxable net income is apportioned to Pennsylvania by a three-factor formula comprised of payroll, receipts and deposits.

The current tax rate is 11.5 percent.

NET OPERATING LOSS CARRYFORWARD

Description: Thrift institutions may deduct from current taxable income the net losses from previous taxable years. A net loss for a taxable year may be carried over three years and must be carried to the earliest allowable tax year. There is no carryback of losses to prior years.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding the thrift institution after it has attained economic health as measured by its taxable income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.2	\$ 2.5	\$ 2.6	\$ 2.8	\$ 3.0	\$ 3.4	\$ 3.7

Beneficiaries: The 230 mutual thrift companies may 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 13.7	\$ 15.4	\$ 17.3	\$ 19.5	\$ 21.9	\$ 24.7	\$ 27.8

Beneficiaries: The 898 state and federal credit unions operating in Pennsylvania benefit from this tax expenditure.

SALES AND USE TAX

Authorization: Article II, Tax for Education, 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 can not be separately identified. Tax expenditures are a significant factor associated with the need for more and the increased complexity of compliance audits. These audits contribute significantly to the volume of appeals processed by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 10.3	\$ 10.5	\$ 10.6	\$ 10.8	\$ 10.9	\$ 11.1	\$ 11.5

Beneficiaries: Information provided under the sales and use tax "Beneficiaries" heading represent an actual or estimated number and description of Pennsylvania residents, households or businesses benefiting from that specific tax expenditure. An unreported number of non-Pennsylvania entities may also benefit from the tax expenditure.

GENERAL/PERSONAL EXPENDITURES

FOOD

Description: Food and beverages intended for human consumption purchased from a bakery, pastry shop, donut shop, delicatessen, grocery store, supermarket, farmer's market or convenience store are exempt from taxation. Exceptions are the sale of meals, sandwiches, food from salad bars, hand-dipped or hand-served iced based products including ice cream and yogurt, hot soup, hot pizza and other hot food items, brewed coffee and hot beverages. The exemption does not apply to soft drinks, alcoholic beverages or food purchased from an establishment from which ready to eat food and beverages are sold.

Purpose: Food is considered to be a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and eases the tax burden on families who use a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$1,033.8	\$1,065.9	\$1,098.9	\$1,126.4	\$1,152.3	\$1,178.8	\$1,208.3

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



General Fund Tax Expenditures

CANDY AND GUM

Description: The sale 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 30.6	\$ 32.5	\$ 33.5	\$ 34.4	\$ 35.2	\$ 36.0	\$ 36.9

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 37.0	\$ 39.0	\$ 41.0	\$ 43.1	\$ 45.1	\$ 47.2	\$ 49.4

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

NEWSPAPERS

Description: The purchase or use of newspapers or publications containing information of general interest and reports of current events which qualify as a "newspaper of general circulation qualified to carry a legal advertisement," not including magazines, is exempt from taxation.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 23.4	\$ 24.5	\$ 25.7	\$ 27.0	\$ 28.3	\$ 29.7	\$ 31.1

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 48-1994.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 12.2	\$ 12.9	\$ 13.8	\$ 14.7	\$ 15.7	\$ 16.6	\$ 17.7

Beneficiaries: Approximately 3.5 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. Accessories, ornamental wear, formal day or evening apparel, furs and sporting goods are taxable.

Purpose: Clothing and footwear are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who use a disproportionate share of income purchasing these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 727.8	\$ 762.8	\$ 796.3	\$ 828.2	\$ 858.0	\$ 888.9	\$ 921.8

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

AMUSEMENT DEVICES

Description: Expenditures to play amusement devices are not rentals and therefore not taxable. Examples of such devices are flipper games, video games, pool tables, soccer tables, arcade games and kiddy rides.

Purpose: These expenditures are considered to be payment for a nontaxable service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 20.0	\$ 19.1	\$ 18.3	\$ 17.5	\$ 16.7	\$ 16.0	\$ 15.3

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 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 360.3	\$ 383.0	\$ 409.0	\$ 438.1	\$ 468.3	\$ 501.1	\$ 535.7

Beneficiaries: NA

NON-PRESCRIPTION DRUGS

Description: The purchase at retail or use of non-prescription drugs such as antiseptics, aspirin, milk of magnesia, castor oil, cold capsules, eye washes 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 use a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 87.2	\$ 92.7	\$ 99.0	\$ 106.0	\$ 113.3	\$ 121.3	\$ 129.6

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

LIQUOR OR MALT BEVERAGE PURCHASED FROM RETAIL DISPENSER

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 127.0	\$ 131.6	\$ 136.6	\$ 140.8	\$ 144.8	\$ 148.8	\$ 153.3

Beneficiaries: Approximately 6 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 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 8.1	\$ 8.4	\$ 8.7	\$ 9.1	\$ 9.5	\$ 9.9	\$ 10.4

Beneficiaries: Approximately 5.3 million consumers and 388,000 non-residential establishments 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 78,300 retailers benefit from this tax expenditure.

BIBLES, RELIGIOUS PUBLICATIONS, ARTICLES

Description: The purchase or use of religious publications sold by religious groups, bibles and similar works and religious articles is tax exempt.

Purpose: Religious materials could be perceived to provide a beneficial influence on the Commonwealth's citizenry through the dissemination of religious information. The estimates below relate only to the sale of bibles, testaments, hymnals and prayer books.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.1

Beneficiaries: Approximately 170,000 households and a minimum of 18,000 organizations benefit from this tax expenditure.



General Fund Tax Expenditures

CASKETS AND BURIAL VAULTS

Description: The purchase or use of caskets, burial vaults, markers and tombstones to be used for human remains and graves 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 28.5	\$ 30.6	\$ 32.5	\$ 34.4	\$ 36.2	\$ 38.2	\$ 40.2

Beneficiaries: Approximately 106,000 households benefit from this tax expenditure.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3

Beneficiaries: Approximately 2.3 million households and numerous businesses and organizations benefit from this tax expenditure.

TEXTBOOKS

Description: The purchase or use of textbooks for use in schools, colleges and universities is exempt from taxation. The purchase must be on behalf of or through schools recognized by the Department of Education as institutions of learning.

Purpose: The education of the Commonwealth's citizenry is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 17.3	\$ 17.9	\$ 18.5	\$ 19.2	\$ 19.9	\$ 20.5	\$ 21.3

Beneficiaries: Approximately 568,000 college students, 501 public school districts and 2,464 private schools benefit from this tax expenditure.

General Fund Tax Expenditures

CATALOGS AND DIRECT MAIL ADVERTISING

Description: The purchase of a mail order catalog or direct mail advertising literature or material is exempt from taxation.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FOOD STAMP PURCHASES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.8	\$ 2.7	\$ 2.5	\$ 2.4	\$ 2.2	\$ 2.1	\$ 2.0

Beneficiaries: Approximately 368,000 households benefit from this tax expenditure.

GRATUITIES

Description: Any amount paid, in excess of charges and tax, for service relating to the purchase of food or beverages or hotel or motel accommodations is an exempt gratuity.

Purpose: Gratuities or tips are not included in the cost of the meal or accommodation acquired by the purchaser but are considered costs of accompanying non-taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 41.1	\$ 42.6	\$ 44.3	\$ 46.0	\$ 47.8	\$ 49.7	\$ 51.6

Beneficiaries: Approximately 3.3 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 his own 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 118.9	\$ 116.6	\$ 114.3	\$ 112.0	\$ 109.8	\$ 107.6	\$ 105.5

Beneficiaries: Approximately 220,000 households and 14,000 non-residential establishments benefit from this tax expenditure.

FIREWOOD

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

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 provided consistency among all major energy sources.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: Approximately 400,000 households, which use firewood as their primary heat source, benefit from this tax expenditure. Also, there are over 1.4 million households with usable fireplaces which may benefit from this tax expenditure.

General Fund Tax Expenditures

RESIDENTIAL UTILITIES

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

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

(Dollar Amounts in Millions)

Estimates:	Electric:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 252.9	\$ 257.4	\$ 266.4	\$ 272.6	\$ 278.8	\$ 286.1	\$ 294.9
	Fuel Oil/Gas:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 178.1	\$ 183.6	\$ 189.0	\$ 194.2	\$ 199.1	\$ 203.5	\$ 208.3
	Telephone:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 103.1	\$ 109.3	\$ 114.6	\$ 120.1	\$ 126.1	\$ 132.3	\$ 138.8

Beneficiaries: Approximately 4.5 million households (electricity), 3.6 million households (fuel oil/gas) and 4.4 million households (telephone) benefit from this tax expenditure.

WATER

Description: The purchase at retail or use of water or ice is exempt from taxation.

Purpose: Water is a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who use a disproportionate share of income on this product.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 119.7	\$ 125.3	\$ 132.1	\$ 140.0	\$ 147.2	\$ 153.4	\$ 159.3

Beneficiaries: Approximately 4.0 million households and about 230,000 businesses benefit from this tax expenditure.

General Fund Tax Expenditures

GASOLINE AND MOTOR FUELS

Description: The purchase or use of gasoline and other motor fuels, taxed under the Liquid Fuels and Fuel 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 455.3	\$ 458.9	\$ 452.6	\$ 455.9	\$ 459.1	\$ 462.4	\$ 465.7

Beneficiaries: Approximately 4.1 million households and owners of more than 1.8 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. Also, because of the provisions of the Federal Aviation Act, effective January 1, 1995, contract carriers are considered to be common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services which are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 201.8	\$ 208.1	\$ 214.7	\$ 221.4	\$ 228.4	\$ 235.6	\$ 243.0

Beneficiaries: Approximately 3,110 common carriers could benefit from this tax expenditure.

COMMERCIAL VESSELS (Construction)

Description: The purchase or use of commercial vessels of fifty tons or larger is exempt from taxation if delivery is taken in Pennsylvania.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania shipbuilders at a competitive disadvantage relative to those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.1	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.9	\$ 0.9	\$ 0.9

Beneficiaries: NA

General Fund Tax Expenditures

COMMERCIAL VESSELS (Repair)

Description: Property or services purchased or used in building, rebuilding, repairing and making additions to or replacements in commercial vessels of fifty tons or more are exempt from taxation.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania ship repair facilities at a competitive disadvantage relative to those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.6

Beneficiaries: Approximately 12 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment, Maintenance)

Description: The purchase or use of fuel, supplies, equipment, ships' or sea stores and cleaning or maintenance supplies is exempt from taxation. This exemption applies to vessels of fifty tons or more designed for commercial use.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania vendors at a competitive disadvantage relative to those vendors operating in other states which allow this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

MOTOR VEHICLES (Out-of-State Purchasers)

Description: The purchase or use of a motor vehicle by a non-resident, to be used outside Pennsylvania, which is registered in another state within twenty days of delivery is exempt from taxation. Delivery must be taken outside of Pennsylvania.

Purpose: The exemption protects the participation of Pennsylvania car dealers in the out-of-state market while preventing potential abuses of such an exemption by Pennsylvania residents.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA



General Fund Tax Expenditures

SCHOOL BUSES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 16.8	\$ 17.8	\$ 18.8	\$ 19.9	\$ 21.1	\$ 22.3	\$ 23.7

Beneficiaries: Approximately 900 private contractors and 501 school districts benefit from this tax expenditure.

ZERO EMISSION VEHICLES

Description: The net purchase price of electric, hybrid electric and zero emission vehicles is exempt from taxation. Net purchase price is the difference between the purchase price of such vehicle and the average retail price of a comparable combustion engine vehicle. The purchase of power units for such vehicles is also exempt. These exemptions expire December 31, 1999.

Purpose: This provision is intended to promote the use of reduced-pollution transportation.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	--	--	--

Beneficiaries: A minimal number of consumers may benefit from this tax expenditure.

REAL ESTATE

REAL ESTATE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 586.8	\$ 593.2	\$ 598.6	\$ 606.3	\$ 611.2	\$ 617.3	\$ 624.1

Beneficiaries: Approximately 1.4 million households and owners of 105,000 non-residential buildings benefit from this tax expenditure.

General Fund Tax Expenditures

PRODUCTION EXPENDITURES

MANUFACTURING EXEMPTION (Manufacture and Processing)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies including utilities used directly or consumed in the manufacture and processing of personal property or remanufacture of certain motor vehicle parts. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies or equipment used relative to real estate or obtaining disinfecting or pest control services or building maintenance and cleaning services.

Purpose: Exemption of manufacturing equipment and supplies prevents the multiple taxation which could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 623.8	\$ 664.6	\$ 703.7	\$ 735.9	\$ 764.5	\$ 792.0	\$ 820.0

Beneficiaries: Approximately 28,800 manufacturers and an unknown number of processors and remanufacturers benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Agriculture)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies including utilities used directly or consumed in farming, dairying, horticulture, floriculture or aquaculture. With enactment of Act 105-96, farming includes the propagation and raising of horses to be used exclusively for commercial racing activities. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies or equipment used relative to real estate or obtaining disinfecting or pest control services or building maintenance and cleaning services.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation which could occur in the production of an agricultural commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 122.2	\$ 124.7	\$ 127.1	\$ 129.8	\$ 132.4	\$ 135.1	\$ 137.8

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

General Fund Tax Expenditures

MANUFACTURING EXEMPTION (Public Utility) _____

Description: By law, "sale at retail" does not include, and therefore exempts, the cost of services or the purchase or use of machinery, equipment and parts and supplies used directly or consumed in producing, delivering or rendering a public utility service. This exemption does not apply to motor vehicles (except those used as common carriers), maintenance facilities, managerial or other nonoperational activities or materials, supplies or equipment used relative to real estate or obtaining disinfecting or pest control services or building maintenance and cleaning services.

Purpose: Exemption of equipment and supplies used in producing and delivering a public utility service prevents the multiple taxation which could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,800 public utilities benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Foundations for Machinery and Equipment) _____

Description: Foundations for machinery and equipment used directly in manufacturing, farming, dairying, agriculture, horticulture, floriculture, aquaculture, processing or producing and delivering or rendering a public utility service are exempt from taxation. Included, for a public utility, are sand, gravel, crushed rock, concrete or similar material used as bedding or surrounding pipe used directly to render sewer or water service.

Purpose: Exemption of foundations for manufacturing equipment prevents the multiple taxation which could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.4	\$ 1.5	\$ 1.6	\$ 1.7	\$ 1.8	\$ 1.9	\$ 2.0

Beneficiaries: Approximately 78,000 entities benefit from this tax expenditure.

General Fund Tax Expenditures

OTHER

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 non-operational activities or materials.

Purpose: Exemption of goods and services used directly in producing a commercial motion picture provides an incentive for business to operate in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	--	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: Approximately 6 film companies annually benefit from this tax 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: As many as 1,500 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4

Beneficiaries: Approximately 4,000 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 47.6	\$ 45.1	\$ 47.0	\$ 49.3	\$ 51.7	\$ 54.4	\$ 57.2

Beneficiaries: Approximately 250,000 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

TRADE-IN VALUE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 232.1	\$ 240.0	\$ 255.1	\$ 272.4	\$ 290.0	\$ 303.8	\$ 315.9

Beneficiaries: Approximately 80 purchasers of aircraft, 150,000 purchasers of computers, 6,200 purchasers of boats and 620,000 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 a person not in the business of selling such items are exempt from taxation. These sales can occur no more than three times nor more than a total of seven days in a year. These sales may include the sale of a lawn mower to a neighbor, liquidation of an estate, sale of a used typewriter by an insurance company or yard sale items. Motor vehicles and property which must be registered or licensed are not granted this exemption.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 71.3	\$ 74.4	\$ 75.9	\$ 78.1	\$ 80.6	\$ 83.8	\$ 87.2

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.5	\$ 2.8	\$ 2.8	\$ 2.8	\$ 2.8	\$ 2.8	\$ 2.8

Beneficiaries: Approximately 1,600 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 and which operate at fixed locations on public property is exempt from taxation.

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

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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. Transactions unrelated to the trade or business of such organizations are taxable as are materials, supplies and equipment purchased for use in connection with real estate.

Purpose: These organizations provide public and charitable services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	Charitable Organizations:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 113.5	\$ 117.5	\$ 122.8	\$ 126.7	\$ 130.8	\$ 135.0	\$ 139.2
	Volunteer Fireman's Organizations:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 27.4	\$ 28.3	\$ 29.6	\$ 30.5	\$ 31.5	\$ 32.5	\$ 33.5
	Nonprofit Educational Institutions:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 36.4	\$ 37.7	\$ 39.4	\$ 40.6	\$ 41.9	\$ 43.3	\$ 44.7
	Religious Organizations:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 228.9	\$ 236.8	\$ 247.5	\$ 255.5	\$ 263.7	\$ 272.2	\$ 280.7

Beneficiaries: Currently, approximately 28,900 organizations benefit from this tax expenditure. That number is expected to increase due to the passage of Act 55 of 1997.

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. 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.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 171.9	\$ 180.3	\$ 188.8	\$ 196.9	\$ 205.0	\$ 212.9	\$ 221.0

Beneficiaries: Approximately 3,200 local governmental units benefit from this tax expenditure.

SUBSTITUTED TAX BASE

Description: The tax on tangible personal property purchased at least six months prior to the first taxable use in Pennsylvania may be based on the prevailing market price at the time of the taxable use. This substituted base would be in lieu of taxing the original purchase price.

Purpose: This alternative tax base permits taxpayers to pay tax relative to the current market value of such assets which most closely approximates current taxable value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

OUT-OF-STATE PURCHASES

Description: Tangible personal property purchased and used outside the State by a nonresident who later brings the property into Pennsylvania while establishing a permanent residence or business is exempt from taxation. This property must be purchased more than six months prior to the first taxable use in Pennsylvania.

Purpose: This provision eases administrative costs for the Commonwealth and compliance costs for the taxpayer and prevents a substantial tax liability being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA



General Fund Tax Expenditures

RAIL TRANSPORTATION EQUIPMENT

Description: The purchase or use of rail transportation equipment used 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FISH FEED

Description: The purchase or use of fish feed by sportsmen's clubs, fish cooperatives or nurseries approved by the Pennsylvania Fish Commission is exempt from taxation.

Purpose: The exemption provides special treatment benefiting organizations which raise fish ultimately destined for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 156 cooperative nurseries and an unknown number of other entities benefit from this tax expenditure.

TOURIST PROMOTION AGENCIES

Description: The purchase or use of supplies and materials by tourist promotion agencies for distribution to the public is exempt from taxation. To be permitted this exemption, an agency must receive grants from the State.

Purpose: Excluding supplies and materials used by tourist promotion agencies which receive State grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: All 50 tourist promotion agencies benefit from this tax expenditure.

General Fund Tax Expenditures

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 ultimately destined for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Less than 60 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: NA

STORAGE

Description: Charges for storage, other than for self-storage, of tangible personal property are exempt from taxation.

Purpose: Commercial storage services may be considered to be an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 14.4	\$ 15.0	\$ 15.7	\$ 16.4	\$ 17.2	\$ 18.0	\$ 18.8

Beneficiaries: NA

General Fund Tax Expenditures

PUBLIC TRANSPORTATION (Local)

Description: Expenditures for public transportation fares are not taxable.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 27.9	\$ 29.2	\$ 30.6	\$ 32.2	\$ 33.5	\$ 35.1	\$ 36.8

Beneficiaries: Approximately 2.7 million people 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
LODGING							
Trailer parks and camps.....	\$ 9.2	\$ 10.0	\$ 10.9	\$ 11.9	\$ 13.0	\$ 14.2	\$ 15.5
PERSONAL SERVICES							
Cleaning, storage & repair of clothing & shoes ⁽¹⁾	\$ 6.8	\$ 7.2	\$ 7.6	\$ 8.0	\$ 8.4	\$ 8.9	\$ 9.3
Dry-cleaning ⁽¹⁾	17.3	18.0	18.9	19.7	20.6	21.6	22.5
Barber and beauty shops.....	39.1	40.7	42.3	44.0	45.8	47.7	49.6
Funeral parlors and crematories.....	30.0	31.6	33.2	35.0	36.8	38.8	40.8
All other personal services.....	16.4	17.1	17.8	18.6	19.4	20.3	21.2
BUSINESS SERVICES							
Advertising (local).....	\$ 322.9	\$ 342.2	\$ 362.6	\$ 384.4	\$ 407.5	\$ 432.0	\$ 458.0
Interior office building cleaning.....	24.9	26.6	28.4	30.3	32.4	34.6	37.0
Management, consulting & public relations.....	248.9	272.2	297.5	325.3	355.6	388.8	425.1
Research.....	56.0	59.7	63.6	67.8	72.2	76.9	82.0
Detective agencies.....	29.0	31.1	33.3	35.7	38.3	41.0	44.0
COMPUTER SERVICES							
Computer and data processing.....	85.5	\$ 188.1	\$ 212.0	\$ 238.9	\$ 269.30	\$ 303.5	\$ 342.0
AUTOMOTIVE SERVICES							
Automobile parking.....	\$ 17.0	\$ 18.6	\$ 20.4	\$ 22.3	\$ 24.4	\$ 26.7	\$ 29.2
RECREATION SERVICES							
Commercial sports admissions.....	\$ 76.6	\$ 81.0	\$ 85.6	\$ 90.4	\$ 95.5	\$ 100.9	\$ 106.7
Entertainers.....	11.0	11.8	12.5	13.4	14.2	15.2	16.2
Memberships.....	11.9	12.7	13.6	14.5	15.5	16.6	17.8
Other admissions.....	55.4	59.7	64.3	69.4	74.8	80.6	86.8
HEALTH SERVICES							
Health, except hospitals, physicians and dentists.....	\$ 384.4	\$ 414.6	\$ 447.1	\$ 482.1	\$ 519.9	\$ 560.7	\$ 604.6
Hospitals.....	811.0	862.1	920.7	986.1	1,054.1	1,127.9	1,205.7
Physician office services.....	460.0	482.5	506.0	530.8	556.7	583.9	612.4
Dental office services.....	133.2	143.7	155.2	167.5	180.8	195.2	210.7
PROFESSIONAL SERVICES							
Legal.....	\$ 277.9	\$ 281.1	\$ 284.3	\$ 287.6	\$ 291.0	\$ 294.4	\$ 297.8
Engineering.....	361.0	283.4	407.2	432.5	459.3	487.9	518.1
Surveying, architectural.....	56.0	61.2	66.8	73.0	79.8	87.2	95.3
Accounting, auditing and bookkeeping services.....	125.4	134.8	144.9	155.8	167.5	180.1	193.7
MISCELLANEOUS SERVICES							
Basic television ⁽¹⁾	\$ 45.5	\$ 47.7	\$ 49.8	\$ 51.9	\$ 54.3	\$ 56.6	\$ 59.1
Learned professions.....	NA	NA	NA	NA	NA	NA	NA
Electrical, plumbing, heating & air conditioning service fees.....	NA	NA	NA	NA	NA	NA	NA
Veterinary fees.....	33.8	35.3	36.8	38.4	40.1	41.8	43.7
Stockbroker fees.....	NA	NA	NA	NA	NA	NA	NA
Real estate agent fees.....	NA	NA	NA	NA	NA	NA	NA
Financial institution fees.....	213.4	222.2	231.9	241.9	252.8	263.7	275.5
Pilots fees.....	NA	NA	NA	NA	NA	NA	NA
OTHER SERVICES							
Other.....	\$ 307.3	\$ 324.5	\$ 342.6	\$ 361.8	\$ 382.1	\$ 403.5	\$ 426.0

⁽¹⁾These services are specifically exempt by Statute.

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



CIGARETTE TAX

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

The cigarette tax is an excise tax, based on a rate of 1.55 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Only one sale of cigarettes whether individual cigarettes, packages, cartons or cases is taxable. Beginning July 1, 1992 two thirty-firsts of cigarette tax receipts is transferred into the Children's Health Fund; beginning January 1, 1997 an additional one thirty-firsts of cigarette receipts (total of three thirty-firsts) is transferred into the Children's Health Fund. Beginning July 1, 1993 two thirty-firsts of cigarette tax receipts is transferred into the Agricultural Conservation Easement Purchase Fund. The analyses below reflect only the General Fund portion of the tax expenditures.

Administrative Costs: Costs to administer the cigarette tax expenditures are nominal.

STATE VETERANS HOMES

Description: Sales to retail dealers located in State Veterans Homes for resale to residents in such homes are exempt. (Federal Veterans Hospitals are exempt under federal law).

Purpose: It is perceived to be good public policy to reduce taxes for veterans who have served their country and are now residing in a veterans home or hospital.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: 4 state veterans homes benefit from this tax expenditure.

UNSTAMPED CIGARETTES (200 AND UNDER)

Description: Vacationers or tourists crossing state lines with one carton or less of unstamped cigarettes are not required to pay tax on those cigarettes. The carton (200 cigarettes) can not 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of three percent of the value of all cigarette tax stamps purchased from the Department of Revenue or its authorized agents to be affixed to cigarettes for sale within the Commonwealth. The commission does not apply to purchases of stamps by a cigarette stamping agent in amounts of less than one hundred dollars (\$100).

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 9.0	\$ 8.5	\$ 8.7	\$ 8.5	\$ 8.4	\$ 8.3	\$ 8.2

Beneficiaries: 141 cigarette stamping agents benefit from this tax expenditure.

MALT BEVERAGE TAX

Authorization: Article XX of the Tax Reform Code of 1971, Act of March 4, 1971 (P.L. 6, No. 2), as amended.

The malt beverage tax is levied on malt and brewed beverages manufactured, sold and used in Pennsylvania, or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors and importers remit the tax to the Commonwealth.

Administrative Costs: Costs to administer the malt beverage tax expenditures are nominal.

EMERGENCY TAX CREDIT

Description: The Emergency Tax Credit provides manufacturers of malt or brewed beverages, whose annual production of malt or brewed beverages does not exceed 300,000 barrels, a maximum annual credit of \$200,000 for capital improvement expenditures. This tax credit cannot exceed the amount of qualifying capital expenditures made during the emergency tax credit period (items of plant, equipment and machinery intended for use in the manufacture and sale of malt or brewed beverages within the Commonwealth). Under current law, the effective tax credit period expires after December 31, 1998. 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.3	\$ 0.3	\$ 0.2	--	--	--	--

Beneficiaries: 15 manufacturers of malt or brewed beverages benefit from this tax expenditure.



General Fund Tax Expenditures

LIQUOR TAX

Enabling legislation is the Liquor Code, Act of June 29, 1987 (P.L. 32, No. 14) and the Emergency Liquor Sales Tax Act, Act of June 9, 1936 (Special Session, P.L. 13). The liquor tax is imposed on all liquor sold by the Pennsylvania Liquor Control Board. The tax is assessed, since 1968, at the rate of 18% of the net price paid by the consumer.

The liquor tax contains no tax expenditures as defined for this tax expenditure analysis.

Administrative Costs: NA

PERSONAL INCOME TAX

Authorization: The Act of August 31, 1971, (P.L. 362, No. 93) added 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 on trusts.

Administrative Costs: Costs to administer various tax expenditures associated with the personal income tax cannot be separately identified. The existence of tax expenditures may result in taxpayer uncertainties, which creates an administrative burden on the Department relative to additional compliance audits, letter rulings, pronouncements and bulletins.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.4	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$1,069.5	\$1,128.2	\$1,190.2	\$1,255.6	\$1,324.6	\$1,397.4	\$1,474.1

Beneficiaries: Approximately 1.7 million retired residents benefit from this tax expenditure.

General Fund Tax Expenditures

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 486.6	\$ 516.4	\$ 539.6	\$ 561.5	\$ 585.9	\$ 610.6	\$ 635.1

Beneficiaries: As many as 5.5 million employees benefit from this tax expenditure.

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 502.1	\$ 532.8	\$ 556.7	\$ 579.3	\$ 604.5	\$ 629.9	\$ 655.2

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

CAFETERIA PLANS

Description: Payments made by employers, for the benefit of employees, into a qualifying cafeteria plan are exempt from taxation provided that 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.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	--	\$ 7.4	\$ 7.7	\$ 8.0	\$ 8.3	\$ 8.7	\$ 9.0

Beneficiaries: NA



General Fund Tax Expenditures

LIFE INSURANCE PROCEEDS

Description: Amounts paid to beneficiaries or the estate of a decedent by reason of 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 53.6	\$ 56.9	\$ 60.5	\$ 64.3	\$ 68.3	\$ 72.5	\$ 77.1

Beneficiaries: The death payment beneficiaries of approximately 160,000 life insurance policies benefit from this tax expenditure.

SICKNESS OR DISABILITY PROCEEDS

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

Purpose: These payments are excluded because they do not take the place of an employees' regular wages or salary. Sick pay in the form of regular wages or salary, however, is taxable.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 45.4	\$ 46.5	\$ 46.8	\$ 47.1	\$ 47.7	\$ 48.4	\$ 49.1

Beneficiaries: Approximately 313,000 people benefit from this tax expenditure.

General Fund Tax Expenditures

WORKER'S COMPENSATION

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 62.3	\$ 62.0	\$ 61.6	\$ 61.2	\$ 60.8	\$ 60.4	\$ 60.0

Beneficiaries: As many as 102,132 residents benefit from this tax expenditure.

STRIKE BENEFITS

Description: Amounts received 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 18.5	\$ 13.3	\$ 12.0	\$ 12.8	\$ 13.0	\$ 13.3	\$ 13.3

Beneficiaries: Approximately 744,000 people benefit from this tax expenditure.



General Fund Tax Expenditures

SALE OF A PRINCIPAL RESIDENCE (AGE 55 AND OVER)

Description: Up to \$100,000 of the gain from a sale of a principal residence is excludable from income. The taxpayer must be at least age 55 and meet certain other criteria. The exclusion may be used once in a taxpayer's lifetime.

Purpose: This provision limits the impact of the tax on older Pennsylvanians who are subject to substantial liability on the profit from the sale of their homes.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 20.9	\$ 21.6	\$ 22.3	\$ 23.0	\$ 23.7	\$ 24.5	\$ 25.2

Beneficiaries: Approximately 16,100 residents benefit from this tax expenditure.

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the Commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 43.9	\$ 44.0	\$ 44.2	\$ 44.4	\$ 44.7	\$ 44.8	\$ 45.0

Beneficiaries: Approximately 66,300 residents benefit from this tax expenditure.

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further his educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 31.2	\$ 33.8	\$ 36.6	\$ 39.7	\$ 43.0	\$ 46.6	\$ 50.5

Beneficiaries: The recipients of approximately 150,145 state grants and scholarships, 140,000 federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends, benefit from this tax expenditure.

General Fund Tax Expenditures

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision insures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

UNREIMBURSED EXPENSES

Description: Unreimbursed expenditures made by employees are excludable from compensation if they are: necessary to enable the taxpayer to properly perform the duties of employment, reasonable in amount, directly related to the taxpayer's occupation, and customary in the taxpayer's occupation.

Purpose: This provision enhances the fairness of the tax for those employees who incur expenses for the benefit of the employer, in order to properly perform a job, or to retain a rate of compensation.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 44.8	\$ 48.9	\$ 51.9	\$ 55.1	\$ 58.5	\$ 62.2	\$ 66.0

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 cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts in Millions)

Estimates:	Depreciation:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
		\$ 42.7	\$ 47.2	\$ 49.2	\$ 50.1	\$ 52.4	\$ 54.9	\$ 58.6
	Other:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
		\$ 449.7	\$ 496.5	\$ 517.5	\$ 527.1	\$ 550.9	\$ 577.7	\$ 616.8

Beneficiaries: Approximately 1.2 million businesses and professions benefit from this tax expenditure.



General Fund Tax Expenditures

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.2	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.6	\$ 2.7

Beneficiaries: The foster parents of approximately 15,800 children benefit from this tax expenditure.

MEDICAL SAVINGS ACCOUNTS

Description: Annual contributions made to Medical Savings Accounts via an account administrator and the interest earned on these accounts are not taxable. The account must be combined with a health insurance policy with an annual deductible of \$1,500 to \$2,500 for an individual and \$3,000 to \$4,500 for a family. Tax deductible annual contributions must not exceed 65 percent of the insurance policy's deductible for individual coverage and 75 percent for family coverage. Act 179 establishes this expenditure as a four year pilot program effective January 1, 1997.

Purpose: This exemption reduces the cost and could improve the quality and availability of health care to Pennsylvanians

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	--	\$ 4.0	\$ 4.2	\$ 4.4	\$ 4.6	\$ 4.6	\$ 4.6

Beneficiaries: NA

TUITION PREPAYMENT PROGRAM

Description: The tax expenditure is the difference between the amount paid into the program and the value of credits redeemed or payments from the program. The value of credits redeemed from a tuition prepayment program is exempt from taxation.

Purpose: This provision lessens the burden of tax on families saving for college education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: As many as 104,346 election officials benefit from this tax expenditure.

CREDITS

SPECIAL POVERTY PROVISIONS (TAX FORGIVENESS)

Description: Special tax forgiveness provisions allow eligible claimants to reduce their tax liability depending upon the amount of their eligibility income. A taxpayer with no dependents and with eligibility income of \$7,200 or less will qualify for some amount of forgiveness. A married couple with no dependents and with eligibility income of \$13,500 or less will qualify for some amount of forgiveness. The eligibility income limits increase by \$4,000 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 107.4	\$ 124.9	\$ 113.7	\$ 109.1	\$ 106.4	\$ 101.8	\$ 97.6

Beneficiaries: Individuals filing approximately 1,000,000 returns benefit from this tax expenditure.



General Fund Tax Expenditures

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim all or a portion of the tax paid to the other state or country 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 83.5	\$ 91.2	\$ 96.2	\$ 101.5	\$ 106.4	\$ 111.5	\$ 116.8

Beneficiaries: Individuals filing approximately 87,000 returns benefit from this tax expenditure.

ESTIMATED TAXES

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Farmers operating approximately 45,000 farms benefit from this tax expenditure.

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with income of \$2,500 or less not subject to withholding are not required to pay estimated taxes. Individuals whose estimated tax is \$100 or less for a tax year may file a declaration and pay any estimated tax due by January 15 of the succeeding year. The expenditure is the interest lost due to delayed estimated payments.

Purpose: These provisions reduce paperwork for taxpayers and the Department of Revenue with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

REALTY TRANSFER TAX

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

The realty transfer tax is a documentary stamp tax on the value of any interest in real estate transferred by deed. The tax rate is 1 percent of the value of the real estate transferred. Each party to a document is jointly and severally liable for the tax imposed, unless the party is an excluded party or the document evidences an excludable transaction. The excluded status of a party does not relieve the other parties to a transaction from the entire tax due. The amounts below represent the General Fund portion of the realty transfer tax expenditures only and do not include expenditures for the portion transferred to the Keystone Recreation, Park and Conservation Fund pursuant to Act 50-1993.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately \$0.2 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the Commonwealth, the Federal Government, and 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.9	\$ 0.9

Beneficiaries: Approximately 3,200 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY COTENANTS

Description: A partition of realty, passed by testate or intestate succession and held by cotenants, 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 cotenants. 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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 lineal descendants.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 28.7	\$ 28.4	\$ 28.9	\$ 30.4	\$ 32.8	\$ 35.5	\$ 35.9

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6

Beneficiaries: NA

TRANSFERS TO OR FROM A NON-PROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a non-profit industrial development agency or authority is an excluded transaction. A transfer from a non-profit 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 non-profit organizations for industrial development and from non-profit organizations for use in various activities which may contribute to economic development in the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.3	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.5	\$ 1.6	\$ 1.7

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 can not have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations which are perceived to provide social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.0	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.3

Beneficiaries: 16,242 religious organizations might benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy which possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: 60 land conservancies might 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 seventy-five percent of each class of stock in a family farm corporation.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 4,500 family farm corporations or partnerships might 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 4,500 family farm corporations or partnerships and an unknown number of real estate companies might 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 951 companies might 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 447 public utilities could potentially 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA



General Fund Tax Expenditures

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.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL DESCENDANTS _____

Description: Assets transferred to lineal descendants defined as all children of the natural parents and their descendants whether or not they have been adopted by others, adopted descendants and their descendants and step descendants are taxed at a 6% rate rather than the 15% rate for assets transferred to all other heirs.

Purpose: This provision lowers the tax burden on immediate family members of the decedent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 458.9	\$ 509.1	\$ 527.7	\$ 543.5	\$ 559.8	\$ 576.6	\$ 593.9

Beneficiaries: Approximately 54,000 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.

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 inheritance tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 754.6	\$ 787.8	\$ 822.4	\$ 858.5	\$ 896.2	\$ 935.6	\$ 976.7

Beneficiaries: Approximately 600 estates benefit from this tax expenditure.

General Fund Tax Expenditures

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of death taxes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 156.0	\$ 166.4	\$ 177.6	\$ 189.5	\$ 202.2	\$ 215.8	\$ 230.3

Beneficiaries: Approximately 27,000 estates benefit from this tax expenditure.

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of Federal War Risk Insurance, National Service Life Insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FAMILY EXEMPTION

Description: A \$2,000 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 helps limit the impact of the tax on the poor and those with smaller taxable estates to whom this flat exemption is proportionately more meaningful.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2

Beneficiaries: 19,417 families benefit from this tax expenditure.

General Fund Tax Expenditures

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign or anticipate before death are exempt from inheritance tax. Exempt benefits include pension, stock-bonus, profit-sharing, 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 59½ -- 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 25.2	\$ 26.5	\$ 27.9	\$ 29.4	\$ 31.0	\$ 32.7	\$ 34.4

Beneficiaries: Approximately 79,000 survivors benefit from this tax expenditure. This estimate is inflated as survivors may be eligible for more than one benefit plan.

ESTATE ADMINISTRATION EXPENSES

Description: Expenses for attorney fees, funeral and burial expenses, tombstones and gravemarkers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 65.0	\$ 67.8	\$ 70.8	\$ 73.9	\$ 77.2	\$ 80.6	\$ 84.1

Beneficiaries: Approximately 56,000 estates benefit from this tax expenditure.

DEBTS AND LIABILITIES OF THE DECEDENT

Description: A deduction from the gross estate is allowed for debts and liabilities of the decedent.

Purpose: This provision increases the fairness of the tax by insuring that property is included in the taxable estate based on its net value. For example, a mortgage is deducted from the value of real property to properly value the decedent's interest in that property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 22.5	\$ 23.5	\$ 24.5	\$ 25.6	\$ 26.7	\$ 27.9	\$ 29.1

Beneficiaries: Approximately 56,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The Social Security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

Beneficiaries: NA

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: NA

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 56,000 estates might benefit from this tax expenditure.

General Fund Tax Expenditures

PROPERTY SUBJECT TO POWER OF APPOINTMENT

Description: Property left to a trust by the decedent (grantor) subject to a power of appointment (by a grantee), whether or not exercised and notwithstanding any blending of such property with property of the grantee, is exempt from inheritance tax in the estate of the grantee.

Purpose: Pennsylvania taxes the transfer of these assets subject to a power of appointment at the time the interest is created (when the grantor dies). The grantee may have a life interest in the estate with any remainder passing to some other person. This provision prevents taxation when the property is subsequently distributed upon the death of the grantee, having already been taxed in the estate of the grantor.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

NOMINAL OWNERSHIP OF PROPERTY

Description: Property held in the name of a decedent who held no beneficial interest in the property is exempt from inheritance tax.

Purpose: This provision prevents property in which the decedent had no real interest from being included in the taxable estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

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% per annum.

Purpose: This provision helps protect small business upon the death of the owner from a sudden tax burden. Payments are spread out over time so that asset sales can be avoided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

OTHER EXCLUSIONS

TRANSFERS TO GOVERNMENTS

Description: Intervivos transfers and bequests to governments are exempt from inheritance tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 3,200 local 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 which are believed to benefit the citizenry. 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 64.6	\$ 67.5	\$ 70.4	\$ 73.5	\$ 76.8	\$ 80.1	\$ 83.7

Beneficiaries: The 28,900 charitable and fraternal organizations might benefit from this tax expenditure. The number is expected to increase with the passage of Act 55 of 1997.

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 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), 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, 1998 the tax rate for aviation gasoline is decreased from 3.7 cents per gallon to 3.5 cents per gallon and the tax rate for jet fuels is decreased from 1.9 cents per gallon to 1.7 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 is calculated annually by the Department of Revenue. The tax rate for calendar year 1998 is 13.9 cents per gallon for liquid fuels and 18.8 cents per gallon for fuels. Receipts from 57 mills of the tax are deposited as unrestricted Motor License Fund revenue. Prior to October 1, 1997, the tax was an excise tax of 153.5 mills per gallon imposed on all oil companies conducting business in Pennsylvania for the privilege of exercising their corporate franchise, doing business, employing capital, owning or leasing property, maintaining an office or having employees in the Commonwealth.

ALTERNATIVE FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes. Beginning October 1, 1997, the tax is imposed on alternative fuels used to propel vehicles on public highways. Alternative fuels include natural gas, compressed natural gas, liquid propane gas and liquefied petroleum gas, alcohols, gasoline-alcohol mixtures containing at least 85% alcohol by volume, hydrogen, hythane, electricity, and any other fuel not taxable as liquid fuel 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 can not 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 5.2	\$ 5.2	\$ 5.1	\$ 5.1	\$ 5.1	\$ 5.2	\$ 5.2
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.2	\$ 2.2
	Oil Company Franchise:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 6.2	\$ 9.1	\$ 9.2	\$ 9.3	\$ 9.4	\$ 9.4	\$ 9.5

Beneficiaries: Approximately 3,200 governmental units benefit from these tax expenditures.

VOLUNTEER EMERGENCY VEHICLES

Description: Fuels purchased by a volunteer fire company, volunteer ambulance service or volunteer rescue squad and used solely in official vehicles are exempt from the tax.

Purpose: Volunteer emergency organizations provide public services which are perceived to benefit the citizenry. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3
	Oil Company Franchise:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.8	\$ 2.9	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.1	\$ 3.1

Beneficiaries: Approximately 1,907 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: Fuels purchased by any nonprofit nonpublic school in which a Commonwealth resident may legally fulfill compulsory school attendance requirements are granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	Nominal	Nominal	Nominal	Nominal	\$ 0.1	\$ 0.1
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: As many as 2,233 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuels by second class county port authorities are exempt from the tax.

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

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Oil Company Franchise:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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: Under the provisions of the Liquid Fuels and Fuels Tax Act (Chapter 90 of Title 75), a full refund of tax paid is granted for agricultural use relating to the actual production of farm products. Fuel used in farm machinery or equipment engaged in the production or harvesting of agricultural products is exempt from taxation under these provisions.

Purpose: This exemption helps to provide agricultural products at a reduced price to the consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: Individuals operating approximately 45,000 farms 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 due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 5.0	\$ 4.9	\$ 4.9	\$ 4.9	\$ 4.9	\$ 5.0	\$ 5.0
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.6

Beneficiaries: Approximately 468 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuels purchased by foreign diplomats whose country has entered into a treaty with the United States are exempt from payment of the tax.

Purpose: The Commonwealth grants this exemption administratively at the request of the Federal government.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: The motor carriers road tax was enacted by the Act of June 19, 1964 (P.L. 7, No. 1) and provisions requiring identification markers were transferred to the Vehicle Code by the Act of June 18, 1980 (P.L. 229, No. 68). The Act of July 13, 1987 (P.L. 303, No. 56) repealed the motor carriers road tax and reenacted it as Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes. The motor carriers road tax is levied at the rate per gallon currently in effect on Pennsylvania liquid fuels and fuels or alternative fuels tax and 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, 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 75-1995, 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 can not 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 9.0	\$ 9.4	\$ 9.3	\$ 9.3	\$ 9.4	\$ 9.5	\$ 9.5

Beneficiaries: Approximately 3,200 governmental units benefit from this tax expenditure.



Motor License Fund Tax Expenditures

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 assists the farmer to provide agricultural products at a reduced price to the consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.2	\$ 3.2

Beneficiaries: Individuals operating approximately 45,000 farms benefit from this tax expenditure.

EMERGENCY VEHICLES

Description: Fire, rescue, ambulance, and select other emergency vehicles are exempt from the motor carriers road tax.

Purpose: Emergency organizations provide public services which are perceived to benefit the citizenry. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 5.3	\$ 5.4	\$ 5.3	\$ 5.3	\$ 5.4	\$ 5.4	\$ 5.4

Beneficiaries: 2,463 fire departments and an unknown number of other organizations benefit from this tax expenditure.

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property which only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: The owners of approximately 790 special mobile equipment vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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 assists the farmer to provide agricultural products at a reduced price to the consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 209 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4

Beneficiaries: Currently approximately 24,300 charitable and religious organizations benefit from this tax expenditure. This number is expected to increase due to the passage of Act 55 of 1997.

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 relative to in-state travel.

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 14,200 churches may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

Motor License Fund Tax Expenditures

SCHOOL BUS

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary or secondary school students to or from public, private or parochial schools or events related to such schools or school-related activities 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 8.2	\$ 9.5	\$ 9.4	\$ 9.5	\$ 9.7	\$ 9.8	\$ 10.0

Beneficiaries: Approximately 2,464 private or parochial schools and 501 public 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 MCRT/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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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.

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, military vehicles 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.

Administrative Costs: Costs to administer each vehicle registration tax expenditure cannot be separately identified.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

(Dollar Amounts in Millions)

<i>Estimates:</i>	<i>Disabled/Severely Disabled Veterans:</i>						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2

Beneficiaries: The owners of approximately 9,954 vehicles benefit from this tax expenditure.

Charitable Organizations:

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.6	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0

Beneficiaries: The owners of approximately 11,546 vehicles benefit from this tax expenditure.

Former Prisoners of War:

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 1,552 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Farm Trucks:

<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
\$ 2.4	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.6

Beneficiaries: The owners of approximately 12,916 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
\$ 1.3	\$ 1.9	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.0

Beneficiaries: Approximately 2,463 fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
\$ 2.9	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.6	\$ 4.6	\$ 4.7

Beneficiaries: Approximately 2,463 fire departments benefit from this tax expenditure.

Political Subdivisions:

<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
\$ 8.4	\$ 12.7	\$ 12.8	\$ 12.9	\$ 13.1	\$ 13.2	\$ 13.3

Beneficiaries: Approximately 3,200 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
\$ 1.9	\$ 2.8	\$ 2.8	\$ 2.9	\$ 2.9	\$ 2.9	\$ 3.0

Beneficiaries: Older Pennsylvanians owning approximately 113,764 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: This provides partial registration fee relief for those vehicles being used only between April 1 and September 30.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 153 carnival vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided exemption for these entities due to their perceived special status.

Administrative Costs: Costs to administer the certificates of title tax expenditure are borne by the Department of Transportation and are nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The owners of approximately 7,745 vehicles benefit from this tax expenditure.

INSPECTION STICKERS

Description: All vehicles registered in Pennsylvania are required to have periodic safety inspections to insure their road worthiness. 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.

Administrative Costs: Costs to administer the inspection sticker tax expenditure are borne by the Department of Transportation and are nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 3,200 governmental units benefit from this tax expenditure.



Motor License Fund Tax Expenditures

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.

Administrative Costs: Costs to administer the tax expenditure for bridge permits are nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,200 political subdivisions may benefit from this tax expenditure.

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms who wish to haul loads that exceed the maximum size or weight specifications for a vehicle. 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.

Administrative Costs: Costs to administer the tax expenditure for hauling permits are nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,200 political subdivisions may benefit from this tax expenditure.



Motor License Fund Tax Expenditures

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.

Administrative Costs: Costs to administer the tax expenditure for police accident reports are nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,200 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 Harness Racing Commission and the State Horse Racing Commission 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. Act 93 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% rather than the normal 1.5% 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</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% 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.



WASTE TIRE RECYCLING TAX CREDIT

Authorization: Act 190 - 1996, signed December 19, 1996.

Description: A tax credit is available to a taxpayer who makes a qualified investment in buildings, equipment or facilities for the purposes of reducing, reusing or recycling whole used or waste tires. The tax credit is equal to 30 percent of the cost of the investment in the first year and 10 percent thereafter. The credit may be applied to the corporate net income tax, capital stock and franchise tax or personal income tax. The total amount of tax credits in each calendar year may not exceed \$2,000,000.

Purpose: The tax credit encourages reduction, reuse or recycling of whole used tires or waste tires.

Administrative Costs: Nominal

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	--	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	--	--

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

Lottery Fund Tax Expenditures

The Lottery Fund is a special revenue fund composed of monies received from the sale of lottery tickets and from fees. It provides funds for payments of prizes to lottery winners, administrative costs and for various programs benefiting older Pennsylvanians and others.

PENNSYLVANIA LOTTERY WINNINGS

Description: Prizes of the Pennsylvania Lottery are exempt from the state personal income tax. A separate section of the statute provides for a transfer from the Lottery Fund to the General Fund based on the present value of prizes won in that fiscal year. The estimates below reflect the anticipated transfer based on the current personal income tax rate and all expected payments to Lottery winners within the appropriate fiscal year.

Purpose: This provision simplifies collection of the Personal Income Tax on Lottery prizes since the tax on all prizes is transferred from the Lottery Fund directly to the General Fund. Individual Lottery winners are also relieved of the requirement to report and pay tax on their prize.

Administrative Costs: Nominal

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 25.2	\$ 23.8	\$ 25.0	\$ 24.6	\$ 24.6	24.6	24.6

Beneficiaries: NA



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: The Act of December 5, 1936 (2nd special session, 1937 P.L. 2897, No. 1), 4(x)(1) as amended, 43 P.S. 753(x)(1).

Description: The Commonwealth's unemployment compensation law provides for a limitation of the taxable wage base to the first \$8,000 of wages paid to each employee during a calendar year by an employer. Prior to 1984 the limitation on taxable remuneration had been \$7,000. All state governments are required by the federal government to tax at least the first \$7,000 of subject wages. Many states, including Pennsylvania, have chosen to keep their bases close to the federal minimum. The estimate represents the cost of this limitation as measured by the difference between contributions based on taxable wages and contributions based on total wages. In 1988, legislation was enacted which provides for a "trigger" mechanism to regulate employer and employee contributions. The trigger mechanism working in conjunction with the experience rating system would change tax rates in response to a change in the taxable wage base. The methodology used for this estimate does not incorporate the changes which would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

Estimates:	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$3,299.9	\$3,302.2	\$3,485.5	\$3,728.4	\$3,935.1	\$4,143.8	\$4,350.5

Beneficiaries: Pennsylvania's unemployment compensation tax system is legislatively designed to generate a sufficient amount of revenue to meet annual benefit payments and maintain an adequate reserve in the state's Unemployment Compensation Trust Fund. Since the tax rates are a function of taxable wages, an increase in the amount of taxable wages to total wages would result in a decrease in the assigned tax rates (trigger mechanism). Ultimately, this would maintain revenues at a level comparable to the current tax structure. This situation, however, involves special treatment for some employers compared to others based upon the level of wages paid to the employees. This special treatment (tax expenditure) would be different for every contributory employer in each major industry division and would have to be calculated on an individual employer basis. In general, under the current system, an employer with higher wage employees benefits by paying on a small portion of total wages. If the taxable wage base were total wages paid to employees, the employer with higher employee wages would have to pay a greater amount in taxes, even though the rate would be reduced significantly.

As of the first quarter of 1997 there were 238,220 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division:

Agriculture, Forestry and Fisheries	5,346	Wholesale Trade.....	22,366
Mining.....	797	Retail Trade	49,021
Construction	28,189	F.I.R.E.	16,037
Manufacturing.....	16,590	Services.....	90,621
Transportation and Public Utilities.....	8,828	Local Government.....	425

PUBLIC TRANSPORTATION ASSISTANCE FUND

Authorization: Article XXIII of the Tax Reform Code of 1971.

The Public Transportation Assistance Fund provides for the capital, asset maintenance and certain other transportation needs of the Commonwealth's public transit entities.

Fund revenues are derived from a portion of the public utility realty tax; a motor vehicle lease tax; a motor vehicle rental fee; a fee on the sale of new tires; 0.44% of total sales and use tax receipts in lieu of the repealed periodicals tax; and 0.09 % of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers. Act 138-1996 (electric competition) provided for transfers from the utility gross receipts tax to the public transportation assistance fund beginning in FY 98-99. Certain entities and transactions are exempt from these taxes and fees.

The utility realty tax expenditures for this fund parallel the PURTA General Fund Tax expenditures since, by statute, the provisions of Article XI-A of the Tax Reform Code of 1971 apply to the 12 mills levy accruing to the Public Transportation Assistance Fund. With the exception of the new tire fee, the remaining tax expenditures parallel applicable expenditures in the sales and use tax, again due to statutory provisions. The law limits new tire fee expenditures to exempt governmental units.

Administrative Costs: Nominal

UTILITY REALTY TAX

Every entity required to pay the tax imposed under Article XI-A of the Tax Reform Code of 1971 must also remit an additional 12 mills upon each dollar of the state taxable value of its utility realty at the end of the calendar year. The authorization, explanation and administrative costs of this tax are given in the General Fund Tax Expenditure section.

PROPERTY SUBJECT TO LOCAL TAXATION _____

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968 is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968 to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This exemption prevents the double taxation of such property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 3.8	\$ 4.0	\$ 4.1	\$ 4.1	\$ 4.1	\$ 4.1	\$ 4.2

Beneficiaries: 447 public utilities could potentially benefit from this tax expenditure.



Special Fund Tax Expenditures

MACHINERY AND EQUIPMENT

Description: Machinery and equipment, regardless of whether it is housed within included property, is excluded from the PURTA base.

Purpose: PURTA is intended as a tax on land and attached structures. The exemption of business personality encourages investment in machinery and equipment so that efficient utility service may be provided. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 267.6	\$ 287.7	\$ 292.1	\$ 291.7	\$ 293.7	\$ 295.2	\$ 296.7

Beneficiaries: 447 public utilities could potentially benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity which entitles the public utility company to limited use related to the provision of utility service.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 3.3	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.7	\$ 3.7	\$ 3.7

Beneficiaries: 447 public utilities could potentially benefit from this tax expenditure.

RAILROAD RIGHTS-OF-WAY

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

Purpose: PURTA is intended as a tax on real property, and not as a tax on property such as these rights. This tax relief encourages the development of an extensive railroad network that is beneficial to the economy.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 7.7	\$ 8.3	\$ 8.5	\$ 8.4	\$ 8.5	\$ 8.5	\$ 8.6

Beneficiaries: The 69 railroad public utilities could potentially benefit from this tax expenditure.

Special Fund Tax Expenditures

LINES

Description: Pole, transmission tower, pipe, rail or other lines, regardless of whether they are attached to the land or other property, are excluded from the PURTA base.

Purpose: This exemption encourages investment in transmission facilities necessary for universal service to all consumers. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 96.1	\$ 103.3	\$ 104.9	\$ 104.8	\$ 105.5	\$ 106.0	\$ 106.5

Beneficiaries: 447 public utilities could potentially benefit from this tax expenditure.

HYDROELECTRIC PROPERTY

Description: All land and other property first used after July 1, 1983 to furnish hydroelectric power is excluded from the PURTA base. This exemption commences in the first year in which the land and property is used to furnish hydroelectric power and energy and remains in effect for a period of ten years.

Purpose: This exemption encourages investment in hydroelectric power as an alternative form of energy. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: No known facilities are currently operating or expected to be on-line in the near future.

SEWAGE SERVICES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 6.8	\$ 7.3	\$ 7.4	\$ 7.4	\$ 7.5	\$ 7.5	\$ 7.6

Beneficiaries: 90 public utilities could potentially benefit from this tax expenditure.

Special Fund Tax Expenditures

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing 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 paying itself a tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 4.2	\$ 4.5	\$ 4.6	\$ 4.6	\$ 4.6	\$ 4.6	\$ 4.7

Beneficiaries: 474 municipal authorities and 33 municipal public utilities could potentially benefit from this tax expenditure.

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The Commonwealth levies a 3% tax on the total lease 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.

Purpose: Without this exemption, the tax would be built into the rate base of these types of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services which are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The 447 public utilities 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>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6
	Motor Vehicle Rentals:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: The 501 public school districts, 82 vo-tech schools and 2,464 private schools might 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 which are normally treated as a utility service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 21,476 motor carrier firms could 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 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>	Motor Vehicle Leases:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 28,823 organizations might benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the Federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, Federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
	Motor Vehicle Rentals:						
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: As many as 3,200 political subdivisions may benefit from this tax expenditure.

TIRE FEE

The Commonwealth imposes a \$1 fee per tire on each sale of new tires intended for highway use.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of new tires to or for use by the Federal government, the commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, Federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent only local government tax expenditures.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,200 political subdivisions may benefit from this tax expenditure.



Governor's Executive Budget

DEPARTMENT
PRESENTATIONS



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

1996-97 1997-98 1998-99
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Governor's Office.....	\$ 6,532	\$ 6,859	\$ 7,065
GENERAL FUND TOTAL.....	\$ 6,532	\$ 6,859	\$ 7,065

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 6,532	\$ 6,859	\$ 7,065	\$ 7,206	\$ 7,350	\$ 7,497	\$ 7,647
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.....	\$ 6,532	\$ 6,859	\$ 7,065	\$ 7,206	\$ 7,350	\$ 7,497	\$ 7,647
ALL PROGRAMS:							
GENERAL FUND.....	\$ 6,532	\$ 6,859	\$ 7,065	\$ 7,206	\$ 7,350	\$ 7,497	\$ 7,647
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.....	\$ 6,532	\$ 6,859	\$ 7,065	\$ 7,206	\$ 7,350	\$ 7,497	\$ 7,647

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the Commonwealth can be accomplished.

Program: Executive Direction

The executive authority of the Commonwealth is vested in the Governor by the Pennsylvania Constitution. It is the duty of the Governor to ensure that the laws of the Commonwealth are faithfully executed. The Governor also oversees the publication of public information including bulletins of the work of State Government. The Governor submits an annual budget to the General Assembly, and performs all other functions required of this office as delegated by the State Constitution and in law.

The Governor maintains a liaison office in Washington, D.C. to ensure that the Commonwealth obtains its maximum fair share of block grants, grants-in-aid, contracts and services available from the Federal Government. The Washington office assists the Pennsylvania

Congressional delegation in these areas, works with the offices of other states on matters of common interest, and assists the Governor's Office in coordinating the Federal liaison work of the departments and agencies.

This program also provides for the Governor's Residence. The residence is used for State functions and to provide a domicile for the Governor and the First Family. The expenses for official functions, as well as those essential to managing a household, are paid from the Governor's Office appropriation. As one of the Commonwealth's public buildings, the maintenance of the residence is primarily the responsibility of the Department of General Services. Equipment, supplies (except food) and housekeeping services are provided by the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Governor's Office
 \$ 206 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Governor's Office	\$ 6,532	\$ 6,859	\$ 7,065	\$ 7,206	\$ 7,350	\$ 7,497	\$ 7,647



COMMONWEALTH OF PENNSYLVANIA

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 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 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 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 Council on the Arts provides for encouragement and development of the arts in Pennsylvania. 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 Public Employee Retirement Commission monitors public employee retirement plans to assure their actuarial viability. 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 Medical Professional Liability Catastrophe Loss Fund processes claim payments in certain medical malpractice cases. The Rural Development Council works to promote rural development in Pennsylvania.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (In thousands)
Enhancing Information Technology to Better Serve Pennsylvania		
	Office of Administration.....	\$ 213
	Radio System Development.....	76
	Technology and Year 2000 Investment.....	22,900
	Integrated Criminal Justice System.....	9,065
	Human Relations Commission.....	750
	Subtotal.....	<u>\$ 33,004</u>

This Program Revision provides for continued development of the Justice Network which will allow for the sharing of information among criminal justice agencies, enterprise-wide information technology projects and solutions to the Year 2000 computer problem, enhanced technical support for the statewide radio system, information technology to allow more efficient processing of employment applications, and more effective management of enforcement responsibilities. A total of \$95.8 million in State funds is provided by this Program Revision across six agencies.

Enhancing Public Safety

	Human Relations Commission.....	\$ 70
	Commission on Crime and Delinquency.....	2,140
	Specialized Probation Services.....	5,000
	Drug Education and Law Enforcement.....	500
	DUI Equipment Grants.....	2,500
	Subtotal.....	<u>\$ 10,210</u>

This Program Revision provides school-based probation, intensive supervision and aftercare services to juvenile offenders, expands risk focused prevention programs, expands drug abuse resistance education programs in junior high schools, establishes a grant program for municipalities to purchase sobriety testing equipment, and provides administrative support and resources for a multi-agency effort to improve community and law enforcement relations. This is part of the \$15.2 million Enhancing Public Safety Program Revision. Please see the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information on this Program Revision.



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Targeting Economic Development Strategies		
	Grants to the Arts.....	\$ 400
<p>This Program Revision provides for the development of a cultural events and attractions database and an integrated arts technology infrastructure for the promotion of cultural tourism. This is part of the \$39.5 million Targeting Economic Development Strategies Program Revision. Please see the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information on this Program Revision.</p>		
	Departmental Total.....	\$ 43,614

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
General Government:			
Rural Development Council.....	\$ 102	\$ 105	\$ 108
(F)Rural Development.....	108	143	118
(F)Rural Development Through Forestry.....	13	54	25
(F)Economic Development - Technical Assistance.....	0	50	0
(F)Pathways from Poverty.....	0	10	0
(A)Special Projects.....	14	145	10
Subtotal.....	\$ 237	\$ 507	\$ 261
Office of Administration.....	6,768	7,041	7,403
(F)National Institute of Justice.....	0	619	0
(F)Integrated Criminal Justice System.....	8	0	0
(F)HealthNet - Commerce.....	56	56	0
(A)Classification and Pay Services.....	2,217	2,213	2,280
(A)State Employee Assistance Program.....	1,025	1,034	1,139
(A)Commonwealth Technology Center.....	15,010	12,831	12,548
(A)Bureau of Management Consulting.....	1,175	1,206	1,262
(A)Directives Management.....	257	256	257
(A)Office of Information Technology.....	1,327	1,347	1,436
(A)Division of State Employment.....	54	54	55
(A)Temporary Employment Pool Program.....	2,927	4,597	5,061
(A)AIDS Education.....	370	363	369
(A)Labor Relations.....	209	205	200
(A)Miscellaneous Projects.....	205	24	288
Subtotal.....	\$ 31,608	\$ 31,846	\$ 32,298
Medicare Part B Penalties.....	480	480	470
Radio System Development.....	370	370	499
Technology and Year 2000 Investment.....	0	9,150	22,900
Consolidated Computer Services.....	0	0	2,600
Integrated Criminal Justice System.....	0	11,030	9,065
(A)Special Projects - JNET.....	797	3,058	0
Subtotal.....	\$ 797	\$ 14,088	\$ 9,065
Office of Inspector General.....	1,880	2,219	2,378
(A)Reimbursements for Special Fund Investigations.....	1,000	1,000	1,000
Subtotal.....	\$ 2,880	\$ 3,219	\$ 3,378
Inspector General - Welfare Fraud.....	11,277	11,122	10,385
(F)Maintenance Assistance - Program Accountability.....	1,700	0	0
(F)TANFBG-Program Accountability.....	0	1,475	2,500
(F)Food Stamps - Program Accountability.....	0	0	4,950
(F)Medical Assistance - Program Accountability.....	0	0	1,650
(F)Medical Assistance - Program Accountability.....	1,925	2,200	0
(F)Food Stamp - Program Accountability.....	3,700	4,200	0
Subtotal.....	\$ 18,602	\$ 18,997	\$ 19,485
Office of the Budget.....	26,549	26,925	27,571
(F)JTPA - Program Accountability.....	400	400	400
(A)Support for Commonwealth Payroll Operations.....	6,479	6,643	6,628
(A)Support for PLCB Comptroller's Office.....	6,695	6,979	7,076
(A)Support for Comptroller Services.....	18,488	20,100	20,230
Subtotal.....	\$ 58,611	\$ 61,047	\$ 61,905
Audit of the Auditor General.....	50	0	0
Human Relations Commission.....	8,038	8,549	9,647
(F)EEOC - Special Project Grant.....	1,207	1,500	1,500
(F)HUD - Special Project Grant.....	1,115	1,200	1,000



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Subtotal.....	\$ 10,360	\$ 11,249	\$ 12,147
Latino Affairs Commission.....	186	200	207
Council on the Arts.....	848	878	1,002
(F)NEA - Grants to the Arts - Administration.....	93	175	175
Subtotal.....	\$ 941	\$ 1,053	\$ 1,177
Commission for Women.....	45	250	259
Juvenile Court Judges Commission.....	1,232	2,188	2,221
(F)DCSI - Balanced and Restorative Justice.....	0	53	31
Subtotal.....	\$ 1,232	\$ 2,241	\$ 2,252
Public Employees Retirement Commission.....	567	575	616
Commission on Crime and Delinquency.....	3,408	3,700^b	7,125
State Match for DCSI Subgrants.....	0	1,955^b	1,955
(F)Plan for Juvenile Justice.....	265	290	290
(F)DCSI - Administration.....	993	1,262	1,437
(F)DCSI - Program Grants.....	18,006	19,800	24,000
(F)DCSI - Criminal History Records.....	6	10	10
(F)Juvenile Justice - Title V.....	50	50	50
(F)Statistical Analysis Center.....	40	75	75
(F)National Criminal History Improvement Program.....	3,390	2,500	3,000
(F)Crime Victims Compensation Services.....	1,735	1,800	1,800
(F)Violence Against Women.....	3,076	5,400	5,800
(F)Violence Against Women - Administration.....	34	265	290
(F)Juvenile Justice State Challenge Grants.....	0	1,200	1,200
(F)Local Law Enforcement Block Grant.....	1,780	2,530 ^c	2,600
(F)Truth in Sentencing Incentive Grants.....	0	12,000 ^d	20,000
(F)Residential Substance Abuse Treatment Program.....	0	1,000	1,000
(F)DFSC - Special Programs.....	3,493 ^e	4,300	5,000
(F)Crime Victims Assistance (VOCA) - Admin/Operations.....	0	550	500
(F)Local Law Enforcement & Community Policing.....	0	700	0
(F)State Identification System (SIS).....	0	200	0
(F)PHHSBG - Communities that Care (F).....	0	550	550
(F)Byrne Evaluation Partnership Program.....	0	0	100
(F)PHHSBG - Communities That Care.....	522	0	0
(F)DCSI - Prevention.....	0	51	34
(F)DCSI - Photo Imaging.....	0	401	0
(A)Deputy Sheriff's Education and Training.....	130	130	135
(A)PCCD - Special Projects.....	11	124	150
Subtotal.....	\$ 36,939	\$ 60,843	\$ 77,101
Office of General Counsel.....	2,990	3,190	3,190
African American Affairs Commission.....	325	325	336
(A)Special Projects.....	88	0	0
Subtotal.....	\$ 413	\$ 325	\$ 336
Subtotal - State Funds.....	\$ 65,115	\$ 90,252	\$ 109,937
Subtotal - Federal Funds.....	43,715	67,069	80,085
Subtotal - Augmentations.....	58,478	62,309	60,124
Total - General Government.....	\$ 167,308	\$ 219,630	\$ 250,146
Grants and Subsidies:			
Grants to the Arts.....	\$ 9,100	\$ 9,282	\$ 10,600
(F)NEA - Grants to the Arts.....	508	900	1,200
Subtotal.....	\$ 9,608	\$ 10,182	\$ 11,800
Improvement of Juvenile Probation Services.....	5,513	5,513	5,513
Specialized Probation Services.....	0	0	5,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(F)Maintenance Assistance - Juvenile Probation.....	1,991	0	0
(F)TANFBG - Juvenile Probation Emergency Services.....	0	2,000	2,000
Subtotal.....	\$ 7,504	\$ 7,513	\$ 12,513
Community Crime Prevention.....	0	1,000	1,000
Intermediate Punishment Programs.....	5,331	5,331	5,331
Intermediate Punishment Drug and Alcohol Treatment.....	0	10,000	10,000
Drug Education and Law Enforcement.....	3,189	3,500	4,000
DUI Equipment Grants.....	0	0	2,500
Subtotal - State Funds.....	\$ 23,133	\$ 34,626	\$ 43,944
Subtotal - Federal Funds.....	2,499	2,900	3,200
Total - Grants and Subsidies.....	\$ 25,632	\$ 37,526	\$ 47,144
STATE FUNDS.....	\$ 88,248	\$ 124,878	\$ 153,881
FEDERAL FUNDS.....	46,214	69,969	83,285
AUGMENTATIONS.....	58,478	62,309	60,124
GENERAL FUND TOTAL.....	\$ 192,940	\$ 257,156	\$ 297,290
LOTTERY FUND:			
<i>General Government:</i>			
Ridership Verification.....	\$ 114	\$ 128	\$ 133
LOTTERY FUND TOTAL.....	\$ 114	\$ 128	\$ 133
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Office of the Budget.....	\$ 3,996	\$ 4,024	\$ 4,093
(A)Reimbursement for Comptroller Services.....	813	994	910
Subtotal - State Funds.....	\$ 3,996	\$ 4,024	\$ 4,093
Subtotal - Augmentations.....	813	994	910
Total - General Government.....	\$ 4,809	\$ 5,018	\$ 5,003
STATE FUNDS.....	\$ 3,996	\$ 4,024	\$ 4,093
AUGMENTATIONS.....	813	994	910
MOTOR LICENSE FUND TOTAL.....	\$ 4,809	\$ 5,018	\$ 5,003
OTHER FUNDS:			
GENERAL FUND:			
Constables Education and Training Account.....	\$ 490	\$ 1,500	\$ 1,568
Victim/Witness Services.....	3,810	3,500	4,000
Crime Victims Payments.....	3,395	3,300	3,800
Federal Juvenile Justice and Delinquency Prevention.....	3,322	2,400	3,500
Federal Crime Victim Assistance.....	5,216	6,350	8,000
Federal Juvenile Justice - Title V.....	870	800	800
GENERAL FUND TOTAL.....	\$ 17,103	\$ 17,850	\$ 21,668
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND:			
General Government Operations.....	\$ 122,012	\$ 47,928	\$ 47,824
Payment of Claim Settlements.....	270,808	284,000	280,000
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND TOTAL....	\$ 392,820	\$ 331,928	\$ 327,824



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 88,248	\$ 124,878	\$ 153,881
SPECIAL FUNDS.....	4,110	4,152	4,226
FEDERAL FUNDS.....	46,214	69,969	83,285
AUGMENTATIONS.....	59,291	63,303	61,034
OTHER FUNDS.....	409,923	349,778	349,492
TOTAL ALL FUNDS.....	\$ 607,786	\$ 612,080	\$ 651,918

^a Actually appropriated as Technology Investment Program.

^b Actually appropriated as part of the \$5,655,000 Commission on Crime and Delinquency Appropriation.

^c Includes recommended supplemental appropriation of \$530,000.

^d Actually appropriated as \$20,000,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^e Actually appropriated to Department of Education.

^f Actually appropriated as DARE and Other Drug Enforcement Programs to Department of Education.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 48,043	\$ 69,017	\$ 83,995	\$ 67,410	\$ 61,316	\$ 62,376	\$ 63,576
SPECIAL FUNDS.....	4,110	4,152	4,226	4,311	4,398	4,486	4,576
FEDERAL FUNDS.....	7,910	9,207	9,643	9,643	9,643	9,643	9,643
OTHER FUNDS.....	451,882	394,977	388,573	390,745	392,960	395,218	397,519
SUBCATEGORY TOTAL.....	\$ 511,945	\$ 477,353	\$ 486,437	\$ 472,109	\$ 468,317	\$ 471,723	\$ 475,314
LEGAL SERVICES							
GENERAL FUND.....	\$ 2,990	\$ 3,190	\$ 3,190	\$ 3,254	\$ 3,319	\$ 3,385	\$ 3,453
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.....	\$ 2,990	\$ 3,190	\$ 3,190	\$ 3,254	\$ 3,319	\$ 3,385	\$ 3,453
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND.....	\$ 8,594	\$ 9,324	\$ 10,449	\$ 9,862	\$ 10,058	\$ 10,258	\$ 10,462
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,322	2,700	2,500	2,500	2,500	2,500	2,500
OTHER FUNDS.....	88	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 11,004	\$ 12,024	\$ 12,949	\$ 12,362	\$ 12,558	\$ 12,758	\$ 12,962
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND.....	\$ 9,948	\$ 10,160	\$ 11,602	\$ 11,222	\$ 11,242	\$ 11,263	\$ 11,284
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	601	1,075	1,375	1,375	1,375	1,375	1,375
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 10,549	\$ 11,235	\$ 12,977	\$ 12,597	\$ 12,617	\$ 12,638	\$ 12,659
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND.....	\$ 11,928	\$ 25,486	\$ 31,911	\$ 31,045	\$ 31,131	\$ 31,218	\$ 31,307
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	33,390	54,934	67,736	67,518	67,520	67,522	67,524
OTHER FUNDS.....	17,244	18,104	21,953	19,167	19,365	19,566	19,772
SUBCATEGORY TOTAL.....	\$ 62,562	\$ 98,524	\$ 121,600	\$ 117,730	\$ 118,016	\$ 118,306	\$ 118,603
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND.....	\$ 6,745	\$ 7,701	\$ 12,734	\$ 11,819	\$ 11,835	\$ 11,861	\$ 11,888
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,991	2,053	2,031	16	6	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 8,736	\$ 9,754	\$ 14,765	\$ 11,835	\$ 11,841	\$ 11,861	\$ 11,888



Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 88,248	\$ 124,878	\$ 153,881	\$ 134,612	\$ 128,901	\$ 130,361	\$ 131,970
SPECIAL FUNDS.....	4,110	4,152	4,226	4,311	4,398	4,486	4,576
FEDERAL FUNDS.....	46,214	69,969	83,285	81,052	81,044	81,040	81,042
OTHER FUNDS.....	469,214	413,081	410,526	409,912	412,325	414,784	417,291
DEPARTMENT TOTAL.....	\$ 607,786	\$ 612,080	\$ 651,918	\$ 629,887	\$ 626,668	\$ 630,671	\$ 634,879

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.

The Rural Development Council is responsible for the development and implementation of plans which integrate private expertise and Federal, State and local government efforts for the promotion of rural development in Pennsylvania. Activities are: assessing Pennsylvania's rural development needs, identifying the State's various available resources and compiling and analyzing data to produce insights into rural development.

The Office of Administration provides policy direction and administrative support. Centralized personnel services ensure equity by maintaining the classification, pay, benefits and workers compensation systems, negotiating and administering collective bargaining agreements between the Commonwealth and the various unions representing State employees under the provisions of the Public Employee Relations Act of 1970, recruiting for all non-civil service positions, training in management and supervisory skills, and administering the Commonwealth's affirmative action process and programs. The Office of Administration also conducts management studies on State programs to improve their operation, administration and organization.

The Office of Administration administers a State Employee Assistance Program (SEAP) to educate and promote early intervention for alcohol, drug, emotional and other personal problems which adversely affect employee performance. The program involves an established referral, evaluation and treatment process and intervention when there are critical incidents.

Also, the Office of Administration conducts the AIDS Education Program which provides and coordinates basic, advanced and specialized education to all Commonwealth employees on HIV/AIDS and other infectious diseases.

The Office of Administration is responsible for developing and promulgating statewide policies and standards governing the management and use of the Commonwealth's information technology (IT) investments. These responsibilities are carried out through the Office for Information Technology (OIT) which is comprised of four organizational units: the Commonwealth Technology Center, the Bureau of Consolidated Computer Services, the Bureau of Desktop Technology, and the Office for IT Planning and Support.

The Commonwealth Technology Center (formerly the Central Management Information Center or CMIC) is responsible for providing direction and support for the Commonwealth in three areas: enterprise application development, enterprise IT support operations, and oversight for special enterprise-wide projects. The center develops and maintains the Commonwealth's central administrative applications; provides direction and overall coordination for the Commonwealth's Year 2000 effort; provides management support for enterprise disaster recovery planning and IT security; plans and manages the Commonwealth's data networks, wide area networks (WAN's), Metropolitan Area Network (MAN), and cable television (CATV) resources; develops statewide telecommunications policy; manages the OA's video conferencing facilities; and coordinates the development of statewide IT contracts.

The Bureau of Consolidated Computer Services is a new organization that has been created to implement the outsourcing of 18 agency data centers and to manage the service, performance and financial requirements of the outsourcing contracts. This bureau is responsible for ensuring customer service meets established benchmarks, developing metrics for agency charge backs, measuring and reporting on contract compliance, overseeing data center outsource contract(s), providing Level Two technical support to agencies, and planning changes for capacity requirements.

The Bureau of Desktop Technology, another new organization in the OIT, is responsible for developing and implementing an IT modernization plan to re-invest savings from the Commonwealth's outsourcing initiative into an enterprise-wide expansion of desktop computing and network-based technology. This bureau's responsibilities encompass policy, planning and

operational areas, including: enterprise-wide IT asset tracking; developing programs to reduce total cost of IT ownership; reviewing major agency IT initiatives through the OA's Investment Review Program; developing, implementing and coordinating enterprise-wide IT education programs; managing OA Internet/Intranet applications; managing OA networks and providing technical support to end-users; supporting enterprise client/server applications; and providing consulting services to Commonwealth agencies on client/server, UNIX, LAN and desktop technologies.

The Office for IT Planning and Support (formerly the Technology Innovations Group) is responsible for identifying new enterprise IT initiatives that can bring significant return on investments and benefits to state government and its customers. It serves as the catalyst for bringing the appropriate agencies together, getting the projects started and continues to play a facilitation and supportive role until the effort reaches a level of management sustainability. This office is also responsible for the overall management of enterprise IT policies developed by the OIT's other bureaus and Centers for Technology Excellence.

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 Budget Office. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all Commonwealth agencies and is responsible for maintenance of the ICS accounting system.

The Public Employee Retirement Commission, in accordance with Act 66 of 1981 and Act 205 of 1984, provides an ongoing mechanism to monitor public employee retirement plans in the Commonwealth. The commission also is mandated to provide financial analyses to the General Assembly and the Governor in conjunction with their consideration of public pension legislation.

The Health Care Services Malpractice Act of 1975 established the Medical Professional Liability Catastrophe Loss Fund to provide a source of funds to pay for judgments, awards or settlements in medical malpractice claims which exceed the basic limits of coverage provided by the professional liability insurance policy. Act 135 of 1996 amended the original legislation to mandate basic insurance coverage to be \$300,000 per occurrence for individuals and hospitals, \$900,000 per annual aggregate for individuals and \$1,500,000 for hospitals for policies issued or renewed in calendar years 1997 and 1998. For those policies issued or renewed in calendar years 1999 and 2000, basic coverage will increase to \$400,000 per occurrence for individuals and hospitals, \$1,200,000 per annual aggregate for individuals and \$2,000,000 for hospitals. For policies issued or renewed in calendar year 2001 and beyond, coverage shall increase to \$500,000 per occurrence for individuals and hospitals, \$1,500,000 per annual aggregate for individuals and \$2,500,000 for hospitals. Funding is provided by levying an annual surcharge on all health care providers. In addition, the fund has full responsibility to defend and/or settle any claim filed more than four years after the tort or breach of contract occurred which is not otherwise barred by the statute of limitations. A Statement of Cash Receipts and Disbursements for the fund is included in the Special Funds Appendix. The fund expenditures are also reflected as other funds in the Executive Offices Summary by Fund and Appropriation.

Program Element: Fraud Detection and Prevention

The purpose of the Office of Inspector General is to detect, deter, prevent 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



Program: Executive Direction (continued)

and regulations. The Office of Inspector General is designed to maintain public confidence, integrity, and efficiency in State Government.

The Office of Welfare Fraud Investigations and Recovery Management was established within the Office of Inspector General in July 1994. The office is responsible for conducting investigations into suspected welfare fraud and abuse as well as performing collection activities for welfare programs administered by the Department of Public Welfare. The collection

activities involve the recovery of benefits provided due to clerical errors, omissions or inaccurate information supplied by applicants, and in the case of medical assistance, charges for services exceeding allowable amounts. In addition, the Office of Inspector General recovers the costs of benefits provided to recipients who are eligible for Supplemental Security Income, tort recoveries, employment compensation, workers' compensation, and veterans' benefits.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
\$	3	Rural Development Council —to continue current program.	\$	2,600	Consolidated Computer Services —to provide for the implementation of the outsourcing of data centers and to administer the outsourcing contracts.
\$	149	Office of Administration —to continue current program.			
	213	—PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides information technology to improve personnel management. See the Program Revision following this program for additional information.	\$	-1,965	Integrated Criminal Justice System —PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision continues development of the Justice Network which will allow for the sharing of information among criminal justice agencies. This amount is part of the \$9.065 million Integrated Criminal Justice System appropriation included in the Program Revision. See the Program Revision following this program for additional information.
\$	362	<i>Appropriation Increase</i>			
\$	-10	Medicare Part B Penalties —to continue current program at reduced cost.			
\$	53	Radio System Development —to continue current program.	\$	159	Office of Inspector General —to continue current program.
	76	—PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides enhanced technical support for the statewide radio system. See the Program Revision following this program for additional information.	\$	-737	Inspector General — Welfare Fraud —to continue current program at reduced State costs.
\$	129	<i>Appropriation Increase</i>	\$	646	Office of the Budget —to continue current program.
\$	13,750	Technology and Year 2000 Investment —PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides for enterprise-wide information technology projects and develops solutions to the Year 2000 computer problem. This amount is part of the \$22.9 million Technology and year 2000 Investment appropriation included in the Program Revision. See the Program Revision following this program for additional information.	\$	41	Public Employee Retirement Commission —to continue current program.
			\$	5	LOTTERY FUND Ridership Verification —to continue current program.
			\$	69	MOTOR LICENSE FUND Office of the Budget —to continue current program.



Streamlining the procurement process. The Office of the Budget revised policies and procedures to streamline the procurement process, thereby eliminating unnecessary red tape. This has resulted in the ability of Commonwealth agencies to procure goods and services at lower prices.

Program: Executive Direction (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Rural Development Council	\$ 102	\$ 105	\$ 108	\$ 110	\$ 112	\$ 114	\$ 116
Office of Administration	6,768	7,041	7,403	7,334	7,481	7,631	7,784
Medicare Part B Penalties	480	480	470	470	470	460	460
Radio System Development	370	370	499	532	543	554	565
Technology and Year 2000 Investment.....	0	9,150	22,900	8,400	7,400	7,400	7,400
Consolidated Computer Services.....	0	0	2,600	2,652	2,705	2,759	2,814
Integrated Criminal Justice System	0	11,030	9,065	6,043	0	0	0
Office of Inspector General	1,880	2,219	2,378	2,426	2,475	2,525	2,576
Inspector General - Welfare Fraud	11,277	11,122	10,385	10,593	10,805	11,021	11,241
Office of the Budget	26,549	26,925	27,571	28,122	28,684	29,258	29,843
Audit of the Auditor General	50	0	0	100	0	0	110
Public Employees Retirement Commission	567	575	616	628	641	654	667
TOTAL GENERAL FUND	\$ 48,043	\$ 69,017	\$ 83,995	\$ 67,410	\$ 61,316	\$ 62,376	\$ 63,576
LOTTERY FUND:							
Ridership Verification	\$ 114	\$ 128	\$ 133	\$ 136	\$ 139	\$ 142	\$ 145
MOTOR LICENSE FUND:							
Office of the Budget	\$ 3,996	\$ 4,024	\$ 4,093	\$ 4,175	\$ 4,259	\$ 4,344	\$ 4,431

Program Revision: Enhancing Information Technology to Better Serve Pennsylvania

Information technology offers tremendous opportunities to the Commonwealth and poses significant challenges. The administration of all aspects of Pennsylvania's business can be facilitated by the broadened and expedited flow of data through new information technology networks. This Program Revision will address both opportunities and challenges by providing funding for expanding the Justice Network, upgrading the Commonwealth Law Enforcement Assistance Network, expanding Link to Learn, developing Enterprise-wide Information Technology, expediting the implementation of the statewide radio system, and enhancing information technology capabilities in a number of State agencies.

Criminal Justice Information Technology

The implementation of the Justice Network (JNET) project will enable State and local criminal justice agencies to share time-sensitive information necessary to support criminal justice functions, eliminate duplicate functions and increase employe productivity. This Program Revision provides over \$9 million for the next stage in the development of JNET. Hardware and software implemented during the first stage will be enhanced. In addition, significant improvements to data sharing capabilities of JNET will also be implemented to include the ability to import data from JNET into an agency's legacy system, to perform interagency transactions, and to transmit information to users' desktop workstations. Automated data analysis tools will be installed to further facilitate the use of the data.

In addition to addressing the existing information requirements of State and local law enforcement agencies, the JNET project will also support laws that require maintaining, accessing and exchanging information by law enforcement agencies and the exchange of data between numerous State, Federal and local criminal justice agencies.

This Program Revision provides a total of \$11.9 million in General Fund and Motor License Fund monies to further upgrade the Commonwealth Law Enforcement Assistance Network (CLEAN). The additional funding will allow for the purchase of hardware, software and services to continue the next phase of this upgrade. Currently a proprietary network, CLEAN is being converted to an open system which will allow dissimilar information systems used by criminal justice agencies to access the JNET. Conversion to an open system will facilitate broader and faster dissemination of time-critical information to law enforcement agencies and the courts and allow communication and information sharing among all authorized users. The upgrade will also allow for the transmission of images and fingerprints nationwide. This will result in increased productivity for law enforcement and improved public safety for the citizens of Pennsylvania.

Link to Learn

In 1996-97, the three year Link to Learn initiative was undertaken to improve the basic technology infrastructure and capabilities of public K-12 schools. The program targeted resources towards preparing our children to meet the challenges of the 21st century through technology. Traditionally, students have been limited to resources available within the classroom. Technology allows students to reach beyond these limitations, and provides access to world-wide information, expertise and courses resulting in higher quality education.

During the three year period, the Commonwealth will have invested more than \$127 million to expand and enhance the use of technology in Pennsylvania's schools and communities. The collection of networks and services comprises the Pennsylvania Education Network (PEN) and is the means by which technology will be used to connect computers to computers, schools to schools, schools to communities and libraries, and all these groups to the world. Educational institutions will be interconnected through PEN, forming a true "Commonwealth of Learning."

This Program Revision provides third-year funding for Link to Learn. The proposal will distribute \$36.3 million to consortiums of local education agencies to implement regional action plans developed as part of the Link to Learn initiative. This will result in the creation of a community-based network. Schools will build on and share existing resources in an effort to make the network more powerful and less costly for all users. Link to Learn will continue to promote cooperation through partnerships among communities, public and nonpublic schools, vocational technical schools,

libraries, museums, intermediate units, and public and private higher education institutions including community colleges. In addition, school districts will be able to use funding for Internet connections, professional development, educational programming and video conferencing.

The Link to Learn program is mission driven and should include entities with the same core purpose. Public schools and nonpublic schools fundamentally have the same mission – to provide a quality education for Pennsylvania's children. The proposal includes \$5 million for intermediate Units who will serve as the intermediary to purchase equipment which can be loaned to nonpublic schools. Nonpublic schools will use this technology to connect their students to networks which comprise PEN. Regardless of the type of institution providing the education, the Link to Learn initiative and PEN will bring together people and organizations that are interested in collaborating to promote the use of technology in the education of Pennsylvanians.

This Program Revision also provides \$7 million for a third year of higher education Link to Learn funding. Funding will be allocated through a grant program focused on innovative approaches to community-based networking including distance learning, online government, job training, electronic commerce, and telemedicine. In addition, funds will be targeted toward extending and expanding the investment grants made in the prior two years of the initiative.

Through these networks, students and teachers will have access to a wide range of educational resources beyond the traditional institutional and geographic boundaries and will progress toward the future classroom which has no boundaries.

Enterprise-wide Information Technology

This Program Revision provides a total of \$22.9 million for enterprise-wide information technology projects that will impact a broad spectrum of the Commonwealth's business functions, and will continue to develop solutions to the Year 2000 computer problem. Foremost among the enterprise-wide projects is implementation of the Data Center Project, which will consolidate Commonwealth data center computer operations and support services. Other enterprise-wide projects include the implementation and expansion of local area networks within the executive offices of Commonwealth agencies; the development of enterprise-wide Intranet applications; and the continued enhancement of the Commonwealth's telecommunications networks. Funding is also provided to continue the conversion of agency computer applications to accommodate the Year 2000, and to replace or reprogram non-compliant micro-chips in personal computers, security systems, elevators and other Commonwealth systems where there is a risk of equipment failure due to the Year 2000 problem.

The Statewide Radio System project is accelerating the pace of its work to establish a unified wireless communication system for all Commonwealth agencies. This Program Revision provides \$76,000 for enhanced technical support as the project advances into the hardware acquisition and construction phase. Using capital funds, the project is moving quickly to become the common asset for State agencies requiring voice and data communications, anywhere in the Commonwealth. While the principal beneficiaries of this system will be law enforcement agencies, other State agencies will have equal access to high quality wireless communications to meet their unique communications needs.

Agency Information Technology

This Program Revision provides \$3.5 million in funding to provide enhanced information technology in a number of agencies to improve administration and program services. Other agencies not listed here are working within existing resources to upgrade their information systems.

This Program Revision provides \$213,000 to the Office of Administration to upgrade the Applicant Tracking System to allow more efficient processing of applicants for non-civil service and senior level positions. This will also provide for the placement of system terminals in 20 State employment offices. This Program Revision also provides \$750,000 to the Human Relations Commission for the development of local area networks in the Commission's central and regional offices to allow more effective and expeditious management of enforcement responsibilities.

Program Revision: Enhancing Information Technology to Better Serve Pennsylvania (continued)

The Department of Agriculture has diverse regulatory tasks which require special information technology solutions. This Program Revision provides a total of \$220,000 for laptop computers to facilitate inspection and reporting by field staff. In addition, funding is provided for improved graphics systems and customized management software to further enhance the coordination and presentation of Pennsylvania agricultural products at conferences, conventions and shows.

The mission of the Department of Education is to provide administrative support for the educational system of the Commonwealth. This Program Revision provides \$1.6 million to upgrade the department's technology infrastructure in the first year of a two-year project in order to provide better service, and more timely and higher quality information. The initiative will enhance the administrative technology capabilities by converting from mainframe based computer operations to a more flexible, useful, customer-friendly, client-server system.

This Program Revision also provides \$105,000 to the Pennsylvania Emergency Management Agency for the creation of a Fire Information Management System which will provide management data on the nature of fire problems within the State or communities, training needs for fire fighting

personnel, the utilization of volunteer and career resources, and the deployment of personnel. This system will be accessible to local fire departments and facilitate the sharing of assets, as well as distance learning opportunities and the dissemination of education materials to local fire companies.

In addition, this Program Revision provides a total of \$581,000 in State and Other funds to the Historical and Museum Commission for development of local and wide area networks, a geographic information system and an online library to upgrade its capacity to manage historical information. The local and wide area networks will link Commission staff located in Harrisburg, 26 historic properties and a regional preservation office. The system will also be used in partnership with other State and Federal agencies to develop a Geographic Information System for collecting and managing spatial data. The online library will allow the cataloging of the extensive holdings of the Commission at five historic sites.

This Program Revision will improve public safety and efficiency, enhance the quality of education, consolidate Commonwealth data center operations, and upgrade the speed and quality of information used by the Commonwealth.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Nonpublic students benefiting from expanded Link to Learn initiative							
Program Revision	0	0	320,053	320,053	320,053	320,053	320,053
Applicants for Commonwealth Employment through the Office of Administration							
Current	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Program Revision	0	0	35,000	35,000	35,000	35,000	35,000
Fire Departments Engaged in Fire Incident Reporting							
Current	300	300	325	350	400	450	500
Program Revision	0	0	600	1,200	1,800	2,000	2,100
Online Library Records Made Available							
Current	550	550	1,040	1,040	1,040	1,040	1,040
Program Revision	0	0	17,500	27,500	27,500	27,500	27,500
Resource Records Made Accessible on Geographic Information System							
Current	0	0	0	0	0	0	0
Program Revision	0	0	56,000	84,000	112,000	140,000	210,000

Program Revision Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	EXECUTIVE OFFICES		
	Integrated Criminal Justice System	\$	750
\$ 9,065	—to continue the development of the Justice Network for use by all criminal justice agencies.		
	Technology and Year 2000 Investment	\$	200
\$ 22,900	—to provide for enterprise-wide information technology projects and develop solutions to the Year 2000 computer problem.		
	Radio System Development	\$	18
\$ 76	—to provide enhanced technical support for the statewide radio system.		
	Office of Administration	\$	2
\$ 213	—to provide information technology to improve personnel management.		
	Human Relations Commission		
	—to provide information technology to allow more effective management of enforcement responsibilities.		
	AGRICULTURE		
	General Government Operations		
	—to provide information technology for improved inspection and program administration.		
	Agricultural Promotion, Education and Exports		
	—to provide information technology to improve the promotion of agricultural products.		
	Hardwoods Research and Promotion		
	—to provide information technology for improved administration.		

Program Revision: Enhancing Information Technology to Better Serve Pennsylvania (continued)

Program Revision Recommendations: (continued)

This budget recommends the following changes:
(Dollar Amounts in Thousands)

	EDUCATION		HISTORICAL AND MUSEUM COMMISSION
	Technology Initiative		General Government Operations
\$ 36,333	—to provide resources to local education agencies to implement regional action plans developed as part of the Link to Learn initiative.	\$ 381	—to provide local area networks, a geographic information system, and an online library.
	Higher Education Technology Grants		STATE POLICE
\$ 7,000	—to provide resources for grants focused on innovative approaches to community-based networking.	\$ 3,820	CLEAN System
	Technology for Nonpublic Schools		—to continue the development of the Commonwealth Law Enforcement Assistance Network.
\$ 5,000	—to provide resources to enable nonpublic schools to be part of the Link to Learn initiative.		MOTOR LICENSE FUND
	Information Technology Improvement		STATE POLICE
\$ 1,599	—to begin converting the department's mainframe based computer operations to a more flexible, client-server system.	\$ 8,116	CLEAN System
	EMERGENCY MANAGEMENT AGENCY		—to continue the development of the Commonwealth Law Enforcement Assistance Network.
	State Fire Commissioner's Office		HISTORICAL PRESERVATION FUND
\$ 105	—to establish a Fire Incident Management System.	\$ 200	HISTORICAL AND MUSEUM COMMISSION
			Historical Preservation Fund
			—to provide local area networks, a geographic information system, and an online library.

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
General Fund:							
Executive Offices							
Office of Administration	\$ 0	\$ 0	\$ 213	\$ 0	\$ 0	\$ 0	\$ 0
Radio System Development	0	0	76	101	103	105	107
Technology and Year 2000 Investment	0	0	22,900	8,400	7,400	7,400	7,400
Integrated Criminal Justice System	0	0	9,065	6,043	0	0	0
Human Relations Commission	0	0	750	0	0	0	0
Agriculture							
General Government Operations	0	0	200	0	0	0	0
Agricultural Promotion, Education and Exports	0	0	18	0	0	0	0
Hardwoods Research and Promotion	0	0	2	0	0	0	0
Education							
Technology Initiative	0	0	36,333	0	0	0	0
Technology for Nonpublic Schools	0	0	5,000	0	0	0	0
Higher Education Technology Grants	0	0	7,000	0	0	0	0
Information Technology Improvement	0	0	1,599	1,238	0	0	0
Emergency Management Agency							
State Fire Commissioner's Office	0	0	105	75	75	75	75
Historical and Museum Commission							
General Government Operations	0	0	381	204	201	205	209
State Police							
CLEAN System	0	0	3,820	4,431	4,519	4,610	4,702
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 87,462	\$ 20,492	\$ 12,298	\$ 12,395	\$ 12,493



Program Revision: Enhancing Information Technology to Better Serve Pennsylvania (continued)

Recommended Program Revision Costs by Appropriation: (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Motor License Fund:							
State Police							
CLEAN System	\$ 0	\$ 0	\$ 8,116	\$ 9,415	\$ 9,603	\$ 9,795	\$ 9,991
	<u>0</u>	<u>0</u>	<u>8,116</u>	<u>9,415</u>	<u>9,603</u>	<u>9,795</u>	<u>9,991</u>
Historical Preservation Fund:							
Historical and Museum Commission							
Historical Preservation Fund	\$ 0	\$ 0	\$ 200	\$ 41	\$ 0	\$ 0	\$ 0
	<u>0</u>	<u>0</u>	<u>200</u>	<u>41</u>	<u>0</u>	<u>0</u>	<u>0</u>



PROGRAM OBJECTIVE: *To provide legal advice to the Governor and the Cabinet, and to supervise, coordinate and administer legal services for the Commonwealth.*

Program: Legal Services

The Office of the General Counsel was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor and has the responsibility to appoint deputy general counsel, the chief counsel and assistant counsel in each Executive Branch agency and to supervise, coordinate and administer legal services throughout the Executive Branch.

There are several areas of responsibility for the Office of General Counsel. 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.

The Office of General Counsel 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)

The Office of General Counsel appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Office of General Counsel	\$ 2,990	\$ 3,190	\$ 3,190	\$ 3,254	\$ 3,319	\$ 3,385	\$ 3,453

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 which 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 which are dual filed with the commission and with 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 continues 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 and legislation 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 which enhance their social and economic status.

The Commission for Women functions as the Commonwealth's advocate for women and is responsible for developing and implementing policies and programs that work to ensure equal opportunity. A large part of the work of the commission is the distribution of information on subjects that affect equal opportunities and full participation. The commission disseminates information through publication of periodicals, handbooks or checklists on specific subjects; news releases and other information to press and broadcast media; speeches to groups and broadcast appearances; and the provision of information to individuals requesting assistance.

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 which impact upon the African American community.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Human Relations Commission:							
Formal complaint investigation:							
Complaints pending at beginning of year	7,640	9,044	10,594	12,144	13,744	15,344	16,844
New complaints filed	7,267	6,950	6,950	7,000	7,100	7,100	7,100
Complaints closed	5,863	5,400	5,400	5,400	5,500	5,600	5,600
Complaints pending at end of year	9,044	10,594	12,144	13,744	15,344	16,844	18,344
Informal complaints received	36,987	37,000	37,000	37,000	37,000	37,000	37,000

The number of new complaints filed is higher than projected in last year's budget due to increased discriminatory actions.

The number of complaints pending at the end of the year is higher than projected in last year's budget due to revised estimates.

Informal complaints increased compared to previous projections due to increased awareness of the help available from the commission.

Program: Prevention and Elimination of Discriminatory Practices (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Human Relations Commission			Latino Affairs Commission	
\$	248	—to continue current program.	\$	7	—to continue current program.
	30	—Initiative — Developing Positive Community Relationships. To develop a video presentation to encourage positive communications and interactions among diverse members of communities.			
	750	—PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides information technology for improved program administration. See the Program Revision following the Executive Direction program in the Executive Offices for additional information.			
	70	—PRR — Enhancing Public Safety. This Program Revision provides administrative support for a multi-agency effort to improve community and law enforcement relations. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.			
<hr/>					
\$	1,098	<i>Appropriation Increase</i>			

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Human Relations Commission	\$ 8,038	\$ 8,549	\$ 9,647	\$ 9,044	\$ 9,224	\$ 9,408	\$ 9,596
Latino Affairs Commission	186	200	207	211	215	219	223
Commission for Women	45	250	259	264	269	274	279
African American Affairs Commission	325	325	336	343	350	357	364
TOTAL GENERAL FUND	\$ 8,594	\$ 9,324	\$ 10,449	\$ 9,862	\$ 10,058	\$ 10,258	\$ 10,462

PROGRAM OBJECTIVE: To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.

Program: Development of Artists and Audiences

The Commonwealth encourages cultural development in the arts through the Pennsylvania Council on the Arts. The 19 member council supports the arts through a grant program, service programs, and community organizations. The organizations and artists served are geographically, culturally and ethnically diverse and range from small community organizations that engender and support local arts programs to world-renowned orchestras, museums, dance companies, theatres and festivals.

The council functions with 17 advisory panels, each chaired by a council member and composed of nine or ten professional in each program area such as: dance, folklore, music, etc. These peer review panels review program structures and recommend needed changes in policy and procedures.

The council supports and assists the arts in the Commonwealth in two specific areas: 1) a grant program that responds to applications, program initiatives that address issues that are beyond the capacity of a single arts institution, and; 2) staff services and technical assistance to arts and community organizations. The first involves direct expenditure of grant funds. The second is carried out by the program staff, panelists and council members, and is supported entirely by the administrative appropriation.

The grant program provides funds to support nonprofit arts organizations specific arts projects, and for artistic development. The grant program also funds the Minority Arts Program which encourages minority, traditional and ethnic artists and ensembles to participate in the arts.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Site visits and consultations	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Grant applications reviewed	3,342	3,500	3,700	4,000	4,000	4,000	4,000
Awards made	922	930	1,000	1,000	1,000	1,000	1,000

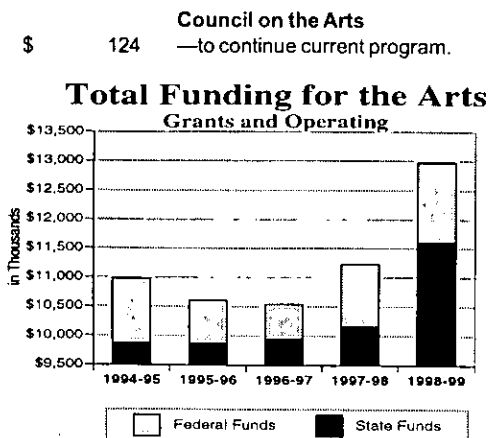
Attendance at supported events is estimated at 37,000,000 annually. Artists participating in projects are estimated at 120,000 annually.

A precise count of the number of site visits and telephone consultations is not available, therefore the measure is an estimate for all years.

The measure Awards made is lower than last year's budget due to the Council's change from awarding multiple grants to individual arts organizations for separate activities to awarding one grant for all the eligible activities of an organization.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)



Grants to the Arts
\$ 918 —to continue current grant program.
400 —PRR — Targeting Economic Development Strategies. This Program Revision provides for the development of a cultural events and attractions database, and an integrated arts technology infrastructure. See the Program Revision following the Business and Job Development program in the Department of Community and Economic Development for additional information.

\$ 1,318 *Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Council on the Arts	\$ 848	\$ 878	\$ 1,002	\$ 1,022	\$ 1,042	\$ 1,063	\$ 1,084
Grants to the Arts	9,100	9,282	10,600	10,200	10,200	10,200	10,200
TOTAL GENERAL FUND	\$ 9,948	\$ 10,160	\$ 11,602	\$ 11,222	\$ 11,242	\$ 11,263	\$ 11,284



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) assists the criminal justice system by providing system-wide criminal statistical and analytical services, by fostering interagency coordination and cooperation, by rendering training and technical assistance, and by granting funds to support system improvements. Appointed task forces, advisory groups and planning committees, encompassing commission and noncommission members, advise the commission in addressing specific problem areas.

The commission also administers a mix of State and Federal grant programs which 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 a research 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 which provides policymakers with accurate projections of the Commonwealth's correctional population and conducts policy impact analysis. In the area of criminal history record information, PCCD coordinates a multidisciplinary committee which analyzes criminal history information and develops and implements strategies to improve the quality of the information.

The commission is the designated State agency to administer the Federal Violence Against Women Act of 1994. The program provides funding to Pennsylvania to develop a coordinated and integrated approach to improving the criminal justice system's response to violence against women.

Under the guidance of its gubernatorially appointed Juvenile Advisory Committee, PCCD occupies a central role in the interaction between the Department of Public Welfare, the Juvenile Court Judges' Commission and other agencies in the development and implementation of policy and programming relative to juvenile justice. PCCD is the State's focal point for promoting local efforts to implement risk-focused, community mobilization programming directed toward preventing delinquent behavior among youths. The commission also administers the Federal Juvenile Justice and Delinquency Prevention Act formula grant program.

The commission provides training and technical assistance to county prison boards and local officials under Act 193 of 1990, the County Intermediate Punishment Act. This act provided counties with opportunities to develop various intermediate punishment programs for nonviolent offenders. These programs seek to alleviate overcrowding in the county prisons.

Through the use of Federal Drug Control and System Improvement (DCSI) formula grant funds administered by PCCD, State and local units of government receive start-up monies for projects to improve the justice system. Major priorities for new local projects include juvenile justice initiatives; community-based criminal justice initiatives; community corrections; community-based planning initiatives and reclamation efforts; new and expanded criminal justice automation efforts; comprehensive victim services; child abuse prosecution; training; and emerging opportunities and demonstrations.

Act 2 of 1984 established a basic and continuing training program for deputy sheriffs to be financed through a surcharge on fees levied by the sheriffs for legal services executed. The 160 hour basic training school began in 1985 and continuing education began in 1987; both continue to train deputy sheriffs at regular intervals. Similarly, under Act 102 of 1992, PCCD provides basic and continuing education for constables. The 80

hour basic and 40 hour annual continuing education training is supported through a surcharge on constable services.

PCCD provides Statewide training and technical assistance for law enforcement personnel to implement community-based crime reduction strategies; coordinates Statewide efforts promoting law enforcement's involvement in policing practices, sponsors an annual program to recognize citizen contributions to local crime reduction projects, and administers a Statewide crime prevention review group. PCCD also provides training to law enforcement agencies to implement the nationally recognized Drug Abuse Resistance Education (D.A.R.E.) program through its certified State D.A.R.E. Training Center.

The commission administers the Federal Residential Substance Abuse Treatment Program of the Violent Crime Control and Law Enforcement Act of 1994. This program provides funding to state agencies and units of local government 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.

PCCD administers Federal funds from the Violent Offender Incarceration/Truth-In-Sentencing Incentive Grant Program of the Violent Crime Control and Law Enforcement Act of 1994, which provides funding to state agencies and units of local government to build or expand correctional facilities to increase the capacity for the confinement of violent offenders for the purpose of freeing up space for violent offenders.

The commission also administers the Governor's Portion of the Local Law Enforcement Block Grant Program which provides grants to local police departments or to state police agencies which provide law enforcement services to those jurisdictions which do not have their own police forces.

PCCD provides administrative support for the Governor's Community Partnership for Safe Children, which seeks to reduce youth violence by facilitating public/private partnerships among State Government, educators, business and community leaders, clergy and parents. Similar support is provided to the Weed and Seed Program which assists communities in which high levels of crime, especially drug crime, have severely undermined the quality of life.

Program Element: Victim Services

PCCD uses county-based policy boards to define local victim service needs and develop cost-effective victim/witness service strategies. Technical and financial assistance is provided to community-based organizations and district attorney offices in all 67 counties to support comprehensive service to victims of all violent crime with particular emphasis on services to victims of sexual assault, domestic violence and child abuse. Grants are made using court imposed costs authorized by Act 96 of 1984 as amended by Act 155 of 1992 and the Federal Victims of Crime Act of 1984. The commission also administers the formula grant, Title V and State Challenge Activities components of the Federal Juvenile Justice and Delinquency Prevention Act of 1974.

Act 27 of Special Session One of 1995 amended the Administrative Code to create the Bureau of Victim Services within PCCD. The act transferred the duties and responsibilities of the Crime Victims Compensation Board to the new bureau. The Crime Victims Compensation Program was created by Act 139 of 1976 to ameliorate the financial burden faced by victims of crime.

Payments to victims are made for medical expenses, counseling, loss of earnings and cash loss of benefits. In the event of death, funeral expenses and loss of support may be compensated to those who qualify. The maximum award is \$35,000 including \$20,000 for loss of support and \$15,000 for loss of earnings.

Executive Offices

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

The Crime Victims Compensation Program is the payor of last resort for crime victims' losses and the board is required to verify all aspects of each claim prior to payment.

Payments to victims are disbursed from a restricted revenue account which receives its funding from two sources. One source is Act 96 of 1984 which allows collections of costs assessed against certain offenders who

are convicted. The other source is the Federal Victims of Crime Act of 1984 which allocates Federal reimbursements to states based on a formula of prior year payments to victims. The restricted revenue account is listed as other funds in the Executive Offices Summary by Fund and Appropriation.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Planning and Coordination							
Persons attending crime prevention course and in-service instructors' workshop	225	200	200	200	200	200	200
Communities implementing risk-focused juvenile delinquency prevention programs ...	14	22	38	62	86	110	134
New law enforcement officers certified as drug education and law enforcement program instructors	101	100	100	100	100	100	100
New Deputy Sheriffs certified through completion of training	192	192	192	192	192	192	192
Victim Services							
Crime Victims Compensation:							
New claims received, reviewed and accepted	2,545	2,692	2,827	2,864	2,942	3,000	3,061
Claims paid	2,175	2,315	2,431	2,480	2,530	2,580	2,633
Claims pending additional information, denied or closed without payment	370	394	413	422	430	439	449
Claims reopened for additional losses	337	333	330	325	320	315	310

The average Crime Victim's Compensation program reimbursement per claim is \$1,690.

Claims pending additional data/denied or closed without payment measure is lower than anticipated in last year's budget due to improvements in completing claim forms.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 210	Commission on Crime and Delinquency
1,000	—to continue current program.
75	—to provide for the costs of relocating the Commission's offices.
	75 —Initiative —Administrative Enhancements. To provide resources for administrative enhancements to address increased workload requirements and expanded responsibilities of the Commission.
2,000	—PRR — Enhancing Public Safety. This Program Revision continues and expands the current risk focused prevention programs. See the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information.
140	—PRR — Enhancing Public Safety. This Program Revision provides administrative support and resources for a multi-agency effort to improve community and law enforcement relations. See the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information.
<hr/>	
\$ 3,425	<i>Appropriation Increase</i>

\$ 500 **Drug Education and Law Enforcement**
—PRR — Enhancing Public Safety. This Program Revision expands the Drug Abuse Resistance Education program into junior high schools. See the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information.

\$ 2,500 **DUI Equipment Grants**
—PRR — Enhancing Public Safety. This Program Revision establishes a municipality grant program targeted towards the purchase of DUI-related equipment. See the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information.

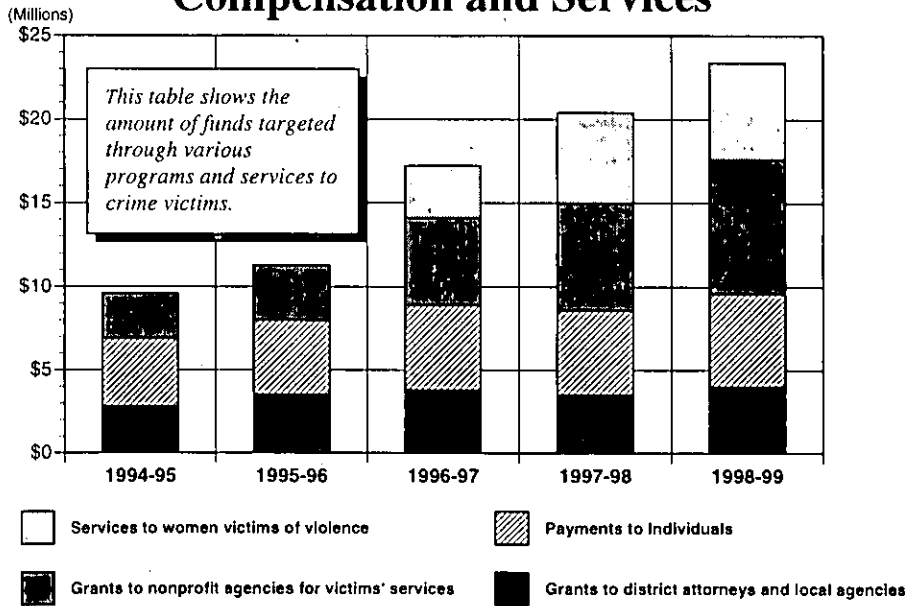
All other appropriations are recommended at the current year funding level.

This budget also recommends \$45,000 in federal Drug Control and System Improvement funds and \$30,000 from the Constables Education and Training Account to address the increased workload requirements included in the Administrative Enhancements Initiative.



Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Crime Victims' Compensation and Services



Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency	\$ 3,408	\$ 3,700	\$ 7,125	\$ 6,259	\$ 6,345	\$ 6,432	\$ 6,521
State Match for DCSI Subgrants	0	1,955	1,955	1,955	1,955	1,955	1,955
Community Crime Prevention	0	1,000	1,000	1,000	1,000	1,000	1,000
Intermediate Punishment Programs	5,331	5,331	5,331	5,331	5,331	5,331	5,331
Intermediate Punishment Drug and Alcohol Treatment	0	10,000	10,000	10,000	10,000	10,000	10,000
Drug Education and Law Enforcement	3,189	3,500	4,000	4,000	4,000	4,000	4,000
DUI Equipment Grants	0	0	2,500	2,500	2,500	2,500	2,500
TOTAL GENERAL FUND	\$ 11,928	\$ 25,486	\$ 31,911	\$ 31,045	\$ 31,131	\$ 31,218	\$ 31,307



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 is responsible for the development and improvement of juvenile probation services throughout the Commonwealth. These services focus on the effective reintegration of juvenile offenders into the community through improved performance by juvenile courts and their staff.

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 who have committed drug and/or drug related offenses have significantly improved the quality of service within the Commonwealth's juvenile justice system.

All of the Commonwealth's sixty-seven counties participate in the commission's grant-in-aid program and have adopted the commission's required Juvenile Court Standards, participated in commission sponsored training programs and complied with all commission statistical reporting requirements. The grant-in-aid program is the only source of State funding for juvenile probation services. It supports the commission's major programs including training, education and specialized projects such as the provision of liability insurance and financial support for necessary equipment and software to enable counties to participate in the commission's juvenile probation management information system.

The commission annually sponsors from 40 to 45 state-of-the-art training programs for juvenile justice practitioners. In addition to the provision of training, the commission, in conjunction with Shippensburg University and Mercyhurst College, provides the support to enable probation officers to receive Master of Science Degrees in the Administration of Justice. As of June 1997, 315 probation officers graduated from this program since its inception in 1982. The support for these programs will continue into 1998-99.

The commission's Drug and Alcohol Initiative continues to be a priority. Fifty-nine of the Commonwealth's counties are using urinalysis drug testing techniques on those juveniles who are known or suspected drug users. Juveniles referred to 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 data base.

Since June 1993, the Pennsylvania Commission on Crime and Delinquency in cooperation with the Juvenile Court Judges' Commission and the Department of Education has awarded grants to forty-three counties to implement school-based probation programs. These programs place probation officers in schools in an effort to help at-risk youth successfully function in the school environment, and to provide school staff with help in

dealing with this difficult population. The Juvenile Court Judges' Commission will continue to coordinate the training and research activities in support of this initiative. The commission sponsors training programs and sessions for Juvenile Justice personnel. Approximately 2,300 persons a year attend the programs and seminars.

Juvenile arrests for violent crimes (murder, forcible rape, robbery and aggravated assault) increased from 5,677 in 1995 to 5,704 in 1996 while arrests for drug offenses increased by 2.4% from 5,037 in 1995 to 5,158 in 1996.

The Special session on Crime produced the following acts contained in Special Session One of 1995:

- Act 1 defines all those persons who are allowed access to the files and records of the court pertaining to juvenile matters.
- Act 6 provides that records and files, as well as fingerprints and photographs, concerning a child shall be kept separate from those of adults. The court must collect and submit juvenile history record information to the central repository within 90 days of an adjudication of delinquency. In addition, all arresting authorities must send copies of photographs and fingerprints of adjudicated dangerous juveniles to the State Police within 48 hours after the conviction of the juvenile.
- Act 7 provides that records and files concerning a juvenile delinquent shall be expunged upon certain conditions.
- Act 9 provides that the Philadelphia Municipal Court shall have jurisdiction of those summary offenses involving a delinquent act.
- Act 11 allows juvenile proceedings to be open to the public if the defendant was 14 years or older at the time of a violent offense.
- Act 13 provides that if the delinquent child has been ordered to pay restitution, the court shall retain jurisdiction until full restitution has been made. Any unpaid amounts upon the child attaining the age of 21 shall remain collectible under Section 9728. In addition, prior dispositions may be entered into evidence if the child is involved in a subsequent juvenile hearing, or in a criminal proceeding in adult court, only if the child was adjudicated delinquent in the prior proceedings.
- Act 17 amends Titles 18 (Crimes) and 42 (Judiciary) of the Pennsylvania Consolidated Statutes to include provisions for the possession of firearms by minors and establishment of a selected Statewide juvenile offender registry.



Program: Reintegration of Juvenile Delinquents (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Children referred to court	35,872	35,372	35,372	35,372	35,372	35,372	35,372
Commitments as a percent of referrals	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Children arrested for violent crime	5,704	5,650	5,600	5,600	5,600	5,600	5,600
Full-time equivalent juvenile probation officer positions	970	990	1,000	1,000	1,000	1,000	1,000

Commitments as a percent of referrals increased from the projection in last year's budget due to improved prevention programs which resulted in fewer children being referred to court.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Juvenile Court Judges Commission</p> <p>\$ -963 —nonrecurring expenditures.</p> <p>40 —to continue current program.</p> <p>956 —to complete Unified Information Technology System Project.</p> <hr/> <p>\$ 33 <i>Appropriation Increase</i></p>	<p>Specialized Probation Services</p> <p>\$ 5,000 —PRR — Enhancing Public Safety. This Program Revision provides for school-based probation, intensive supervision, and aftercare services for juvenile offenders. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.</p>
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The Improvement of Juvenile Probation Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	\$ 1,232	\$ 2,188	2,221	\$ 1,306	\$ 1,322	\$ 1,348	\$ 1,375
Improvement of Juvenile Probation Services	5,513	5,513	5,513	5,513	5,513	5,513	5,513
Specialized Probation Services	0	0	5,000	5,000	5,000	5,000	5,000
TOTAL GENERAL FUND	\$ 6,745	\$ 7,701	\$ 12,734	\$ 11,819	\$ 11,835	\$ 11,861	\$ 11,888



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

1996-97 1997-98 1998-99
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Lieutenant Governor's Office.....	\$	658	\$	712	\$	733
(A)Recycling Fund.....		85		85		85
Board of Pardons.....		257		279		291
(F)DCSI-Automated Technology-JNET Connection.....		0		230		115
		<hr/>		<hr/>		<hr/>
Subtotal - State Funds.....	\$	915	\$	991	\$	1,024
Subtotal - Federal Funds.....		0		230		115
Subtotal - Augmentations.....		85		85		85
		<hr/>		<hr/>		<hr/>
Total - General Government.....	\$	1,000	\$	1,306	\$	1,224
		<hr/>		<hr/>		<hr/>
STATE FUNDS.....	\$	915	\$	991	\$	1,024
FEDERAL FUNDS.....		0		230		115
AUGMENTATIONS.....		85		85		85
		<hr/>		<hr/>		<hr/>
GENERAL FUND TOTAL.....	\$	1,000	\$	1,306	\$	1,224



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 915	\$ 991	\$ 1,024	\$ 1,045	\$ 1,066	\$ 1,087	\$ 1,109
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	230	115	0	0	0	0
OTHER FUNDS.....	85	85	85	87	89	91	93
SUBCATEGORY TOTAL.....	\$ 1,000	\$ 1,306	\$ 1,224	\$ 1,132	\$ 1,155	\$ 1,178	\$ 1,202
ALL PROGRAMS:							
GENERAL FUND.....	\$ 915	\$ 991	\$ 1,024	\$ 1,045	\$ 1,066	\$ 1,087	\$ 1,109
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	230	115	0	0	0	0
OTHER FUNDS.....	85	85	85	87	89	91	93
DEPARTMENT TOTAL.....	\$ 1,000	\$ 1,306	\$ 1,224	\$ 1,132	\$ 1,155	\$ 1,178	\$ 1,202



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.

In addition, the Lieutenant Governor serves, by appointment of the Governor, as Chairman of the Governor's Executive Council on Recycling

Development and Waste Reduction and as Chairman of the PRIME Council which is designed to re-engineer State Government to better serve its customers, to promote employee performance and effectiveness and to implement advances in information technology. The Lieutenant Governor directs the Pennsylvania Weed and Seed Program, a new initiative that promotes neighborhood safety and revitalization through a strong partnership between law enforcement and local citizens.

The Lieutenant Governor serves, by appointment, as Chairman of the Pennsylvania Emergency Management Council in which he has direct responsibility for coordinating relief information and assistance.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Lieutenant Governor's Office
\$ 21 —to continue current program.

Board of Pardons
\$ 12 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Lieutenant Governor's Office	\$ 658	\$ 712	\$ 733	\$ 748	\$ 763	\$ 778	\$ 794
Board of Pardons	257	279	291	297	303	309	315
TOTAL GENERAL FUND	\$ 915	\$ 991	\$ 1,024	\$ 1,045	\$ 1,066	\$ 1,087	\$ 1,109



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Enhancing Public Safety		
	General Government Operations.....	\$ 70
<p>This Program Revision provides administrative support to improve community and law enforcement relations. This is part of the \$15.2 million Enhancing Public Safety Program Revision. Please see the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information on this Program Revision.</p>		
	Department Total.....	\$ 70



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 30,853	\$ 32,858	\$ 33,844
(F)MAGLOCLEN.....	2,970	3,317	3,363
(F)Medicaid Fraud.....	2,663	3,099	3,063
(F)DCSI - Child Care Dependent Abuse Training.....	11	0	0
(F)DCSI - Elder Abuse Investigation Training.....	16	172	38
(F)DCSI - Elder Abuse Advisory Board.....	0	38	25
(A)Legal Fees Reimbursement.....	316	276	290
(A)Grand Jury Reimbursements.....	501	223	234
(A)Collections - Legal.....	99	50	53
(A)Department Services.....	2,770	2,434	2,556
(A)Consumer Protection.....	0	15	16
(A)Investigative Costs Reimbursements.....	32	31	33
(A)Environmental Crimes Investigative Costs.....	11	10	11
(A)Seized/Forfeited Property - State Court Awarded.....	0	240	244
(A)Seized/Forfeited Property - U.S. Department of Justice.....	0	630	0
(A)Public Protection Law Enforcement.....	1,000	2,688	800
(A)Capital Appeals Case Unit.....	0	136	168
Subtotal.....	\$ 41,242	\$ 46,217	\$ 44,738
(R)Office of Consumer Advocate.....	3,906	3,995	4,115
Capital Appeals Case Unit.....	0	500	500
Drug Law Enforcement.....	17,254	18,160	19,046
(F)High Intensity Drug Trafficking Areas.....	39	6,000	6,167
(F)DCSI - Combatting Drug Gang Activities.....	127	0	0
(F)DCSI - Criminal History Records Audits.....	172	65	0
(F)DCSI - Monitoring Prescription Abuse.....	27	361	117
(F)DCSI - Financial Investigations and Money Laundering.....	0	511	425
(A)Recovery of Narcotics Investigation Overtime Costs.....	27	35	35
(A)Seized/Forfeited Property - State Court Awarded.....	0	850	500
(A)Seized/Forfeited Property - U.S. Department of Justice.....	0	167	0
(A)Seized/Forfeited Property - U.S. Treasury Department.....	0	150	0
Subtotal.....	\$ 17,646	\$ 26,299	\$ 26,290
Local Drug Task Forces.....	6,665	6,798	6,933
Subtotal - State Funds.....	\$ 54,772	\$ 58,316	\$ 60,323
Subtotal - Federal Funds.....	6,025	13,563	13,198
Subtotal - Augmentations.....	4,756	7,935	4,940
Subtotal - Restricted Revenues.....	3,906	3,995	4,115
Total - General Government.....	\$ 69,459	\$ 83,809	\$ 82,576
<i>Grants and Subsidies:</i>			
County Trial Reimbursement.....	\$ 150	\$ 150	\$ 150
STATE FUNDS.....	\$ 54,922	\$ 58,466	\$ 60,473
FEDERAL FUNDS.....	6,025	13,563	13,198
AUGMENTATIONS.....	4,756	7,935	4,940
RESTRICTED REVENUES.....	3,906	3,995	4,115
GENERAL FUND TOTAL.....	\$ 69,609	\$ 83,959	\$ 82,726
OTHER FUNDS:			
<i>GENERAL FUND:</i>			
Seized/Forfeited Property - State Court Awarded.....	\$ 1,937	\$ 1,998	\$ 832
Seized/Forfeited Property - U.S. Department of Justice.....	809	1,442	925
Seized/Forfeited Property - PSP-OAG Agreement.....	385	702	600

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
OAG Investigative Funds - Outside Sources.....	1,989	3,398	2,568
Seized/Forfeited Property - U.S. Treasury Department.....	385	160	100
Public Protection Law Enforcement.....	1,109	3,003	1,075
Coroner's Education Board.....	3	12	12
GENERAL FUND TOTAL.....	\$ 6,617	\$ 10,715	\$ 6,112
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 54,922	\$ 58,466	\$ 60,473
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	6,025	13,563	13,198
AUGMENTATIONS.....	4,756	7,935	4,940
RESTRICTED.....	3,906	3,995	4,115
OTHER FUNDS.....	6,617	10,715	6,112
TOTAL ALL FUNDS.....	\$ 76,226	\$ 94,674	\$ 88,838

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 54,922	\$ 58,466	\$ 60,473	\$ 61,679	\$ 62,909	\$ 64,163	\$ 65,443
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	6,025	13,563	13,198	12,789	12,593	12,593	12,593
OTHER FUNDS.....	15,279	22,645	15,167	15,406	16,262	16,760	17,099
SUBCATEGORY TOTAL.....	\$ 76,226	\$ 94,674	\$ 88,838	\$ 89,874	\$ 91,764	\$ 93,516	\$ 95,135
ALL PROGRAMS:							
GENERAL FUND.....	\$ 54,922	\$ 58,466	\$ 60,473	\$ 61,679	\$ 62,909	\$ 64,163	\$ 65,443
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	6,025	13,563	13,198	12,789	12,593	12,593	12,593
OTHER FUNDS.....	15,279	22,645	15,167	15,406	16,262	16,760	17,099
DEPARTMENT TOTAL.....	\$ 76,226	\$ 94,674	\$ 88,838	\$ 89,874	\$ 91,764	\$ 93,516	\$ 95,135

PROGRAM OBJECTIVE: To enforce the criminal laws of the Commonwealth to protect the interests of Pennsylvania citizens in areas of consumer protection, antitrust enforcement, operation of charitable trusts and organizations, and civil rights; and to provide legal services to Commonwealth agencies.

Program: Public Protection and Law Enforcement

The Attorney General as the chief law enforcement officer of the Commonwealth is charged with the responsibility for the investigation and prosecution of organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act, and utilizes Statewide investigative grand juries as appropriate. The Attorney General's Office works with the State Police to curtail drug abuse in the Commonwealth by immobilizing illegal drug traffickers. Last year, over 3,173 drug traffickers were arrested, of whom 196 were considered major.

Other major activities of this program involve: decreasing the incidence of fraud and deceptive business practices and securing recovery of damages to the Commonwealth and its citizens; encouraging free enterprise and competition; prosecuting hazardous waste cases; and providing for

representation of the consumer in utility rate proceedings before the Public Utility Commission through the Office of the Consumer Advocate. The Consumer Advocate also represents the consumer in cases such as competition in the electric, gas and telecommunications industries, filings of alternative regulatory plans by telephone utilities, purchased gas cases, and filings by major natural gas pipelines. Act 166 of 1994 established a Section of Insurance Fraud to prosecute and investigate insurance fraud within the Attorney General's Office.

This program also provides legal services for governmental agencies of the Commonwealth, as required by Section 204 of the Commonwealth Attorneys Act. Specifically, the Attorney General's Office represents the Commonwealth in any action brought by or against the Commonwealth or its agencies, particularly tort claims.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Cases presented to the Statewide Investigating Grand Jury	31	60	60	60	60	60	60
Local drug task force arrests*	2,601	3,200	3,500	3,500	3,500	3,500	3,500
Drug arrests resulting from Grand Jury presentments*	151	178	196	196	196	196	196
Review of estates, charities, nonprofits, and healthcare conversions for compliance with rules and regulations*	1,614	1,697	1,700	1,700	1,700	1,700	1,700
Consumer complaints concerning business practices investigated and mediated	29,815	30,000	31,000	31,000	31,000	31,000	31,000
Dollar value of recoupment to consumers regarding business practices (in thousands)	\$7,460	\$6,500	\$6,500	\$6,600	\$6,700	\$6,800	\$6,900
Rate cases argued by Consumer Advocate	38	37	N/A	N/A	N/A	N/A	N/A
Other cases argued by the Consumer Advocate	285	233	N/A	N/A	N/A	N/A	N/A
Antitrust and oil overcharge cases: Settlements with or without court action	9	12	12	12	12	12	12
Dollars paid or agree to be paid to the Commonwealth or directly to its citizens (in thousands)	\$1,300	\$2,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

The dollar value of recoupment to consumers regarding business practices was larger than expected in last year's budget due to an increase in the average settlement.

The number of antitrust and oil overcharge cases were less than projected in last year's budget because several cases continued into the available year.

*New Program measure added this year.

Program: Public Protection and Law Enforcement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ 70 —PRR — Enhancing Public Safety. This Program Revision provides administrative support specific to the Attorney General's role in improving community and law enforcement relations. See the Program Revision following the Institutionalization of Offenders Program in the Corrections Department for additional information.
 916 —to continue current program.
 \$ 986 *Appropriation Increase*

Drug Law Enforcement
 \$ 341 —matching funds for DCSI Financial Investigations and Money Laundering Grant.
 545 —to continue current program.
 \$ 886 *Appropriation Increase*

Local Drug Task Forces
 \$ 135 —to continue current program.

This budget also recommends the following change to the Office of Consumer Advocate from its restricted revenue account in the General Fund.

Office of the Consumer Advocate
 \$ 120 —to continue current program.

The Capital Appeals Case Unit and County Trial Reimbursement are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 30,853	\$ 32,858	\$ 33,844	\$ 34,520	\$ 35,210	\$ 35,914	\$ 36,632
Capital Appeals Case Unit	0	500	500	510	520	530	541
Drug Law Enforcement	17,254	18,160	19,046	19,427	19,816	20,212	20,616
Local Drug Task Forces	6,665	6,798	6,933	7,072	7,213	7,357	7,504
County Trial Reimbursement	150	150	150	150	150	150	150
TOTAL GENERAL FUND	\$ 54,922	\$ 58,466	\$ 60,473	\$ 61,679	\$ 62,909	\$ 64,163	\$ 65,443





COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Auditor General's Office.....	\$ 36,965	\$ 39,368	\$ 40,549
(F)January 1996 Storm Disaster - Public Assistance.....	2	0	0
(A)Reimbursement Auditing Services.....	7,231	6,137	6,460
(A)Sale of Autos.....	51	0	0
Subtotal.....	<u>\$ 44,249</u>	<u>\$ 45,505</u>	<u>\$ 47,009</u>
Board of Claims.....	1,428	1,500	1,562
Subtotal - State Funds.....	<u>\$ 38,393</u>	<u>\$ 40,868</u>	<u>\$ 42,111</u>
Subtotal - Federal Funds.....	2	0	0
Subtotal - Augmentations.....	7,282	6,137	6,460
Total - General Government.....	<u>\$ 45,677</u>	<u>\$ 47,005</u>	<u>\$ 48,571</u>
<i>Grants and Subsidies:</i>			
Municipal Pension System State Aid.....	\$ 1,684	\$ 549	\$ 708
STATE FUNDS.....	\$ 40,077	\$ 41,417	\$ 42,819
FEDERAL FUNDS.....	2	0	0
AUGMENTATIONS.....	7,282	6,137	6,460
GENERAL FUND TOTAL.....	<u>\$ 47,361</u>	<u>\$ 47,554</u>	<u>\$ 49,279</u>
OTHER FUNDS:			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid.....	\$ 141,207	\$ 137,034	\$ 140,000
SUPPLEMENTAL STATE ASSISTANCE FUND:			
Supplemental State Assistance.....	\$ 1,683	\$ 549	\$ 708
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 40,077	\$ 41,417	\$ 42,819
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	2	0	0
AUGMENTATIONS.....	7,282	6,137	6,460
OTHER FUNDS.....	142,890	137,583	140,708
TOTAL ALL FUNDS.....	<u>\$ 190,251</u>	<u>\$ 185,137</u>	<u>\$ 189,987</u>

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
AUDITING							
GENERAL FUND.....	\$ 38,393	\$ 40,868	\$ 42,111	\$ 42,953	\$ 43,812	\$ 44,689	\$ 45,583
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2	0	0	0	0	0	0
OTHER FUNDS.....	7,282	6,137	6,460	6,589	6,721	6,855	6,992
SUBCATEGORY TOTAL.....	\$ 45,677	\$ 47,005	\$ 48,571	\$ 49,542	\$ 50,533	\$ 51,544	\$ 52,575
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND.....	\$ 1,684	\$ 549	\$ 708	\$ 708	\$ 708	\$ 708	\$ 708
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	142,890	137,583	140,708	143,522	146,392	149,320	152,306
SUBCATEGORY TOTAL.....	\$ 144,574	\$ 138,132	\$ 141,416	\$ 144,230	\$ 147,100	\$ 150,028	\$ 153,014
ALL PROGRAMS:							
GENERAL FUND.....	\$ 40,077	\$ 41,417	\$ 42,819	\$ 43,661	\$ 44,520	\$ 45,397	\$ 46,291
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2	0	0	0	0	0	0
OTHER FUNDS.....	150,172	143,720	147,168	150,111	153,113	156,175	159,298
DEPARTMENT TOTAL.....	\$ 190,251	\$ 185,137	\$ 189,987	\$ 193,772	\$ 197,633	\$ 201,572	\$ 205,589



PROGRAM OBJECTIVE: *To insure that all revenue to which the Commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.*

Program: Auditing

The Auditor General is required by the Fiscal Code to audit the financial affairs of State Government. Each year, the department performs thousands of regular and special post audits of Commonwealth agencies, persons, associations and corporations to insure money is disbursed legally and properly. The Auditor General also examines accounts of revenue collecting agents to assure that all funds due the Commonwealth have been reported and transmitted properly and that the Commonwealth's financial statements conform to Generally Accepted Accounting Principles (GAAP).

The Single Audit, which is a single financial/compliance audit of the Commonwealth's Federal aid programs, and an audit of the Commonwealth's General Purpose Financial Statements are jointly performed by the Auditor General and an independent certified public accounting firm.

The Fiscal Code also requires the Auditor General to audit public assistance payments to determine the eligibility of persons receiving public assistance grants. Recipients are subject to continuous audit. These audits serve to adjust grants to persons either ineligible or receiving overpayments or underpayments.

In addition to fiscal duties, the Auditor General serves as a member of the State Public School Building Authority and other major Commonwealth boards and commissions.

The Board of Claims operates within this program as an independent judicial and administrative body with jurisdiction to hear and determine claims against the Commonwealth that equal or exceed \$300.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Auditor General's Office
\$ 1,181 —to continue current program.

Board of Claims
\$ 62 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Auditor General's Office	\$ 36,965	\$ 39,368	\$ 40,549	\$ 41,360	\$ 42,187	\$ 43,031	\$ 43,892
Board of Claims	1,428	1,500	1,562	1,593	1,625	1,658	1,691
TOTAL GENERAL FUND	\$ 38,393	\$ 40,868	\$ 42,111	\$ 42,953	\$ 43,812	\$ 44,689	\$ 45,583

PROGRAM OBJECTIVE: To assist municipal pension systems through loans and disbursement of annual supplemental State assistance.

Program: Municipal Pension Systems

In 1984, the General Assembly passed Act 205 known as the Municipal Pension Plan Funding Standard and Recovery Act. The enactment of this legislation was in response to the solvency problems facing many of the Commonwealth's municipal pension systems. The act requires the submission of municipal pension plan actuarial reports to the Public Employee Retirement Commission (PERC) every two years and establishes criteria for determination of actuarial soundness and the amount of State financed support that will be provided.

The Auditor General is responsible for audits of approximately 1,300 municipal pension funds for nonuniformed employees where municipalities

choose to allocate State aid to those funds. Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including disbursement of funds to distressed municipal pension systems based on certifications provided by PERC. Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations which cannot exceed \$35 million annually. This program and fund shall terminate in 2003 or in the first year in which there are no municipalities entitled to receive Supplemental State Assistance, whichever occurs earlier.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	159	<p>Municipal Pension System State Aid —to provide the amount certified by the Public Employee Retirement Commission for a recovery program for financially distressed municipal pension systems.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

		1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:								
Municipal Pension System State Aid	\$	1,684	\$ 549	\$ 708	\$ 708	\$ 708	\$ 708	\$ 708





COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
State Treasurer's Office.....	\$ 18,502	\$ 19,994	\$ 20,594
(A)Expenses - Unemployment Compensation.....	1,535	580	1,700
(A)Fees - Federal Savings Bonds.....	24	0	25
(A)Receipts From SWIF.....	520	0	270
(A)Sale of Automobiles.....	2	0	2
(A)Unclaimed Property - Reimbursement.....	5,677	6,000	6,000
(A)Photocopy Services.....	4	0	5
(A)Unclaimed Property - Reference Fees.....	2	0	5
(A)Administrative Fees.....	208	0	216
(A)Miscellaneous.....	100	0	0
Subtotal.....	\$ 26,574	\$ 26,574	\$ 28,817
Tuition Account Program Advertising.....	0	1,025	1,055
Board of Finance and Revenue.....	1,976	1,826	2,314
Publishing Monthly Statements.....	60	60	30
Intergovernmental Organizations.....	727	795	819
Replacement Checks (EA).....	393	475	475
Subtotal.....	\$ 3,156	\$ 4,181	\$ 4,693
Subtotal - State Funds.....	\$ 21,658	\$ 24,175	\$ 25,287
Subtotal - Augmentations.....	8,072	6,580	8,223
Total - General Government.....	\$ 29,730	\$ 30,755	\$ 33,510
<i>Grants and Subsidies:</i>			
Law Enforcement Officers Death Benefits.....	\$ 336	\$ 468	\$ 480
<i>Debt Service:</i>			
Loan and Transfer Agents.....	\$ 74	\$ 225	\$ 225
Tax Note Expenses.....	112	170	170
General Obligation Debt Service.....	546,000	617,333	560,428
(A)General State Authority Rentals.....	1,021	1,146	1,146
(A)Transfer from PIDA Escrow.....	84,722	0	0
Commercial Paper Costs (EA).....	0	1,000	1,000
Interest on Tax Anticipation Notes (EA).....	17,834	20,570	18,000
Subtotal - State Funds.....	\$ 564,020	\$ 639,298	\$ 579,823
Subtotal - Augmentations.....	85,743	1,146	1,146
Total - Debt Service.....	\$ 649,763	\$ 640,444	\$ 580,969
STATE FUNDS.....	\$ 586,014	\$ 663,941	\$ 605,590
AUGMENTATIONS.....	93,815	7,726	9,369
GENERAL FUND TOTAL.....	\$ 679,829	\$ 671,667	\$ 614,959
MOTOR LICENSE FUND:			
<i>Refunds:</i>			
Replacement Checks.....	\$ 7	\$ 300	\$ 300
Refunding Liquid Fuels Tax - Agriculture.....	1,785	3,200	3,200
Refunding Liquid Fuels Tax - State Share.....	284	500	500
Refunding Emergency Liquid Fuels Tax.....	0	1	1
Refunding Liquid Fuels Tax - Political Subdivisions.....	1,348	2,300	2,300
Administration Refunding Liquid Fuels Tax.....	346	353	458
Refunding Liquid Fuels Tax - Volunteer Services.....	71	350	350
Refunding Marine Liquid Fuels Tax - Boat Fund.....	1,788	2,300	2,300

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Total - Refunds.....	\$ 5,629	\$ 9,304	\$ 9,409
Debt Service:			
Capital Debt Transportation Projects.....	\$ 117,944	\$ 113,884	\$ 110,514
General Obligation Debt Service.....	1,367	1,301	1,260
(R)Capital Bridge Debt.....	29,085	29,872	29,684
(R)Aviation Debt Service.....	1,378	1,388	27
Loan and Transfer Agent.....	54	135	135
Subtotal - State Funds.....	\$ 119,365	\$ 115,320	\$ 111,909
Subtotal - Restricted Revenues.....	30,463	31,260	29,711
Total - Debt Service.....	\$ 149,828	\$ 146,580	\$ 141,620
STATE FUNDS.....	\$ 124,994	\$ 124,624	\$ 121,318
FEDERAL FUNDS.....	0	0	0
RESTRICTED REVENUES.....	30,463	31,260	29,711
MOTOR LICENSE FUND TOTAL.....	\$ 155,457	\$ 155,884	\$ 151,029
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 0	\$ 5	\$ 5
BANKING DEPARTMENT FUND TOTAL.....	\$ 0	\$ 5	\$ 5
<u>BOAT FUND:</u>			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 0	\$ 5	\$ 5
BOAT FUND TOTAL.....	\$ 0	\$ 5	\$ 5
<u>FARM PRODUCTS SHOW FUND:</u>			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 0	\$ 5	\$ 5
FARM PRODUCTS SHOW FUND TOTAL.....	\$ 0	\$ 5	\$ 5
<u>FISH FUND:</u>			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 0	\$ 5	\$ 5
<i>Debt Service:</i>			
General Obligation Debt Service.....	\$ 1	\$ 0	\$ 0
FISH FUND TOTAL.....	\$ 1	\$ 5	\$ 5
<u>GAME FUND:</u>			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 0	\$ 5	\$ 5
GAME FUND TOTAL.....	\$ 0	\$ 5	\$ 5
<u>LOTTERY FUND:</u>			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 3	\$ 100	\$ 100



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
LOTTERY FUND TOTAL.....	\$ 3	\$ 100	\$ 100
MILK MARKETING FUND:			
<i>General Government:</i>			
Milk Replacement Checks (EA).....	\$ 0	\$ 5	\$ 5
<i>Refunds:</i>			
Refunding Licenses and Fees (EA).....	\$ 0	\$ 5	\$ 5
MILK MARKETING FUND TOTAL.....	\$ 0	\$ 10	\$ 10
RACING FUND:			
<i>General Government:</i>			
Replacement Checks (EA).....	\$ 0	\$ 10	\$ 10
RACING FUND TOTAL.....	\$ 0	\$ 10	\$ 10
OTHER FUNDS:			
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Bond Issuance Expenses.....	\$ 0	\$ 15	\$ 0
TUITION PAYMENT FUND:			
Administration - Tuition Account Program.....	\$ 435	\$ 444	\$ 1,004
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 586,014	\$ 663,941	\$ 605,590
SPECIAL FUNDS.....	124,998	124,769	121,463
AUGMENTATIONS.....	93,815	7,726	9,369
RESTRICTED.....	30,463	31,260	29,711
OTHER FUNDS.....	435	459	1,004
TOTAL ALL FUNDS.....	\$ 835,725	\$ 828,155	\$ 767,137

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
DISBURSEMENT							
GENERAL FUND.....	\$ 21,207	\$ 23,788	\$ 24,918	\$ 25,210	\$ 25,695	\$ 26,190	\$ 26,694
SPECIAL FUNDS.....	5,632	9,449	9,554	9,554	9,554	9,554	9,554
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	8,507	7,024	9,227	9,411	9,599	9,791	9,987
SUBCATEGORY TOTAL.....	\$ 35,346	\$ 40,261	\$ 43,699	\$ 44,175	\$ 44,848	\$ 45,535	\$ 46,235
INTERSTATE RELATIONS							
GENERAL FUND.....	\$ 727	\$ 795	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819
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.....	\$ 727	\$ 795	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819
DEBT SERVICE							
GENERAL FUND.....	\$ 564,080	\$ 639,358	\$ 579,853	\$ 635,123	\$ 665,809	\$ 698,693	\$ 714,088
SPECIAL FUNDS.....	119,366	115,320	111,909	100,555	82,546	62,134	43,900
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	116,206	32,421	30,857	29,679	27,467	25,347	24,973
SUBCATEGORY TOTAL.....	\$ 799,652	\$ 787,099	\$ 722,619	\$ 765,357	\$ 775,822	\$ 786,174	\$ 782,961
ALL PROGRAMS:							
GENERAL FUND.....	\$ 586,014	\$ 663,941	\$ 605,590	\$ 661,152	\$ 692,323	\$ 725,702	\$ 741,601
SPECIAL FUNDS.....	124,998	124,769	121,463	110,109	92,100	71,688	53,454
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	124,713	39,445	40,084	39,090	37,066	35,138	34,960
DEPARTMENT TOTAL.....	\$ 835,725	\$ 828,155	\$ 767,137	\$ 810,351	\$ 821,489	\$ 832,528	\$ 830,015



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 short-term 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 public retirement boards, the State Highway and Bridge Authority and several other boards and commissions.

The Board of Finance and Revenue operates within this program by reviewing and deciding appeals concerning settlements made between the Commonwealth and persons, associations and corporations. The board

also administers the program for refunding certain monies to which the Commonwealth is not legally entitled.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of firemen or law enforcement officers of the Commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payment made to survivors of local firemen or law enforcement officers. This current payment includes benefit increases with inflation.

The Treasury Department administers the Tuition Account Program that provides for the advance purchase of tuition credits for students who will attend institutions of higher education.

The State Treasurer is responsible for the administration and enforcement of the Commonwealth's abandoned and unclaimed property laws. Tangible and intangible property that has remained unclaimed for seven or more years is reported and remitted to the Treasury by holders in possession of the property. The Commonwealth maintains perpetual custody of the property until it is claimed by the rightful owner. Revenues generated by collection of unclaimed property cover the costs of paying claims as well as the administrative costs of the program.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Disbursements issued	9,820,764	9,900,000	9,900,000	N/A	N/A	N/A	N/A
Interest earned on investments:							
General Fund (in thousands)	\$ 83,395	\$ 88,120	\$ 83,430	N/A	N/A	N/A	N/A
Motor License Fund (in thousands)	23,214	23,000	23,000	N/A	N/A	N/A	N/A
TOTAL	\$ 106,609	\$ 111,120	\$ 106,430	N/A	N/A	N/A	N/A

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)	
GENERAL FUND State Treasurer's Office \$ 600 —to continue current program.	\$	12
Tuition Account Program Advertising \$ 30 —to continue current program.		
Board of Finance and Revenue \$ 304 —to continue current program. 184 —Initiative — Information Technology Enhancements. To establish an information technology system that will allow electronic distribution of Board orders and facilitate the fairness and consistency of orders and tax case actions taken by the Department of Revenue.	\$	105
\$ 488 <i>Appropriation Increase</i>		
		Law Enforcement Officers Death Benefits —to continue current program. MOTOR LICENSE FUND Administration Refunding Liquid Fuels Tax —to continue current program.

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

Program: Disbursement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State Treasurer's Office	\$ 18,502	\$ 19,994	\$ 20,594	\$ 21,006	\$ 21,426	\$ 21,855	\$ 22,292
Tuition Account Program Advertising	0	1,025	1,055	1,076	1,098	1,120	1,142
Board of Finance and Revenue	1,976	1,826	2,314	2,173	2,216	2,260	2,305
Replacement Checks	393	475	475	475	475	475	475
Law Enforcement Officers Death Benefits ..	336	468	480	480	480	480	480
TOTAL GENERAL FUND	\$ 21,207	\$ 23,788	\$ 24,918	\$ 25,210	\$ 25,695	\$ 26,190	\$ 26,694
MOTOR LICENSE FUND:							
Replacement Checks	\$ 7	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Refunding Liquid Fuels Tax-Agriculture	1,785	3,200	3,200	3,200	3,200	3,200	3,200
Refunding Liquid Fuels Tax-State Share	284	500	500	500	500	500	500
Refunding Emergency Liquid Fuels Tax	0	1	1	1	1	1	1
Refunding Liquid Fuels Tax-Political Subdivisions	1,348	2,300	2,300	2,300	2,300	2,300	2,300
Administration Refunding Liquid Fuels Tax Refunding Liquid Fuels Tax-Volunteer Services	346	353	458	458	458	458	458
Refunding Liquid Fuels Tax-Boat Fund	71	350	350	350	350	350	350
Refunding Liquid Fuels Tax-Boat Fund	1,788	2,300	2,300	2,300	2,300	2,300	2,300
TOTAL MOTOR LICENSE FUND	\$ 5,629	\$ 9,304	\$ 9,409	\$ 9,409	\$ 9,409	\$ 9,409	\$ 9,409
BANKING DEPARTMENT FUND:							
Replacement Checks	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
BOAT FUND:							
Replacement Checks	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FARM PRODUCTS SHOW FUND:							
Replacement Checks	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FISH FUND:							
Replacement Checks	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
GAME FUND:							
Replacement Checks	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
LOTTERY FUND:							
Replacement Checks	\$ 3	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
MILK MARKETING FUND:							
Replacement Checks	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Refunding Licenses and Fees	0	5	5	5	5	5	5
TOTAL MILK MARKETING FUND	\$ 0	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
RACING FUND:							
Replacement Checks	\$ 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, Coalition of Northeast Governors 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 Commissions. The commissions 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)

\$ 24 Intergovernmental Organizations
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Intergovernmental Organizations	\$ 727	\$ 795	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819



PROGRAM OBJECTIVE: To provide for interest and principal requirements of notes and bonds issued by the Commonwealth and other expenses related to debt service.

Program: Debt Service

The Commonwealth, through the Treasury Department, is obligated to meet principal and interest requirements and other expenses related to debt service.

Long-term bonds are issued by the State to cover the cost of financing public improvements which represent such a heavy financial burden that they cannot be funded through current revenues. These bond issues have provided funds for the acquisition and development of public recreation and historic sites and facilities; payment of compensation to veterans of the Vietnam Conflict; payment for disaster recovery costs; economic revitalization efforts; low-cost loans for water supply and sewage treatment improvements; loans to volunteer fire companies; and a wide variety of

construction and renovation projects for hospitals, higher education facilities, State parks, flood control, correctional institutions and various public buildings. Bond issues have also provided funds to bring nursing homes in compliance with the standards of the State Life Safety Code.

The Commonwealth has saved substantial amounts of debt service interest payments through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The Commonwealth continues to monitor its debt for additional refunding opportunities and expects to achieve further interest savings from additional refunding of bonds.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
 \$ -59,475 —the net effect on principal and interest requirements and other costs relating to the General Fund debt service.
 Publishing Monthly Statements
 \$ -30 —reduced cost for publication of statements.

MOTOR LICENSE FUND
 \$ -3,411 —the net effect on principal and interest requirements and other costs relating to the Motor License Fund debt service.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Publishing Monthly Statements.....	\$ 60	\$ 60	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Loan and Transfer Agents	74	225	225	225	225	225	225
Tax Note Expenses	112	170	170	170	170	170	170
General Obligation Debt Service	546,000	617,333	560,428	615,698	646,384	679,268	694,663
Commercial Paper Cost	0	1,000	1,000	1,000	1,000	1,000	1,000
Interest on Tax Anticipation Notes	17,834	20,570	18,000	18,000	18,000	18,000	18,000
TOTAL GENERAL FUND	\$ 564,080	\$ 639,358	\$ 579,853	\$ 634,123	\$ 665,809	\$ 698,693	\$ 714,088
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	\$ 117,944	\$ 113,884	\$ 110,514	\$ 98,126	\$ 79,840	\$ 59,112	\$ 40,964
General Obligation Debt Service	1,367	1,301	1,260	2,294	2,571	2,887	2,801
Loan and Transfer Agent	54	135	135	135	135	135	135
TOTAL MOTOR LICENSE FUND	\$ 119,365	\$ 115,320	\$ 111,909	\$ 100,555	\$ 82,546	\$ 62,134	\$ 43,900
FISH FUND:							
General Obligation Debt Service	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF AGING

The Department of Aging consolidates services for older Pennsylvanians and provides a single point of contact through which these older Pennsylvanians can address their concerns to State Government. The Secretary of Aging serves as a cabinet-level contact and is routinely advised of citizens' concerns through a network including area agency advisory boards, regional councils and the Pennsylvania Council on Aging.

Statewide services are provided through the local Area Agencies on Aging. Services include nutrition, employment, transportation, domiciliary care, protection, long-term care assessment and both basic and intensive in-home services. Additionally, the Department of Aging manages the pharmaceutical assistance program for older Pennsylvanians.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
General Government:			
Medical Assistance Support.....	\$ 230	\$ 293	\$ 307
(F)Medical Assistance Support.....	2,794	4,629	4,814
(A)Intergovernmental Transfer - Administration.....	2,297	3,749	4,057
Subtotal - State Funds.....	\$ 230	\$ 293	\$ 307
Subtotal - Federal Funds.....	2,794	4,629	4,814
Subtotal - Augmentations.....	2,297	3,749	4,057
Total - General Government.....	\$ 5,321	\$ 8,671	\$ 9,178
Grants and Subsidies:			
Family Caregiver.....			
(F)DCSI - Elder Abuse Education and Prevention.....	\$ 143	\$ 72	\$ 0
Subtotal.....	\$ 9,739	\$ 10,148	\$ 10,128
Pre-Admission Assessment.....			
(F)Pre-Admission Assessment.....	4,585	4,625	5,243
(A)Intergovernmental Transfer.....	5,860	6,376 ^a	9,665
(A)Intergovernmental Transfer.....	164	183	2,962
Subtotal.....	\$ 10,609	\$ 11,184	\$ 17,870
Grants to Senior Centers.....			
Legal Advocacy for Older Pennsylvanians.....	4,000	4,000	4,000
Legal Advocacy for Older Pennsylvanians.....	0	200	0
Subtotal - State Funds.....	\$ 18,181	\$ 18,901	\$ 19,371
Subtotal - Federal Funds.....	6,003	6,448	9,665
Subtotal - Augmentations.....	164	183	2,962
Total - Grants and Subsidies.....	\$ 24,348	\$ 25,532	\$ 31,998
STATE FUNDS.....	\$ 18,411	\$ 19,194	\$ 19,678
FEDERAL FUNDS.....	8,797	11,077	14,479
AUGMENTATIONS.....	2,461	3,932	7,019
GENERAL FUND TOTAL.....	\$ 29,669	\$ 34,203	\$ 41,176
LOTTERY FUND:			
General Government:			
General Government Operations.....	\$ 3,692	\$ 4,975	\$ 5,796
(F)Programs for the Aging - Title III - Administration.....	1,810	1,817	1,817
(F)Programs for the Aging - Title V - Administration.....	173	173	173
(F)Medical Assistance - Administration.....	0	0	357
(F)DCSI - Older Adult Protective Services Act.....	0	150	100
(A)Day Care Licensure.....	6	6	6
(A)Older Adult Protective Services Act.....	0	50	0
Subtotal - State Funds.....	\$ 3,692	\$ 4,975	\$ 5,796
Subtotal - Federal Funds.....	1,983	2,140	2,447
Subtotal - Augmentations.....	6	56	6
Total - General Government.....	\$ 5,681	\$ 7,171	\$ 8,249
Grants and Subsidies:			
PENNCARE.....			
(F)Programs for the Aging - Title III.....	\$ 167,254	\$ 174,747	\$ 181,397
(F)Programs for the Aging - Title III.....	42,304	45,000	45,000
(F)Programs for the Aging - Nutrition.....	8,500	8,500	8,500
(F)Programs for the Aging - Title V - Employment.....	4,190	4,552 ^b	4,500
(F)Programs for the Aging - Title VII - Elder Rights Protection.....	948	1,500	1,500
(F)Medical Assistance - Attendant Care.....	0	541	565

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(A)Pre-Admission Assessment.....	1,185	0	0
(A)Contributions - Long Term Care Providers.....	10	0	0
Subtotal.....	<u>\$ 224,391</u>	<u>\$ 234,840</u>	<u>\$ 241,462</u>
Pharmaceutical Assistance Fund.....	225,000	237,000	260,000
Subtotal - State Funds.....	<u>\$ 392,254</u>	<u>\$ 411,747</u>	<u>\$ 441,397</u>
Subtotal - Federal Funds.....	55,942	60,093	60,065
Subtotal - Augmentations.....	1,195	0	0
Total - Grants and Subsidies.....	<u>\$ 449,391</u>	<u>\$ 471,840</u>	<u>\$ 501,462</u>
STATE FUNDS.....	<u>\$ 395,946</u>	<u>\$ 416,722</u>	<u>\$ 447,193</u>
FEDERAL FUNDS.....	57,925	62,233	62,512
AUGMENTATIONS.....	1,201	56	6
LOTTERY FUND TOTAL.....	<u>\$ 455,072</u>	<u>\$ 479,011</u>	<u>\$ 509,711</u>
OTHER FUNDS:			
PHARMACEUTICAL ASSISTANCE FUND:			
Contracted Services (EA).....	\$ 0 ^c	\$ 0 ^c	\$ 0 ^c
Administration of PACE (EA).....	0 ^d	0 ^d	0 ^d
Comptroller Operations (EA).....	0 ^e	0 ^e	0 ^e
PHARMACEUTICAL ASSISTANCE FUND TOTAL.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 18,411	\$ 19,194	\$ 19,678
SPECIAL FUNDS.....	395,946	416,722	447,193
FEDERAL FUNDS.....	66,722	73,310	76,991
AUGMENTATIONS.....	3,662	3,988	7,025
TOTAL ALL FUNDS.....	<u>\$ 484,741</u>	<u>\$ 513,214</u>	<u>\$ 550,887</u>

^a Actually appropriated as \$9,558,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^b Includes recommended supplemental appropriation of \$52,000.

^c Not added to the total to avoid double counting: 1996-97 Actual is \$220,434,000, 1997-98 Available is \$232,758,000, and 1998-99 Budget is \$261,475,000.

^d Not added to the total to avoid double counting: 1996-97 Actual is \$775,724, 1997-98 Available is \$884,000, and 1998-99 Budget is \$906,000.

^e Not added to the total to avoid double counting: 1996-97 Actual is \$390,000, 1997-98 Available is \$390,000, and 1998-99 Budget is \$440,000.



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND.....	\$ 18,411	\$ 19,194	\$ 19,678	\$ 19,684	\$ 19,690	\$ 19,696	\$ 19,703
SPECIAL FUNDS.....	170,946	179,722	187,193	193,306	199,925	207,239	214,823
FEDERAL FUNDS.....	66,722	73,310	76,991	78,420	78,409	78,567	78,736
OTHER FUNDS.....	3,662	3,988	7,025	8,566	8,799	9,011	9,233
SUBCATEGORY TOTAL.....	\$ 259,741	\$ 276,214	\$ 290,887	\$ 299,976	\$ 306,823	\$ 314,513	\$ 322,495
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	225,000	237,000	260,000	266,000	262,000	259,000	255,000
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 225,000	\$ 237,000	\$ 260,000	\$ 266,000	\$ 262,000	\$ 259,000	\$ 255,000
ALL PROGRAMS:							
GENERAL FUND.....	\$ 18,411	\$ 19,194	\$ 19,678	\$ 19,684	\$ 19,690	\$ 19,696	\$ 19,703
SPECIAL FUNDS.....	395,946	416,722	447,193	459,306	461,925	466,239	469,823
FEDERAL FUNDS.....	66,722	73,310	76,991	78,420	78,409	78,567	78,736
OTHER FUNDS.....	3,662	3,988	7,025	8,566	8,799	9,011	9,233
DEPARTMENT TOTAL.....	\$ 484,741	\$ 513,214	\$ 550,887	\$ 565,976	\$ 568,823	\$ 573,513	\$ 577,495

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.

Program: Community Services for Older Pennsylvanians

The Department of Aging has established a network of in-home and community-based services addressing the varied needs of older Pennsylvanians. These programs enrich the lives of older Pennsylvanians and enable frail older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging, serving all 67 counties, provide aging services at the local level.

Many older Pennsylvanians require only minimal outside support to function independently therefore, a basic service of Area Agencies on Aging (AAA) is to inform these people of available services. AAAs sponsor over 500 senior centers throughout the Commonwealth that provide a full range of socialization, recreational and educational activities. Congregate meals, served by the centers at lunchtime, provide older Pennsylvanians 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 service helps 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 placement in an institutional setting such as a nursing home or personal care home. A nursing home pre-admission screening program helps older Pennsylvanians and their families determine the least restrictive environment needed and helps secure intensive in-home services tailored to their needs.

A variety of personal support services are available for the growing population of frail older Pennsylvanians. The most common service is home delivered meals for people unable to prepare adequate meals for themselves or participate in group dining at senior centers. Personal care and related services assist functionally limited persons with key activities of daily living such as eating, dressing and personal hygiene either in their own homes or in adult daily living centers. Home support services provide for performance of labor intensive unskilled or semiskilled maintenance, cleaning tasks or routine household chores. Protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment. Services are designed to provide the least restrictive alternative to meet the client's need.

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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Pennsylvanians 60 years and older	2,447,085	2,444,069	2,441,054	2,438,039	2,435,024	2,441,452	2,447,881
Pennsylvanians 85 years and older	210,507	217,908	226,065	234,367	242,256	249,814	257,371
Persons receiving assistance:							
Congregate meals	138,412	150,700	150,700	150,700	150,700	150,700	150,700
Transportation (complete round trips)	102,347	101,300	101,300	101,300	101,300	101,300	101,300
Intensive community long-term care	8,551	9,100	9,100	9,100	9,100	9,100	9,100
Personal assistance services	1,450	1,700	1,700	1,700	1,700	1,700	1,700
Attendant care services	143	148	216	220	220	220	220
Home delivered meals	45,445	45,000	45,000	45,000	45,000	45,000	45,000
Home support services	13,200	11,900	11,900	11,900	11,900	11,900	11,900
Personal care services	25,949	28,500	28,500	28,500	28,500	28,500	28,500
Protective services	6,441	6,400	6,400	6,400	6,400	6,400	6,400

The increase in the personal assistance services and units of employment services measures from projections in last year's budget reflects the Area Agencies on Aging's assessment of service needs.

The increase in attendant care services from last year's budget for the actual year reflects the department's priority to provide this level of services in anticipation of the enhanced funding.

Program: Community Services for Older Pennsylvanians (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Units of services delivered:							
Employment services (unsubsidized job placements)	1,788	2,400	2,400	2,400	2,400	2,400	2,400
Attendant care services (client hours).....	65,069	130,100	130,100	130,100	130,100	130,100	130,100
Home support services (client hours)	472,599	456,800	456,800	456,800	456,800	456,800	456,800
Personal care services (client hours).....	3,589,939	3,615,000	3,615,000	3,615,000	3,615,000	3,615,000	3,615,000
Families receiving caregiver support	6,586	6,600	6,600	6,600	6,600	6,600	6,600
Pre-Admission Assessment:							
Initial Assessments	53,157	55,200	84,200	84,200	84,200	84,200	84,200
Referrals to nursing homes	37,158	38,600	58,900	58,900	58,900	58,900	58,900
Referrals for community services	15,999	16,600	25,300	25,300	25,300	25,300	25,300

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:	\$		
	Medical Assistance Support		1,071	—Initiative — Client-Based Reporting System.
\$	14			To automate the program and financial reporting system in all the Area Agencies on Aging to meet Federal National Aging Program Information System (NAPIS) reporting requirements.
	Family Caregiver			91 —Initiative — Criminal History Reporting Requirements. To implement criminal history reporting requirements for certain individuals seeking employment in an array of long-term care settings.
\$	-214			
	266			
\$	52			<i>Appropriation Increase</i>
	Pre-Admission Assessment			
\$	469			
	149			
\$	618		821	<i>Appropriation Increase</i>
	Legal Advocacy for Older Pennsylvanians			
\$	-200			
	LOTTERY FUND:			
	General Government Operations			
\$	-832			
	391			
	100			
			6,650	<i>Appropriation Increase</i>

The Grants to Senior Centers appropriation is recommended at the current year funding level.

In addition, this budget recommends \$1,858,000 in Long-Term Care Intergovernmental Transfer funds and \$2,139,000 in Federal funds to provide home and community-based waiver services to 1,400 additional Medical Assistance recipients as an alternative to nursing home care. With this expansion, Medical Assistance home and community-based waiver services would be available in every county throughout Pennsylvania.



Includes PRIME recommendation to streamline the client assessment process in the Department of Aging by developing a new form which enables the assessor to complete assessments in substantially less time thereby allowing more assessments to be done. Estimated redistributed savings is \$2 million.

Program: Community Services for Older Pennsylvanians (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Medical Assistance Support	\$ 230	\$ 293	\$ 307	\$ 313	\$ 319	\$ 325	\$ 332
Family Caregiver	9,596	10,076	10,128	10,128	10,128	10,128	10,128
Pre-Admission Assessment	4,585	4,625	5,243	5,243	5,243	5,243	5,243
Grants to Senior Centers	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Legal Advocacy for Older Pennsylvanians ..	0	200	0	0	0	0	0
TOTAL GENERAL FUND	\$ 18,411	\$ 19,194	\$ 19,678	\$ 19,684	\$ 19,690	\$ 19,696	\$ 19,703
LOTTERY FUND:							
General Government Operations	\$ 3,692	\$ 4,975	\$ 5,796	\$ 5,198	\$ 4,856	\$ 4,953	\$ 5,052
PENNCARE	167,254	174,747	181,397	188,108	195,069	202,286	209,771
TOTAL LOTTERY FUND	\$ 170,946	\$ 179,722	\$ 187,193	\$ 193,306	\$ 199,925	\$ 207,239	\$ 214,823

PROGRAM OBJECTIVE: To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.

Program: Pharmaceutical Assistance

The pharmaceutical assistance program provides limited pharmaceutical assistance to qualified older Pennsylvanians who are 65 years of age and over and who face a growing burden from the cost of drugs required to maintain healthy productive lives. The program, financed by Lottery Fund revenue and administered by the Department of Aging, is referred to as PACE.

PACE was expanded by Act 134 of 1996 which increased income eligibility limits and established two programs in PACE. The traditional comprehensive program is for older Pennsylvanians whose annual income is at or below \$14,000 for single persons and \$17,200 for married persons. PACE pays the entire cost of prescription drugs and insulin supplies after a mandatory copayment of \$6 is made. The PACE Needs Enhancement Tier (PACENET) program is available for older Pennsylvanians whose annual income is between \$14,000 and \$16,000 for single persons and between \$17,200 and \$19,200 for married persons. PACE pays the entire cost of prescription drugs and insulin supplies after a claimant meets a \$500 per person deductible and a mandatory copayment of \$8 for generic and \$15 for brand-name prescriptions.

Participating pharmacies are reimbursed at 90 percent of the average wholesale costs of prescription drugs plus a dispensing fee, or their usual and customary charge, whichever is less. Pharmacies are required to stock and dispense A-rated generic drugs included in the Federal Drug Administration "Orange Book" unless an A-rated generic is deemed by the

Department of Aging to have too narrow a therapeutic index for safe and effective dosing or the usual and customary charge for the brand drug is equal to or less than the least expensive generic. If claimants choose not to accept the generic, they are liable for the copayment and 70 percent of the average wholesale price of the brand name drug. In addition, Act 134 of 1996 prohibits payment for cosmetic drugs and for less than effective drugs without certification by a physician.

The Department of Aging is responsible for insuring compliance with the PACE program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

A prudent pharmaceutical purchasing program ensures that the PACE program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers who agree to pay a rebate of 17 percent of the average manufacturer price for both brand and generic drugs purchased through the program. In addition, participating manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturers price charged for a drug and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Comprehensive PACE Program:							
Older Pennsylvanians enrolled (average).....	267,982	256,300	244,000	230,600	214,900	200,400	187,000
Total prescriptions per year	8,872,884	9,073,020	8,784,000	8,301,600	7,736,400	7,214,400	6,732,000
Average PACE cost per prescription.....	\$26.68	\$27.69	\$30.56	\$32.75	\$34.43	\$36.19	\$38.04
PACE Needs Enhancement Tier (PACENET):							
Older Pennsylvanians enrolled (average).....	4,885	13,200	43,390	43,390	43,390	43,390	43,390
Total prescriptions per year	14,264	237,600	781,020	781,020	781,020	781,020	781,020
Average PACE cost per prescription.....	\$31.16	\$28.02	\$29.71	\$31.23	\$32.83	\$34.51	\$36.28

The number of older Pennsylvanians enrolled and the total prescriptions per year for the PACENET program decreased from last year's budget because Health Maintenance Organization's (HMOs) have aggressively recruited persons in their Medicare plans which provide premium-free prescription benefits. It is expected that HMOs will discontinue this coverage. In addition, the attainment of full anticipated enrollment levels is based on the enrollment experience in the initial implementation of the comprehensive PACE program.

The PACE Needs Enhancement Tier (PACENET) average PACE cost per prescription increased from last year's budget to accurately reflect that the higher copayment for PACENET cardholders excludes lower cost prescriptions that are not reported to the PACE program.

Program: Pharmaceutical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	8,600	Pharmaceutical Assistance Fund
		—to continue the comprehensive PACE program.
	14,400	—to continue the PACENET program.
\$	23,000	<i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund.....	\$ 225,000	\$ 237,000	\$ 260,000	\$ 266,000	\$ 262,000	\$ 259,000	\$ 255,000





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF AGRICULTURE

The Department of Agriculture carries out activities to ensure wholesome agricultural products for consumers; expand existing and develop new domestic and foreign markets for Pennsylvania's agricultural products; develop and encourage proper farming and conservation practices; prevent, control and eradicate diseases among livestock, poultry and plants; regulate the conduct of horse racing; and improve the quality of life in rural Pennsylvania.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Enhancing Information Technology to Better Serve Pennsylvania		
	General Government Operations.....	\$ 200
	Agricultural Promotion, Education and Exports.....	18
	Hardwoods Research and Promotion.....	<u>2</u>
	Subtotal.....	\$ 220

This Program Revision improves inspection and reporting by field staff through the use of laptop computers and enhances management and promotion of agricultural marketing events. This is part of the \$95.8 million Enhancing Information Technology to Better Serve Pennsylvania Program Revision. Please see the Program Revision following the Executive Direction Program in the Executive Offices for additional information on this Program Revision.

Improving Water Quality

	Nutrient Management.....	\$ 100
	Transfer to the Nutrient Management Fund.....	<u>2,530</u>
	Subtotal.....	\$ 2,630

This Program Revision provides administrative support, planning and implementation assistance for nutrient pollution abatement. This is part of the \$8.2 million Improving Water Quality Program Revision. Please see the Program Revision following the Environmental Protection and Management Program in the Department of Environmental Protection for additional information on this Program Revision.

Targeting Economic Development Strategies

	Agricultural Promotion, Education and Export.....	\$ 432
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This Program Revision provides promotional support for Pennsylvania grown and processed products both domestically and internationally. This is part of the \$39.5 million Targeting Economic Development Strategies Program Revision. Please see the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information on this Program Revision.

	Department Total.....	<u>\$ 3,282</u>
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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 22,413	\$ 23,323	\$ 24,671
(F)Poultry Grading Service.....	98	116	52
(F)Medicated Feed Mill Inspection.....	16	16	16
(F)Donated Foods.....	185	200	200
(F)Plant Pest Detection System.....	15	24 ^a	23
(F)Household Commodity Program.....	1,271	2,000	2,000
(F)Pesticide Control.....	536	630	516
(F)Farmers' Market Food Coupons.....	758	760	800
(F)Commodity Grader.....	0	24	24
(A)Feed and Fertilizer.....	569	529	583
(A)Lime Inspection.....	35	33	28
(A)Soil Conditioner.....	15	22	22
(A)Milk Plant Inspections.....	29	27	27
(A)Mailing List Production.....	6	8	16
(A)Special Conferences and Projects.....	10	10	10
(A)Administrative Services.....	594	551	552
(A)Pesticide Regulation.....	1,043	1,200	1,200
(A)Training Rides and Attractions.....	10	8	8
(A)Chesapeake Bay Project.....	11	169	161
(A)WIC - Reimbursement.....	717	0	0
(A)Dog Law Administration Support.....	44	44	44
(A)Food Site Inspection.....	76	60	28
(A)Farm Account Reimbursement.....	9	32	5
(A)Seed Inspections.....	0	58	0
Subtotal.....	\$ 28,460	\$ 29,844	\$ 30,986
Farmers' Market Food Coupons.....	0	1,000	1,000
Agricultural Conservation Easement Administration.....	239	340	428
(A)Reimbursement from PennDOT.....	45	52	52
(F)Farmland Protection.....	0	1,000	1,500
Agricultural Research.....	1,993	2,500	3,000
Agricultural Promotion, Education, and Exports.....	600	600	1,050
(F)Market Improvement.....	0	100	100
Nutrient Management.....	198	250	350
Hardwoods Research and Promotion.....	484 ^b	490	492
Farm Safety.....	0	115	115
Avian Influenza Eradication (6-98).....	5,000	0	0
Emergency Food Assistance Development.....	0	0	4,000
Subtotal - State Funds.....	\$ 30,927	\$ 28,618	\$ 35,106
Subtotal - Federal Funds.....	2,879	4,870	5,231
Subtotal - Augmentations.....	3,213	2,803	2,736
Total - General Government.....	\$ 37,019	\$ 36,291	\$ 43,073

Grants and Subsidies:

Animal Health Commission.....	\$ 3,000	\$ 3,000	\$ 3,000
Animal Indemnities.....	50	50	50
Transfer to State Farm Products Show Fund.....	800	800	800
Livestock Show.....	152	152	167
Open Dairy Show.....	90	100	110
Junior Dairy Show.....	36	36	40
4-H Club Shows.....	41	41	45
Payments to Pennsylvania Fairs.....	3,699	4,000	4,000
State Food Purchase.....	13,000	13,650	13,650
Product Promotion and Marketing.....	342	350	400
Future Farmers.....	50	50	55
Transfer to Nutrient Management Fund.....	750	750	3,280

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Total - Grants and Subsidies.....	\$ 22,010	\$ 22,979	\$ 25,597
STATE FUNDS.....	\$ 52,937	\$ 51,597	\$ 60,703
FEDERAL FUNDS.....	2,879	4,870	5,231
AUGMENTATIONS.....	3,213	2,803	2,736
GENERAL FUND TOTAL.....	\$ 59,029	\$ 59,270	\$ 68,670
FARM PRODUCTS SHOW FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 3,731	\$ 4,128	\$ 4,236
(A)Transfer From General Fund.....	0 ^c	0 ^c	0 ^c
Subtotal - State Funds.....	\$ 3,731	\$ 4,128	\$ 4,236
Total - General Government.....	\$ 3,731	\$ 4,128	\$ 4,236
STATE FUNDS.....	\$ 3,731	\$ 4,128	\$ 4,236
FARM PRODUCTS SHOW FUND TOTAL.....	\$ 3,731	\$ 4,128	\$ 4,236
RACING FUND:			
<i>General Government:</i>			
State Racing Commissions (EA).....	\$ 5,937	\$ 6,125	\$ 6,562
Equine Toxicology and Research Laboratory (EA).....	1,417	1,621	1,672
Payments to Pennsylvania Fairs - Administration (EA).....	154	163	172
Total - General Government.....	\$ 7,508	\$ 7,909	\$ 8,406
<i>Grants and Subsidies:</i>			
Transfer To General Fund (EA).....	\$ 10,089	\$ 11,475	\$ 11,271
RACING FUND TOTAL.....	\$ 17,597	\$ 19,384	\$ 19,677
OTHER FUNDS:			
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA).....	\$ 23,629	\$ 35,000	\$ 44,592
GENERAL FUND:			
Agriculture Farm Operations.....	\$ 26	\$ 70	\$ 32
Recovery on Lost Commodities.....	43	29	7
Dog Law Administration.....	2,974	4,246	4,426
Farm Loan Program.....	39	206	252
Pesticide Regulation.....	2,127	2,447	2,405
Poultry Inspection.....	9	7	0
Public Weightmasters.....	15	20	20
Plant Pest Management.....	178	498	412
GENERAL FUND TOTAL.....	\$ 5,411	\$ 7,523	\$ 7,554
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants, and Technical Assistance (EA).....	\$ 0	\$ 1,000	\$ 3,280
RACING FUND:			
Sire Stakes Fund.....	\$ 4,021	\$ 3,945	\$ 4,018
Breeders' Fund.....	6,689	5,019	5,019



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
RACING FUND TOTAL	\$ 10,710	\$ 8,964	\$ 9,037
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 52,937	\$ 51,597	\$ 60,703
SPECIAL FUNDS.....	21,328	23,512	23,913
FEDERAL FUNDS.....	2,879	4,870	5,231
AUGMENTATIONS.....	3,213	2,803	2,736
OTHER FUNDS.....	39,750	52,487	64,463
TOTAL ALL FUNDS	\$ 120,107	\$ 135,269	\$ 157,046

^a Includes recommended supplemental appropriation of \$9,000.

^b Actually appropriated in the Department of Community and Economic Development.

^c Not added to the total to avoid double counting: 1996-97 Actual is \$800,000, 1997-98 Available is \$800,000, and 1998-99 Budget is \$800,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND.....	\$ 39,937	\$ 36,947	\$ 42,053	\$ 42,456	\$ 42,994	\$ 43,542	\$ 44,101
SPECIAL FUNDS.....	3,885	4,291	4,408	3,918	3,922	3,926	3,928
FEDERAL FUNDS.....	850	2,110	2,431	2,431	2,431	2,431	2,431
OTHER FUNDS.....	32,124	46,132	58,085	34,787	34,647	34,512	34,480
SUBCATEGORY TOTAL.....	\$ 76,796	\$ 89,480	\$ 106,977	\$ 83,592	\$ 83,994	\$ 84,411	\$ 84,940
HORSE RACING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	17,443	19,221	19,505	19,949	19,947	19,943	19,939
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	10,710	8,964	9,037	9,217	9,401	9,589	9,781
SUBCATEGORY TOTAL.....	\$ 28,153	\$ 28,185	\$ 28,542	\$ 29,166	\$ 29,348	\$ 29,532	\$ 29,720
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND.....	\$ 13,000	\$ 14,650	\$ 18,650	\$ 18,650	\$ 18,650	\$ 18,650	\$ 18,650
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,029	2,760	2,800	2,800	2,800	2,800	2,800
OTHER FUNDS.....	129	194	77	77	77	77	77
SUBCATEGORY TOTAL.....	\$ 15,158	\$ 17,604	\$ 21,527	\$ 21,527	\$ 21,527	\$ 21,527	\$ 21,527
ALL PROGRAMS:							
GENERAL FUND.....	\$ 52,937	\$ 51,597	\$ 60,703	\$ 61,106	\$ 61,644	\$ 62,192	\$ 62,751
SPECIAL FUNDS.....	21,328	23,512	23,913	23,867	23,869	23,869	23,867
FEDERAL FUNDS.....	2,879	4,870	5,231	5,231	5,231	5,231	5,231
OTHER FUNDS.....	42,963	55,290	67,199	44,081	44,125	44,178	44,338
DEPARTMENT TOTAL.....	\$ 120,107	\$ 135,269	\$ 157,046	\$ 134,285	\$ 134,869	\$ 135,470	\$ 136,187



PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises

Program: Protection and Development of Agricultural Industries

The Department of Agriculture administers several related elements within this program.

Program Element: Agribusiness Development

This program element includes: a domestic trade section, an international trade section, a market opportunities section, an agricultural land preservation section, and research.

The domestic trade section primarily focuses on direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products, usually through promotional objectives. Equally important, promotional activities operated under this program element are designed to increase and enhance the awareness of non-farm Pennsylvanians about the importance of agribusiness in the Commonwealth.

The international trade section helps Pennsylvania companies market their products in foreign markets by providing promotional opportunities in foreign market places. The international trade section differs from the domestic trade section in that technical outreach to Pennsylvania food and agriculture businesses is necessary if they are to adequately understand and prepare for market opportunities in foreign economies.

The market opportunities section examines domestic and foreign market places to identify market needs and communicate these needs to the Pennsylvania food and agriculture industry. Pennsylvania businesses then are better able to expand as they develop products and services that meet the needs of the Pennsylvania farmer, producer and processor. The market opportunities section also provides funds for the operation of the Farm Show Complex in Harrisburg.

Additionally the department's objective is to strengthen all markets through programs designed to promote agriculture and food products and commodities such as apples, honey, cherries, grapes, maple syrup, hardwoods, beef, milk and dairy products. In some instances, the promotion of these products is coordinated with councils representing product interest. Some councils assess members fees based on their production.

Other promotional activities for Pennsylvania products include appearances by the Pennsylvania Dairy Princess, county dairy princesses and other 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.

A grant program, Payments to Pennsylvania Fairs, provides funds for agricultural fair operating reimbursements and grants to Statewide agricultural organizations, Future Farmers of America and 4H groups in accordance with the guidelines of Act 92 of 1986. After these requirements have been fulfilled, the remaining appropriation balance is used for capital improvements at fairgrounds.

The agricultural land preservation section, through a special fund created by Act 64 of 1988 that implemented a referendum approved by the electorate in November of 1988, purchases easements on prime agricultural land to ensure its continued use for agricultural purposes. Easements are funded from bonds and a dedicated portion of the cigarette tax.

The final contribution to agribusiness is agricultural research grants which provide for scientific research into plant and animal health. This research serves to enhance the industry by identifying prevention mechanisms for disease and proactive mechanisms for enhancement of the quality and quantity of agricultural products.

Program Element: Animal Health

The objective of this element is to maintain the health of domestic animals in order to protect human health, to protect the quantity, quality and safety of food of animal origin, and to provide for the general welfare of domestic animals. Emphasis is placed on disease prevention by surveillance and diagnostic activity to detect disease, control of animal movements to prevent the spread of disease, health certification programs to identify disease-free animals, and research to develop improved husbandry and health maintenance methods. Of major concern are interstate and international movements of animals and animal products that may introduce any one of numerous dangerous transmissible diseases existing outside the Commonwealth. Compliance with animal health rules is achieved by regular inspection of animal marketing and processing activities by veterinarians and livestock disease control technicians.

Animal research initiatives and coordination of animal disease diagnostic laboratories are provided by the Pennsylvania Animal Health and Diagnostic Commission. This commission, an administrative commission within the Department of Agriculture, coordinates the animal diagnostic laboratory resources of The Pennsylvania State University and the University of Pennsylvania School of Veterinary Medicine with those of the department. This program reduces the cost of animal disease and the threat of animal disease to human health in the Commonwealth by making state-of-the-art animal disease diagnosis affordable and readily available to animal owners.

Also included in this program is dog law enforcement. Act 151 of 1996 amended the Dog Regulation Act of 1982. The act changed the dog license and kennel fee structure as well as training, administrative, and reporting requirements to strengthen program enforcement. Primary functions include control and regulation of the sale and transportation of dogs, kennel inspections, reimbursement of law enforcement agencies for the detention and disposition of stray dogs, and reimbursement to owners of livestock and poultry for damage caused by dogs and coyotes. Approximately 900,000 dogs and 2,000 kennels are licensed currently under this program.

Dog law expenditures are reflected in this program as Other Funds.

Program Element: Consumable Agricultural Products

The Department of Agriculture is committed through regulatory efforts to protect the health and safety of the consumer and assure the availability of quality agriculture products to consumers.

Among the most significant of the department's protection activities is its efforts in food safety. An educational approach has been developed under which department personnel conduct training courses for food handlers. Approximately 37,500 of the more than 45,000 food establishments were inspected in 1996-97. Food establishments which are inspected include all food stores, processing plants, warehouses, transportation facilities, bakeries, dairies, bottling plants, egg packing facilities, fruit and vegetable packing plants, certain registered concession stands and restaurants which sell frozen desserts and baked goods. Since 1995, the Department of Agriculture has assumed responsibility for inspecting all 18,000 licensed eating and drinking establishments. 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.



Program: Protection and Development of Agricultural Industries (continued)

Also included in this element are activities which regulate and maintain uniform standards of legal weights and measures of Commonwealth products. The Weights and Measures Division of the Bureau of Ride and Measurement Standards performed 44,251 inspections in 1996-97 and expects to perform 39,668 in 1997-98. The Amusement Ride Division completed 639 inspections in 1996-97 and expects to perform 579 in 1997-98.

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 1996-97, 1,250 agribusinesses were inspected and 3,984 feed, fertilizer and lime samples were analyzed.

The department inspects all ornamental nurseries and greenhouses periodically to determine the presence of new plant pests. The field staff is supported by laboratories staffed by scientists to insure correct diagnosis of the pest and to quarantine and/or prescribe proper treatment. During 1996-97, more than 1,609 dealer and 3,205 nursery and greenhouse inspections were conducted, involving more than 30,205 acres and over 19,355,000 square feet under glass of plant material; 20.9 million

vegetable transplants from out-of-state sources were also inspected to insure they were pest free; and 455 inspections were conducted for the issuance of 2,796 certificates for the exportation of plant material. The department also inspected 1,443 apiaries involving 8,539 colonies of bees in 1996 for disease problems.

The Pesticide Control Law provides for the regulation of the use, handling, storage and transportation of pesticides. The department fulfills its statutory responsibilities by requiring registration of all pesticide products, testing and licensing of all persons who use pesticides to insure minimum competency levels, and periodically inspecting those who use, store or transport pesticides. Complaints about misuse are also investigated by the department. During 1996-97, 800 pesticide dealers and 5,800 pesticide application businesses were licensed, 37,000 pesticide applicators certified, 2,400 service technicians registered, more than 11,500 pesticide products registered, 1,053 inspections and investigations conducted, and 132 samples analyzed. This program attempts to provide for the optimum use of pesticides while minimizing their adverse effects on human life and the environment.

Pesticide expenditures are reflected in this program as Other Funds.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Agribusiness Development:							
Dollar volume of food and agricultural exports (millions)	\$926	\$955	\$976	\$1,020	\$1,030	\$1,135	\$1,220
Trade leads generated	1,270	1,300	1,300	1,300	1,300	1,300	1,300
Additional farm acreage preserved under perpetual easements	16,908	17,000	14,000	13,500	13,000	13,000	13,000
Animal Health:							
Animals examined to determine disease (thousands)	7,522	4,722	527	530	532	532	532
Animals quarantined (thousands)	802	767	40	40	40	40	40
Animals destroyed (thousands)	730	10	2	1	1	1	1
Consumable Agricultural Products:							
Incidence of food products showing major discrepancies	67,100	67,500	67,500	67,500	67,500	67,500	67,500
Dollar value of:							
Products removed from the market (thousands)	\$3,800	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Consumer commodities inspected (thousands)	\$62,500	\$60,500	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000

The dollar volume of food and agricultural exports was much greater than projected in last year's budget due to the improved economy and an improved methodology for measuring the volume.

Farm acreage preserved under perpetual easements was greater than projected in last year's budget due to improvements in the land acquisition process.

The number of animals examined to determine disease, animals quarantined and animals destroyed were much greater than projected in last year's budget due to an increase in disease, particularly an avian influenza outbreak.

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	
\$	783 —to continue current program.	
200	—PRR — Enhancing Information Technology To Better Serve Pennsylvania. This Program Revision provides information technology for improved inspection and program administration. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.	
150	—to increase bottled water inspections and other drinking water-related activities to implement the Safe Drinking Water Act.	
100	—Initiative — Food Safety Training Improvements. To provide enhanced food safety training for school cafeteria, day care center, fair concession and nonprofit organization personnel.	
50	—Initiative — Improving Pesticide Safety. To provide integrated pest management pesticide safety training for the public education, horticultural and urban communities.	
50	—Initiative — Food Marketing Safety and Quality Enhancement. To develop enhanced safety measures in the production and marketing of apple cider.	
15	—Initiative — Improving Customer Service. To establish a program of customer service training for administrative staff.	
\$	1,348 <i>Appropriation Increase</i>	
	Agricultural Conservation Easement Administration	
\$	88 —to continue current program.	
	Agricultural Research	
\$	500 —to continue current program.	
	Agricultural Promotion, Education, and Exports	
\$	18 —PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides information technology to improve the promotion of agricultural products. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.	
432	—PRR — Targeting Economic Development Strategies. This Program Revision provides promotional support for Pennsylvania grown and processed products both domestically and internationally. See the Program Revision following the Retaining and Creating Jobs Program in the Department of Community and Economic Development for additional information.	
\$	450 <i>Appropriation Increase</i>	
		\$
		100 —PRR — Improving Water Quality. This Program Revision provides administrative support for the development and implementation of Nutrient Management Plans. See the Program Revision following the Environmental Protection and Management Program in the Department of Environmental Protection for additional information.
		\$
		2 —PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides information technology for improved program administration. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.
		\$
		15 Livestock Show —to continue current program.
		\$
		10 Open Dairy Show —to continue current program.
		\$
		4 Junior Dairy Show —to continue current program.
		\$
		4 4-H Club Shows —to continue current program.
		\$
		50 Product Promotion and Marketing —to continue current program.
		\$
		5 Future Farmers —to continue current program.
		\$
		2,530 Transfer to Nutrient Management Fund —PRR — Improving Water Quality. This Program Revision provides planning and implementation assistance to the agriculture community for nutrient pollution abatement. See the Program Revision following the Environmental Protection and Management Program in the Department of Environmental Protection for additional information.
		\$
		-297 STATE FARM PRODUCTS SHOW FUND General Operations —nonrecurring marquee project.
		219 —to continue current program.
		186 —to provide facility improvements.
		\$
		108 <i>Appropriation Increase</i>
		\$
		9 RACING FUND Payments to Pennsylvania Fairs — Administration —to continue current program.

All other General Fund appropriations are recommended to be continued at the current year funding level.



Program: Protection and Development of Agricultural Industries (continued)



Includes accomplishment of the PRIME recommendation to consolidate inspections. The Department of Agriculture has implemented an agreement with other State agencies for work sharing to reduce the number of visits by inspectors. Now inspections of seasonal farms previously conducted by inspectors from the Departments of Environmental Protection, Labor and Industry and Agriculture are all performed by the Department of Agriculture's inspectors.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 22,413	\$ 23,323	\$ 24,671	\$ 24,960	\$ 25,460	\$ 25,969	\$ 26,488
Agricultural Conservation Easement							
Administration	239	340	428	437	446	455	464
Agricultural Research	1,993	2,500	3,000	3,000	3,000	3,000	3,000
Agricultural Promotion, Education, and							
Exports	600	600	1,050	1,041	1,049	1,058	1,068
Nutrient Management	198	250	350	454	463	472	481
Hardwoods Research and Promotion	484	490	492	500	510	520	530
Farm Safety Program	0	115	115	117	119	121	123
Avian Influenza Eradication (6-98)	5,000	0	0	0	0	0	0
Animal Health Commission	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Animal Indemnities	50	50	50	50	50	50	50
Transfer to State Farm Products Show							
Fund	800	800	800	800	800	800	800
Livestock Show	152	152	167	167	167	167	167
Open Dairy Show	90	100	110	110	110	110	110
Junior Dairy Show	36	36	40	40	40	40	40
4-H Club Shows	41	41	45	45	45	45	45
Payments to Pennsylvania Fairs	3,699	4,000	4,000	4,000	4,000	4,000	4,000
Product Promotion and Marketing	342	350	400	400	400	400	400
Future Farmers	50	50	55	55	55	55	55
Transfer to Nutrient Management Fund	750	750	3,280	3,280	3,280	3,280	3,280
TOTAL GENERAL FUND	\$ 39,937	\$ 36,947	\$ 42,053	\$ 42,456	\$ 42,994	\$ 43,542	\$ 44,101
FARM PRODUCTS SHOW FUND:							
General Operations	\$ 3,731	\$ 4,128	\$ 4,236	\$ 3,743	\$ 3,743	\$ 3,743	\$ 3,743
RACING FUND:							
Payments to Pennsylvania Fairs —							
Administration	\$ 154	\$ 163	\$ 172	\$ 175	\$ 179	\$ 183	\$ 185

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 and safe competitive parimutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, a portion of the money remaining in the fund is credited to the Breeders' Fund and Sire Stakes Fund. The amount credited to each fund is a percentage of the amount wagered as specified by law. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

The Equine Toxicology and Research Laboratory tests for the presence of foreign substances in the blood and urine of race horses following all races to ensure that no foreign substances have been administered prior to a race.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Investigations to insure compliance with established rules and regulations:							
Harness	975	975	975	1,000	1,000	1,000	1,000
Horse	3,650	3,650	3,650	3,650	3,650	3,650	3,650
Participant licenses issued:							
Harness	3,742	4,200	4,200	4,200	4,200	4,200	4,200
Horse	6,303	6,500	6,500	6,500	6,500	6,500	6,500
Licenses suspended for noncompliance of rules and regulations:							
Harness	355	380	380	370	365	360	355
Horse	380	425	425	415	410	405	400
Racing days approved:							
Harness	378	370	370	370	370	370	370
Horse	406	450	450	450	450	450	450

The number of horse racing and the number of harness racing investigations were greater than projected in last year's budget due to an increased enforcement effort.

The total number of licenses suspended were slightly lower than projected in last year's budget due to an increase in compliance to rules and regulations despite increased investigations.

Horse racing days for 1996-97 were less than projected in last year's budget due to fewer horses raced.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	RACING FUND		Transfer to the General Fund
	State Racing Commissions		—funds available for transfer. Law requires
\$ -70	—nonrecurring projects.	\$ -204	June 30th ending surplus to be transferred
507	—to continue current program.		to the General Fund.
<hr style="width: 50%; margin-left: 0;"/>			
\$ 437	<i>Appropriation Increase</i>		
	 Equine Toxicology and Research Laboratory		
\$ -127	—nonrecurring projects.		
178	—to continue current program.		
<hr style="width: 50%; margin-left: 0;"/>			
\$ 51	<i>Appropriation Increase</i>		

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
RACING FUND:							
State Racing Commissions	\$ 5,937	\$ 6,125	\$ 6,562	\$ 6,693	\$ 6,827	\$ 6,964	\$ 7,103
Equine Toxicology and Research Laboratory	1,417	1,621	1,672	1,705	1,740	1,774	1,810
Transfer to General Fund	10,089	11,475	11,271	11,551	11,380	11,205	11,026
TOTAL STATE RACING FUND	\$ 17,443	\$ 19,221	\$ 19,505	\$ 19,949	\$ 19,947	\$ 19,943	\$ 19,939

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 funded State Food Purchase Program provides grants to counties or a designated lead agency to purchase food to be provided to the needy. Grants are allocated based on unemployment, food stamp recipients not on public assistance, and medical assistance recipients and households with earned income receiving assistance. Administrative costs of this program are funded from the grants with a seven percent limit on administrative allocations.

This program distributes Federal surplus food through the traditional program involving schools, prisons, hospitals and summer camps. The Federal Emergency Food Assistance Program (TEFAP) involves

distribution of U.S. Department of Agriculture surplus food to the needy in Pennsylvania who meet certain eligibility criteria.

The traditional program distributes commodities among the states based on the prior year participation and allocates commodities within the State based on the same criteria. The TEFAP commodities are allocated among the states according to unemployment and poverty levels and are allocated within the State based on the same criteria. Administrative and warehousing costs for both programs are borne by the Federal Government.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Dollar value of commodities distributed (thousands)	\$29,220	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	31,000
Persons receiving donated or surplus foods (thousands):							
Traditional program	932	1,000	1,000	1,000	1,000	1,000	1,000
TEFAP	2,560	2,600	2,600	2,600	2,600	2,600	2,600
State Food Purchase Program	2,620	2,600	2,600	2,600	2,600	2,600	2,600

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Emergency Food Assistance Development

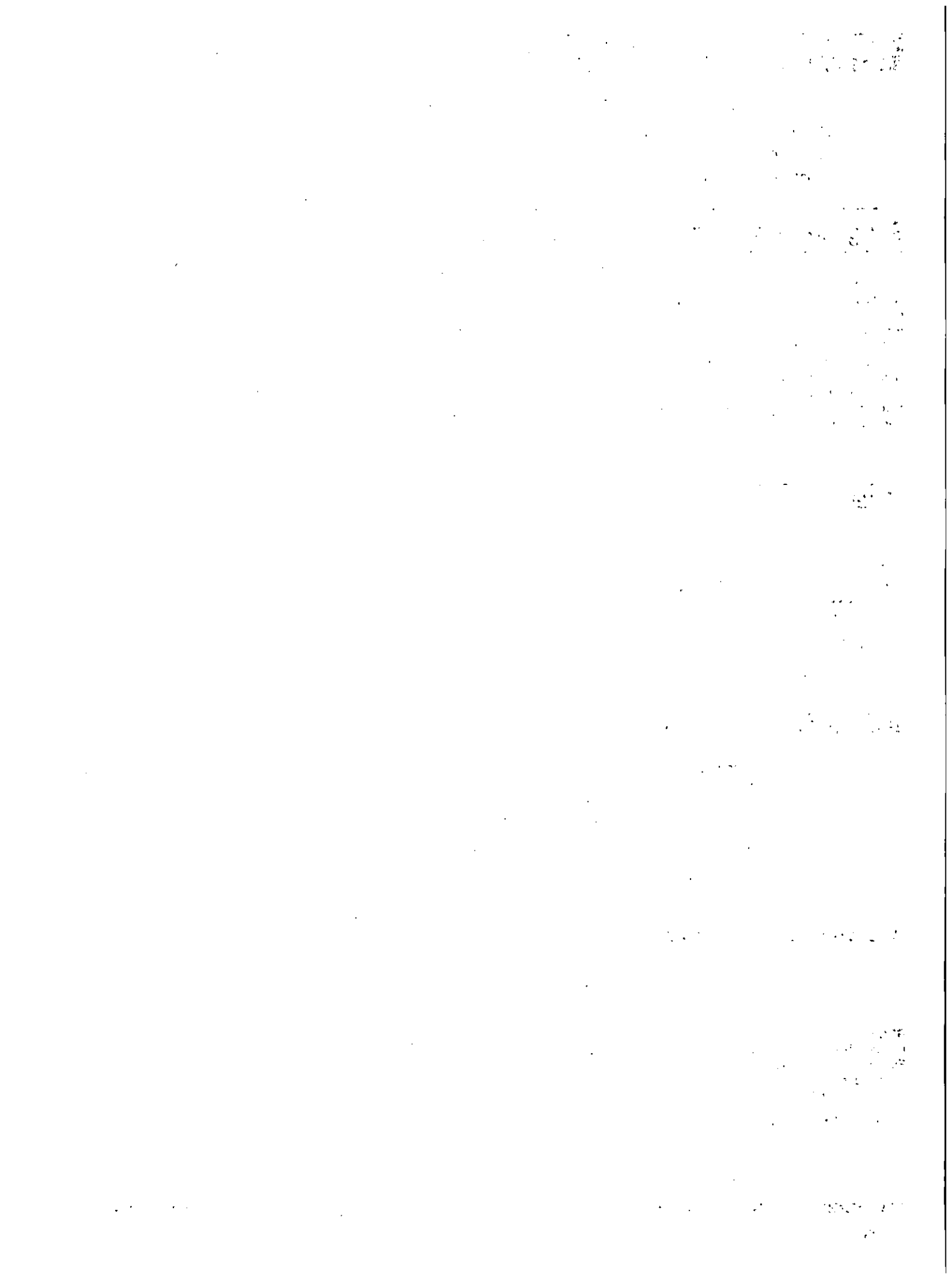
\$ 4,000 —Initiative — Enhanced Food Assistance Development. To provide grants targeted to the development of new food programs which seek to enhance food assistance to those in need.

Farmers' Market Food Coupons and State Food Purchase are recommended at the current year levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Farmers' Market Food Coupons	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Emergency Food Assistance Development	0	0	4,000	4,000	4,000	4,000	4,000
State Food Purchase	13,000	13,650	13,650	13,650	13,650	13,650	13,650
TOTAL GENERAL FUND	\$ 13,000	\$ 14,650	\$ 18,650	\$ 18,650	\$ 18,650	\$ 18,650	\$ 18,650





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF BANKING

The Department of Banking protects the public through the examination of records, accounts and policies of State-chartered financial institutions.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



SECRET

THE UNITED STATES OF AMERICA

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY OF STATE

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 8,678	\$ 8,886	\$ 9,251
BANKING DEPARTMENT FUND TOTAL.....	\$ 8,678	\$ 8,886	\$ 9,251

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
REGULATION OF FINANCIAL INSTITUTIONS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	8,678	8,886	9,251	9,436	9,625	9,818	10,014
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 8,678	\$ 8,886	\$ 9,251	\$ 9,436	\$ 9,625	\$ 9,818	\$ 10,014
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	8,678	8,886	9,251	9,436	9,625	9,818	10,014
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 8,678	\$ 8,886	\$ 9,251	\$ 9,436	\$ 9,625	\$ 9,818	\$ 10,014

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, and second mortgage lenders, brokers and broker's agents. Other activities included in this program area are examinations of business development credit corporations, responding to consumer inquiries, and special investigations where necessary. In 1996-97, the department received 5,776 consumer inquiries on its toll-free telephone line.

As of June 30, 1997, there were 181 depository institutions under the department's supervision: 45 commercial banks, 55 banks and trust companies, 49 savings banks, one private bank, 26 trust companies, and five foreign banks which maintained branches or representative offices in Pennsylvania. There were 55 savings associations and 97 credit unions chartered and supervised by the Department of Banking. Also operating in the Commonwealth were 148 one-bank holding companies and 25 multibank holding companies. The department also issues licenses annually to 9,284 non-depository institutions including installment sellers; first mortgage bankers and brokers; second mortgage lenders, brokers and brokers' agents; sales finance companies; consumer discount company offices; pawnbrokers; money transmitters and

collector-repossessors. Since June 1995 there has been a 30 percent increase in the number of non-depository institution licensees. Future anticipated growth is based upon the continuing stability of interest rates and growth of the economy.

Recent legislative enactments have impacted the Department of Banking's program responsibilities. The Credit Services Act (Act 150 of 1992) requires unlicensed consumer loan brokers to register with the department. Act 79 of 1996 amended the Money Transmission Business Licensing Law and authorizes the department to license accelerated mortgage payment providers.

Act 39 of 1995 amended the Banking Code of 1965 to remove the last geographic restrictions on the operations of commercial banks through the authorization of full interstate banking, merging and reciprocal de nova interstate branching. Under the legislation, there is a reduction in departmental duties and responsibilities with regard to acquisition of banks in other states by Pennsylvania bank holding companies. However, responsibility with regard to interstate branching and merging transactions is increased as is regulatory and supervisory responsibilities regarding interstate banks. The Act 39 amendments bring Pennsylvania's banking laws into compliance with the Federal Riegle-Neal Interstate Banking and Branching Act of 1994, which encourages nationwide interstate banking.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Supervision of State-chartered:							
Banks	181	177	177	177	173	179	165
Savings and loan associations	55	45	35	23	22	21	20
Credit Unions	97	98	98	101	102	104	105
Consumer credit agencies:							
First Mortgage Bankers/Brokers*	1,589	1,748	1,923	1,961	2,001	2,041	2,082
Second Mortgage Lenders/Brokers/ Broker's Agents*	2,224	2,446	2,691	2,745	2,800	2,856	2,913
Sales Finance Companies*	999	1,099	1,209	1,233	1,258	1,283	1,309
Consumer Discount Companies*	608	669	736	751	766	781	797
Pawnbrokers*	81	89	98	100	102	104	106
Money Transmitters*	23	25	28	28	28	28	28
Collectors-Repossessors*	129	142	156	172	175	179	183
Installment sellers licensed	3,631	3,994	4,394	4,833	4,930	5,028	5,129

The increase in the number of consumer credit agencies and branches licensed from those shown in last year's budget is attributed to greater than anticipated growth in the number of first and second mortgage brokers and brokers licensed.

*New program measure added this year.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	641	General Government Operations
	-408	—to continue current program.
	58	—nonrecurring costs.
	74	—to provide automated technology for improved productivity and enhanced operations.
		—enhanced examinations procedures for non-depository institutions.
\$	365	Appropriation Increase

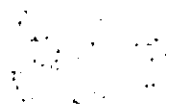


COMMONWEALTH OF PENNSYLVANIA

CIVIL SERVICE COMMISSION

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



MEMORANDUM

TO : [Illegible]

FROM : [Illegible]

SUBJECT: [Illegible]

Civil Service Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1	\$ 1	\$ 1
(A) Fees From Agencies.....	11,722	11,609	11,756
(A) Special Merit System Services.....	592	800	812
Subtotal - State Funds.....	\$ 1	\$ 1	\$ 1
Subtotal - Augmentations.....	12,314	12,409	12,568
Total - General Government.....	\$ 12,315	\$ 12,410	\$ 12,569
STATE FUNDS.....	\$ 1	\$ 1	\$ 1
AUGMENTATIONS.....	12,314	12,409	12,568
GENERAL FUND TOTAL.....	\$ 12,315	\$ 12,410	\$ 12,569



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 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.....	12,314	12,409	12,568	12,819	13,076	13,338	13,605
SUBCATEGORY TOTAL.....	\$ 12,315	\$ 12,410	\$ 12,569	\$ 12,820	\$ 13,077	\$ 13,339	\$ 13,606
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.....	12,314	12,409	12,568	12,819	13,076	13,338	13,605
DEPARTMENT TOTAL.....	\$ 12,315	\$ 12,410	\$ 12,569	\$ 12,820	\$ 13,077	\$ 13,339	\$ 13,606

Civil Service Commission

PROGRAM OBJECTIVE: To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.

Program: Personnel Selection

Through this program, the Civil Service Commission provides qualified persons to meet merit system staffing needs.

The commission works toward bringing the Commonwealth merit system into full compliance with all State laws and regulations concerning employe selection procedures and the Federal Uniform Guidelines on Employee Selection Procedures. This includes job analysis and implementation of a program to identify and correct adverse impacts of examinations on protected groups.

Goals of the commission include identification and elimination of adverse impact, development of more valid examinations, identification and elimination of discrimination in the Commonwealth's personnel system, increased efficiency in meeting personnel needs of other State agencies, and prompt and accurate resolution or adjudication of complaints, grievances and appeals.

The funds supporting this program are received from billing various General and Special Fund agencies.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Total eligibles on list	196,732	200,000	200,000	200,000	200,000	200,000	200,000
Persons scheduled for exams	116,839	120,000	120,000	120,000	120,000	120,000	120,000
Appeal requests received and processed	747	800	800	800	800	800	800
Certifications audited	5,805	5,500	5,500	5,500	5,500	5,500	5,500
People with disabilities provided employment information	2,065	2,000	2,000	2,000	2,000	2,000	2,000

The decline in total eligibles on list and the number of persons scheduled for examinations compared to last year's budget results from the improved economy and the fact that fewer jobs are available than in previous years.

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

General Government Operations
 \$ 159 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Community and Economic Development

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Empowering Individuals and Communities		
	General Government Operations.....	\$ 300
	Housing and Redevelopment Assistance.....	2,500
	Shared Municipal Services.....	300
	Planning Assistance.....	200
	Industrial Development Assistance.....	600
	Main Street Program.....	<u>2,000</u>
	Subtotal.....	\$ 5,900

This Program Revision improves the economic opportunities for individuals and communities by: changing the Pennsylvania Personal Income Tax Special Tax Forgiveness Program; providing resources to encourage small business collaboration and planning to develop child care options; implementing Keystone Opportunity Zones to encourage economic revitalization of communities; expanding the Communities of Opportunities Program to encourage community reinvestment; establishing the Main Street Program to assist central business districts; increasing grants for local industrial retention programs and planning; increasing shared municipal service delivery; and, planning for the 2000 decennial census.

Targeting Economic Development Strategies

International Trade.....	\$ 500
Marketing to Attract Tourists.....	2,800
Tourist Promotion Assistance.....	200
Marketing to Attract Business.....	1,500
Marketing to Attract Film Business.....	200
Transfer to Ben Franklin/IRC Fund.....	4,000
Transfer to Machinery and Equipment.....	1,000
Infrastructure Development.....	5,000
Team Pennsylvania.....	<u>4,800</u>
Subtotal.....	\$ 20,000

This Program Revision targets Pennsylvania's economic development strategies to: assist entrepreneurs and businesses compete and excel in the technology economy through implementation of Technology 21 recommendations; increase access to working capital for small businesses; provide changes to the business tax structure to encourage growth and investment and provide tax relief for job creation; and, improve Pennsylvania's ability to market the Commonwealth. A total of \$39.5 million in State and Other funds is provided by this Program Revision across four departments.



Community and Economic Development

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99	
		State	Funds
		(in thousands)	
Creating An Integrated Workforce Development System			
	Team Pennsylvania.....	\$	500
	Customized Job Training.....		<u>7,000</u>
	Subtotal.....	\$	7,500

This Program Revision provides administrative support to the Human Resources Investment Council to coordinate Pennsylvania's workforce development strategies and for the restructuring of the Customized Job Training Program. A total of \$74.6 million in State and Federal funds is provided by this Program Revision across three departments.

Promoting Independence for Persons with Disabilities

General Government Operations.....	\$	100
Entrepreneurial Assistance.....		<u>1,000</u>
Subtotal.....	\$	1,100

This Program Revision establishes an assistive technology loan guarantee program and expands employment and business opportunities for persons with disabilities. This is part of the \$13.3 million Promoting Independence for Persons with Disabilities Program Revision. Please see the Program Revision following the Human Services Program in the Department of Public Welfare for additional information on this Program Revision.

Department Total.....	\$	<u>34,500</u>
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Community and Economic Development

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 12,231	\$ 13,122	\$ 13,558
(F)DOE - Weatherization Administration.....	527	392	380
(F)SCDBG - Administration.....	557	773	825
(F)CSBG - Administration.....	518	1,075	1,035
(F)LIHEABG - Administration.....	189	440	440
(F)ARC - Technical Assistance.....	396	450	450
(F)ARC - Regional Initiative.....	0	526	526
(F)Community Planning Assistance.....	48	10	0
(F)DCSI-Regional Police Peer Program.....	0	15	15
(F)Americorps Training and Technical Assistance (EA).....	0	100	0
(F)Americorps Training and Technical Assistance.....	0	0	100
(A)Manufactured Housing.....	350	400	418
(A)Minority Business Development Authority.....	385	325	247
(A)Copy Center Services.....	146	125	129
(A)Pennsylvania Industrial Development Authority.....	1,261	1,338	1,459
(A)Pennsylvania Economic Development Financing Authority.....	241	271	286
(A)Industrial Sites Cleanup.....	85	91	101
(A)PA Energy Development Authority.....	78	96	100
(A)Machinery and Equipment Loan Fund Reimbursement.....	93	112	121
(A)Operator Outreach.....	46	0	0
(A)Reimbursement Environmental Protection.....	589	839	875
(A)Environmental Training Partnership.....	6	0	0
(A)Small Business First.....	199	262	377
(A)Court Settlement.....	10	15	0
(A)Council of State Government.....	67	0	0
(A)Local Area Transportation.....	15	25	25
(A)June 1996 Flood Reimbursement.....	0	2	0
(A)HOME Investment Partnership.....	0	339	359
(R)Small Business Advocate-Utilities.....	743	905	1,043
Computer Acquisition.....	1,100	852	852
International Trade.....	4,435	5,196	5,570
Marketing to Attract Tourists.....	10,350	10,950	13,478
(A)Reimbursement for Travel Advertisements.....	184	321	275
Marketing to Attract Business.....	1,385	3,000	4,500
(A)Hardwoods Reimbursement.....	47	0	0
Marketing to Attract Film Business.....	249	261	444
Housing Research Center.....	175	200	0
Team Pennsylvania.....	3,000 ^a	3,500 ^b	8,800
(F)Telecommunications & Information Infrastructure.....	0	750	0
PENNPORTR	10,774	11,733	11,241
Subtotal - State Funds.....	\$ 43,699	\$ 48,814	\$ 58,443
Subtotal - Federal Funds.....	2,235	4,531	3,771
Subtotal - Augmentations.....	3,802	4,561	4,772
Subtotal - Restricted Revenues.....	743	905	1,043
Total - General Government	\$ 50,479	\$ 58,811	\$ 68,029
<i>Grants and Subsidies:</i>			
Transfer to Ben Franklin/IRC Fund.....	\$ 35,200	\$ 39,700	\$ 39,700
Transfer: Financially Distressed Municipalities Aid Fund.....	1,200	1,000	1,000
Transfer to PA Industrial Development Authority.....	15,000	15,000	15,000
Transfer to Small Business First Fund.....	0	4,000	2,000
Transfer to Machinery and Equipment Loan Fund.....	0	0	1,000
Entrepreneurial Assistance.....	0	0	1,000
Opportunity Grant Program.....	25,000	35,000	35,000
Customized Job Training.....	15,050	18,050	25,050
(A)Reimbursement-Job Link.....	0	120	0



Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
(F)Job Link - Customized Job Training.....	1,453	1,500	1,500
Infrastructure Development.....	15,000	20,000	23,000
Historical Education/Tourism.....	0	400	0
Multi State Trade Consortium.....	0	55	0
Housing & Redevelopment Assistance.....	18,575	15,575	16,075
(F)Small Communities Block Grant.....	74,988	75,000	75,000
(F)DOE - Weatherization.....	6,700	8,800	7,500
(F)Emergency Shelter for the Homeless.....	2,958	3,000	3,000
(F)LIHEABG - Weatherization Program.....	9,377	12,300	12,000
(F)Centralia Recovery.....	2,000	2,000	2,000
(F)Lead Based Paint Hazard Reduction.....	0	645	0
Community Development Bank.....	0	15,000	2,000
PennCAP.....	1,500	0	0
Business Quality Partnership.....	250	250	0
Individual Learning Accounts.....	250	250	0
Family Savings Accounts.....	0	1,250	1,250
Strategic Community Partnerships.....	2,825	0	0
Shared Municipal Services.....	300	600	900
Enterprise Development.....	6,996	6,996	6,996
(F)Enterprise Communities - SSBG.....	0	87,041	78,300
Appalachian Regional Commission.....	242	360	360
Planning Assistance.....	375	175	375
Industrial Development Assistance.....	1,100	1,100	1,700
Local Development Districts.....	2,055	2,555	2,555
Small Business Development Centers.....	2,200	2,700	2,700
Tourist Promotion Assistance.....	8,140	8,500	8,700
Community Revitalization and Assistance.....	24,275	35,000	28,000
Main Street Program.....	0	0	2,000
Cultural Expositions.....	250	700	250
Rural Leadership Training.....	200	200	200
Flood Plain Management.....	60	60	60
(F)FEMA Technical Assistance.....	11	80	100
Community Conservation and Employment.....	6,300	10,000	10,000
(F)Supported Work Program.....	1,681	1,778	1,778
(F)Community Services Block Grant.....	18,329	27,000	19,700
Super Computer Center.....	1,500	2,000	1,000
Infrastructure Technical Assistance.....	0	2,500	0
Subtotal - State Funds.....	\$ 183,843	\$ 238,976	\$ 227,871
Subtotal - Federal Funds.....	117,497	219,144	200,878
Subtotal - Augmentations.....	0	120	0
Total - Grants and Subsidies.....	\$ 301,340	\$ 458,240	\$ 428,749
STATE FUNDS.....	\$ 227,542	\$ 287,790	\$ 286,314
FEDERAL FUNDS.....	119,732	223,675	204,649
AUGMENTATIONS.....	3,802	4,681	4,772
RESTRICTED REVENUES.....	743	905	1,043
GENERAL FUND TOTAL.....	\$ 351,819	\$ 517,051	\$ 496,778
OTHER FUNDS:			
GENERAL FUND:			
ARC Revolving Loan Fund.....	\$ 124	\$ 30	\$ 0
Industrial Sites Environmental Assessment Fund.....	521	4,000	3,000
PA Economic Development Financing Authority.....	325	450	475
Zoological Enhancement Fund.....	753	497	300
Appalachia Development Administration.....	487	242	0
GENERAL FUND TOTAL.....	\$ 2,210	\$ 5,219	\$ 3,775



Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
AIR QUALITY IMPROVEMENT FUND:			
Air Quality Improvement Loans.....	\$ 56	\$ 0	\$ 0
BEN FRANKLIN/IRC PARTNERSHIP FUND:			
Ben Franklin/IRC.....	\$ 35,118	\$ 39,700	\$ 42,450
School to Work.....	596	600	600
Job Link(F).....	150	150	150
BEN FRANKLIN/IRC PARTNERSHIP FUND TOTAL.....	\$ 35,864	\$ 40,450	\$ 43,200
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (96-97).....	\$ 85	\$ 100	\$ 100
Energy Development Loans/Grants.....	54	602	250
ENERGY DEVELOPMENT FUND TOTAL.....	\$ 139	\$ 702	\$ 350
CAPITAL LOAN FUND:			
Capital Loans - PERF.....	\$ 842	\$ 0	\$ 0
Capital Loan Fund - PENNAG Fund.....	45	0	0
CAPITAL LOAN FUND TOTAL.....	\$ 887	\$ 0	\$ 0
FINANCIALLY DISTRESSED MUNICIPALITIES REVOLVING LOAN FUND:			
Distressed Community Assistance.....	\$ 1,415	\$ 2,800	\$ 2,800
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership.....	\$ 14,920	\$ 15,000	\$ 15,000
INDUSTRIAL DEVELOPMENT FUND:			
PA Industrial Development Authority.....	\$ 39,852	\$ 16,000	\$ 16,000
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration.....	\$ 86	\$ 100	\$ 100
Industrial Sites Cleanup - Projects.....	1,913	7,000	14,000
INDUSTRIAL SITES CLEANUP FUND TOTAL.....	\$ 1,999	\$ 7,100	\$ 14,100
LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans.....	\$ 547	\$ 700	\$ 700
MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations.....	\$ 145	\$ 150	\$ 150
Machinery and Equipment Loans.....	15,920	15,000	18,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL.....	\$ 16,065	\$ 15,150	\$ 18,150
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations.....	\$ 1,317	\$ 1,850	\$ 1,000
Minority Business Development Loans.....	769	2,000	1,000
Transfer to Small Business First Fund.....	0	0	5,000
MINORITY BUSINESS DEVELOPMENT FUND TOTAL.....	\$ 2,086	\$ 3,850	\$ 7,000
SMALL BUSINESS FIRST FUND:			
Administration.....	\$ 402	\$ 825	\$ 925
Loans.....	16,496	30,400	24,000
Pollution Prevention Loans.....	0	0	2,500
EDA - Loans.....	350	1,000	1,000
Environmental Loans.....	1,128	1,500	1,500
EDA - Defense Conversion.....	735	1,000	1,000



Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
SMALL BUSINESS FIRST FUND TOTAL	\$ 19,111	\$ 34,725	\$ 30,925
STORAGE TANK LOAN FUND:			
Storage Tank Loans.....	\$ 50	\$ 0	\$ 0
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R).....	\$ 146	\$ 192	\$ 162
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 227,542	\$ 287,790	\$ 286,314
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	119,732	223,675	204,649
AUGMENTATIONS.....	3,802	4,681	4,772
RESTRICTED.....	743	905	1,043
OTHER FUNDS.....	135,347	141,888	152,162
TOTAL ALL FUNDS	\$ 487,166	\$ 658,939	\$ 648,940

^a Actually appropriated as \$2,000,000 for Business Retention Program and \$1,000,000 for Business Resource Center.

^b Actually appropriated as \$800,000 for Business Retention Program, \$1,000,000 for Business Resource Center and \$1,700,000 for Team Pennsylvania.

Community and Economic Development

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
COMMUNITY AND ECONOMIC DEVELOPMENT							
SUPPORT SERVICES							
GENERAL FUND.....	\$ 41,912	\$ 47,396	\$ 52,167	\$ 52,936	\$ 53,674	\$ 53,786	\$ 54,542
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,046	3,341	3,331	3,331	3,331	3,331	3,331
OTHER FUNDS.....	4,691	5,658	5,977	5,740	5,707	5,776	5,838
SUBCATEGORY TOTAL.....	\$ 48,649	\$ 56,395	\$ 61,475	\$ 62,007	\$ 62,712	\$ 62,893	\$ 63,711
BUSINESS AND JOB DEVELOPMENT							
GENERAL FUND.....	\$ 88,084	\$ 110,598	\$ 124,851	\$ 128,156	\$ 130,066	\$ 126,983	\$ 127,307
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,464	2,330	1,600	1,600	1,600	1,600	1,600
OTHER FUNDS.....	82,331	82,836	90,300	77,449	76,848	76,572	76,422
SUBCATEGORY TOTAL.....	\$ 171,879	\$ 195,764	\$ 216,751	\$ 207,205	\$ 208,514	\$ 205,155	\$ 205,329
TECHNOLOGY DEVELOPMENT							
GENERAL FUND.....	\$ 36,700	\$ 44,200	\$ 40,700	\$ 37,400	\$ 37,300	\$ 40,700	\$ 40,700
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	35,864	40,450	43,200	41,750	41,750	41,500	41,500
SUBCATEGORY TOTAL.....	\$ 72,564	\$ 84,650	\$ 83,900	\$ 79,150	\$ 79,050	\$ 82,200	\$ 82,200
COMMUNITY DEVELOPMENT							
GENERAL FUND.....	\$ 60,846	\$ 85,596	\$ 68,596	\$ 68,596	\$ 68,596	\$ 68,596	\$ 68,596
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	116,222	218,004	199,718	187,418	177,418	167,418	157,418
OTHER FUNDS.....	17,006	18,530	18,500	18,300	18,100	18,000	17,950
SUBCATEGORY TOTAL.....	\$ 194,074	\$ 322,130	\$ 286,814	\$ 274,314	\$ 264,114	\$ 254,014	\$ 243,964
ALL PROGRAMS:							
GENERAL FUND.....	\$ 227,542	\$ 287,790	\$ 286,314	\$ 287,088	\$ 289,636	\$ 290,065	\$ 291,145
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	119,732	223,675	204,649	192,349	182,349	172,349	162,349
OTHER FUNDS.....	139,892	147,474	157,977	143,239	142,405	141,848	141,710
DEPARTMENT TOTAL.....	\$ 487,166	\$ 658,939	\$ 648,940	\$ 622,676	\$ 614,390	\$ 604,262	\$ 595,204



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 who are in need of assistance. Because of the complexity of the delivery system, the department plays a key role in ensuring that the system is effective and efficient. This ensures that Pennsylvania's businesses and communities provide the opportunity for all of the Commonwealth's residents to achieve a high quality of life.

A key function is the Governor's Action Team. The Action Team reacts immediately to major problems and opportunities related to economic development including major business locations, relocations, expansions or dislocations which require administration-wide, multi-departmental involvement.

Marketing and local planning assistance efforts further supplement the daily operations of the Department of Community and Economic Development. Marketing plays an important role in two distinct areas: selling Pennsylvania to individuals as an attractive place to vacation in order to maximize Pennsylvania's share of the tourism dollar and selling Pennsylvania to industry as possessing a good business climate, as well as being an excellent place to live and work. Toward these ends, the department operates two separate extensive multi-media advertising

campaigns, one targeting economic development and the other targeting tourism.

The economic development marketing component includes efforts to increase foreign and domestic investments in Pennsylvania, and to expand the markets for products of Pennsylvania firms overseas. A primary means available to assist export trade is to provide small businesses with support in overcoming the many legal, financial and logistical problems inherent in doing business internationally. Domestically the marketing program targets key industries—those in which Pennsylvania has exhibited a particular competitive advantage.

The tourism marketing component involves the Tourist Promotion Assistance (TPA) Grant program which assists county and regional tourist promotion agencies in Pennsylvania by providing grants as matching assistance for advertising and promotion expenses. A key element of tourism marketing is the coordination of the Commonwealth's tourism program with the TPAs' efforts.

Local business development efforts aid in arranging financing packages, and local marketing and promotion activities, while providing direct managerial and technical assistance to small businesses.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Traveler expenditures (in millions)	\$11,091	\$11,645	\$12,227	\$12,838	\$13,480	\$14,154	\$14,862
Tourist Promotion Assistance:							
Public/private funds leveraged (in thousands)	\$34,044	\$35,746	\$37,534	\$39,410	\$41,381	\$43,450	\$45,622

It is estimated for fiscal year 1997-98 that there will be 166 export opportunities for Pennsylvania businesses where contacts were made or sales concluded from leads provided by agency overseas representatives.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		International Trade
	General Government Operations		
\$ 36	—to continue current program.	\$ 144	—to continue current program.
100	—PRR — Promoting Independence for Persons with Disabilities. This Program Revision establishes an assistive technology loan guarantee program. See the Program Revision following the Human Services program in the Department of Public Welfare for additional information.	500	—PRR — Targeting Economic Development Strategies. This Program Revision provides increased support to promote international trade and the Team Pennsylvania Export Networks. See the Program Revision following the Business and Job Development program for additional information.
300	—PRR — Empowering Individuals and Communities. This Program Revision coordinates State, local and private sector efforts to prepare for the decennial 2000 census. See the Program Revision following the Community Development program for additional information.	-270	—nonrecurring grant projects for trade events.
		\$ 374	<i>Appropriation Increase</i>
\$ 436	<i>Appropriation Increase</i>		



Community and Economic Development

Program: Community and Economic Development Support Services (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-100	Marketing to Attract Tourists —nonrecurring projects.	\$	-200	Housing Research Center —nonrecurring project.
	2,800	—PRR — Targeting Economic Development Strategies. This Program Revision improves Pennsylvania's integrated, multi-media advertising campaign to reach broader tourist markets, to implement regional marketing initiatives and to increase tourism overseas. See the Program Revision following the Business and Job Development program for additional information.			Historical Education / Tourism —nonrecurring project.
		-50			Industrial Development Assistance —PRR — Empowering Individuals and Communities. This Program Revision provides grants to encourage small companies to collaboratively plan and develop child care options and grants to locally designated organizations to develop strategies to improve and maintain local industrial bases. See the Program Revision following the Community Development program for additional information.
		-122			Cultural Expositions —nonrecurring project.
	2,528	<i>Appropriation Increase</i>			Tourist Promotion Assistance —PRR — Targeting Economic Development Strategies. This Program Revision increases support for Tourist Promotion Agencies. See the Program Revision following the Business and Job Development Program for additional information.
\$	1,500	Marketing to Attract Business —PRR — Targeting Economic Development Strategies. This Program Revision implements an international advertising campaign to promote Pennsylvania's people, products and businesses as well as to assist in developing regional marketing initiatives to increase economic growth. See the Program Revision following the Business and Job Development program for additional information.	\$	-450	
		-17			
	200	Marketing to Attract Film Business —to continue current program. —PRR — Targeting Economic Development Strategies. This Program Revision enhances efforts to promote Pennsylvania as a location for feature films, television and commercial investment. See the Program Revision following the Business and Job Development program for additional information.			
	183	<i>Appropriation Increase</i>			

The remaining appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 12,231	\$ 13,122	\$ 13,558	\$ 14,135	\$ 14,416	\$ 14,063	\$ 14,343
Computer Acquisition	1,100	852	852	0	0	0	0
International Trade	4,435	5,196	5,570	5,707	5,821	5,937	6,056
Marketing to Attract Tourists	10,350	10,950	13,478	14,320	14,597	14,879	15,167
Marketing to Attract Business	1,385	3,000	4,500	4,560	4,621	4,683	4,747
Marketing to Attract Film Business	249	261	444	449	454	459	464
Housing Research Center	175	200	0	0	0	0	0
Historical Education / Tourism	0	400	0	0	0	0	0
Appalachian Regional Commission	242	360	360	360	360	360	360
Industrial Development Assistance	1,100	1,100	1,700	1,700	1,700	1,700	1,700
Local Development Districts	2,055	2,555	2,555	2,555	2,555	2,555	2,555
Tourist Promotion Assistance	8,140	8,500	8,700	8,700	8,700	8,700	8,700
Cultural Expositions	250	700	250	250	250	250	250
Rural Leadership Training	200	200	200	200	200	200	200
TOTAL GENERAL FUND	\$ 41,912	\$ 47,396	\$ 52,167	\$ 52,936	\$ 53,674	\$ 53,786	\$ 54,542



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. In 1997-98, the department instituted a single application process to make it easier for businesses to access funding from the many available loan and grant programs.

Program Element: Economic Development

Team Pennsylvania is a public-private partnership that assists with job retention, expansion and creation through ten marketing regions located throughout the State. The Business Calling component is a proactive effort to contact Pennsylvania businesses to identify their needs in an effort to retain and improve their operations in Pennsylvania. Information gathered through the calling program is entered into the Resource Network database for developing long-term strategies. The Resource Network component expands on the Business Resource Center to provide an Internet-based information network. This network is available to economic development professionals worldwide. It provides an efficient and effective means to access, analyze and acquire in-depth information on Pennsylvania's community and economic assets.

The 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 was created by Act 67 of 1996. It 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. This budget proposes that \$5 million in assets from the Pennsylvania Minority Business Development Fund be transferred to the Small Business First Fund.

The Infrastructure Development program provides grants and loans to develop and improve business sites. Funding may be provided for specific infrastructure improvements necessary to complement planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land once a developer is found to restore the land to productive use, or for developing local infrastructure at present and future business sites. Local public and non-profit sponsors may receive grants and loans on behalf of industrial, manufacturing, research and development, agriculturally related and export service enterprises for the following improvements: energy facilities, fire and safety facilities, sewer and water systems, transportation and waste disposal facilities. Private real estate developers are also eligible if they are developing sites for eligible private companies.

The Pennsylvania Industrial Development Authority (PIDA) was established in 1956 to make long-term, low-interest business loans for job-creation or retention to firms which are engaged in manufacturing or industrial enterprises. PIDA funds may be used for land and buildings. Current policy targets PIDA funds to small and advanced technology businesses, areas of high unemployment and enterprise zones. A qualified business may receive up to \$2 million at interest rates ranging from three percent to six

percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund provides low-interest loan financing to manufacturing and industrial companies to acquire and install new or used machinery and equipment. Interest rates vary depending on the county and municipality unemployment levels. A criterion of the program is that the applicant must agree to create or preserve jobs.

Job Creation Tax Credits provide \$1,000 in tax credits to approved businesses that agree to create or preserve new 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 must go to businesses with less than 26 employees. The tax credits may not be utilized by a business until the jobs are actually created.

The Industrial Sites Program provides grants and low-interest loan financing to companies, private real estate developers, and municipalities performing environmental site assessment and remediation work at former industrial sites. Funds are not available for companies that caused the environmental contamination on the property.

Program Element: Job Training

The Customized Job Training Program supports new and existing firms in Pennsylvania by specifically training Pennsylvanians for new jobs or upgrading existing employees skills to accommodate new technologies. Customized job training plays an important role in creating and fostering an environment suitable to economic growth.

Grant funds are provided for businesses through education agencies and can be used for instructional costs, supplies, consumable materials and contracted services.

Program Element: Ports Development

The department also provides for the development of the Philadelphia, Erie and Pittsburgh ports. PENNPORTS is the agency that focuses on the economic enhancement of all three ports, including the recently created Philadelphia Regional Port Authority and Pittsburgh Port Commission, under one umbrella agency. These funds are used to aid in the development of these ports, which not only generate port and shipping related jobs, but also assist Pennsylvania firms in exporting their products.

Program Element: Pennsylvania Economic Development Financing Authority (PEDFA)

The Pennsylvania Economic Development Financing Authority (PEDFA) pools taxable and tax-exempt financing with the ability to finance economic development projects. PEDFA can finance land, buildings, machinery and equipment. 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. Beginning in 1998-99 this budget proposes that \$5 million be transferred to the Small Business First Fund.

Community and Economic Development

Program: Business and Job Development (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Jobs created/retained:	85,893	87,000	88,000	88,500	89,000	89,500	90,000
Public/private funds leveraged (in thousands):	\$1,940,262	\$2,000,000	\$2,100,000	\$2,200,000	\$2,350,000	\$2,500,000	\$2,700,000
Businesses assisted	633	650	660	680	700	725	750
Opportunity grant projects*	59	124	124	124	124	124	124

Jobs created/retained increased from those shown in the prior year as a result of outreach efforts and Pennsylvania's improving economy which increased demand for loan and grant programs.

Private/public funds leveraged increased from those shown last year because of outreach efforts and because a minimum 4:1 match is required in the expanded Opportunity Grant program.

Businesses assisted increased because new and expanded programs were available and efforts to make them more accessible to the business community were successful.

*New program measure added this year.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 500</p> <p>4,800</p> <hr/> <p>\$ 5,300</p> <p>\$ -500</p> <p>8</p> <hr/> <p>\$ -492</p> <p>\$ -2,000</p> <p>\$ 1,000</p>	<p>Team Pennsylvania —PRR — Creating An Integrated Workforce Development System. This Program Revision provides for administrative support to the Human Resources Investment Council. See the Program Revision following this page for additional information.</p> <p>—PRR — Targeting Economic Development Strategies. This Program Revision provides seed funding for the Catalyst Stage Fund; combines the Business Resource Center and Business Retention program into a single Team Pennsylvania Business Calling and Retention Network to increase the number of firms called upon from 2,000 to 10,000 annually; and implements a statewide Entrepreneurial Support Network. See the Program Revision following this program for additional information.</p> <p><i>Appropriation Increase</i></p> <p>PENNPORTS —nonrecurring project for the Port of Erie. —to continue current program.</p> <p><i>Appropriation Decrease</i></p> <p>Transfer to Small Business First Fund —to continue General Fund contribution to the Fund in addition to other funding sources.</p> <p>Transfer to Machinery and Equipment Loan Fund —PRR — Targeting Economic Development Strategies. This Program Revision provides additional loans for capital acquisitions to traditional industrial and manufacturing companies as well as to encourage the attraction and retention of technology companies. See the Program Revision following this program for additional information.</p>	<p>\$ 1,000</p> <p>\$ 7,000</p> <p>\$ -2,000</p> <p>5,000</p> <hr/> <p>\$ 3,000</p>	<p>Entrepreneurial Assistance —PRR — Promoting Independence for Persons with Disabilities. This Program Revision expands employment and business opportunities for persons with disabilities. See the Program Revision following the Human Services program in the Department of Public Welfare for additional information.</p> <p>Customized Job Training —PRR — Creating An Integrated Workforce Development System. This Program Revision restructures the Customized Job Training Program. See the Program Revision following this page for additional information.</p> <p>Infrastructure Development —nonrecurring projects. —PRR — Targeting Economic Development Strategies. This Program Revision provides additional infrastructure development grants and loans for site development to businesses, including high technology firms, locating or expanding in the Commonwealth. See the Program Revision following this program for additional information.</p> <p><i>Appropriation Increase</i></p>
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Other General Fund appropriations are recommended at current year funding levels or discontinued because they are nonrecurring projects.

Community and Economic Development

Program: Business and Job Development (continued)

In addition, the Targeting Economic Development Strategies Program Revision following this program recommends: \$3 million from the Machinery and Equipment Loan Fund to encourage the attraction and retention of technology firms through assistance with capital acquisitions; \$5 million to provide additional capitalization funds for the Small Business First Fund from the Pennsylvania Minority Business Development Fund to increase general loans and access to capital for small businesses; and \$7.5 million to provide additional capitalization funds for the Small Business First Fund from the Hazardous Sites Cleanup Fund to increase general loans and access to capital as well as to provide resources for loans dedicated to pollution prevention technology investments.



Includes accomplishment of the PRIME recommendation to develop a single application for program assistance. The Department of Community and Economic Development consolidated several grant and loan applications thereby streamlining procedures and reducing costs.



Includes accomplishment of the PRIME recommendation to develop new economic incentive tools to allow Pennsylvania to compete with other states for relocation and expansion projects. These tools developed by the Department of Community and Economic Development include the Retention Tax Credit and Opportunity Grant programs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Team Pennsylvania	\$ 3,000	\$ 3,500	\$ 8,800	\$ 8,880	\$ 9,061	\$ 5,744	\$ 5,829
PENNPORTS	10,774	11,733	11,241	11,466	11,695	11,929	12,168
Transfer to PA Industrial Development Authority	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Transfer to Small Business First Fund	0	4,000	2,000	5,000	5,000	5,000	5,000
Transfer to Machinery and Equipment Loan Fund	0	0	1,000	1,000	2,500	2,500	2,500
Entrepreneurial Assistance	0	0	1,000	1,000	1,000	1,000	1,000
Opportunity Grant Program	25,000	35,000	35,000	35,000	35,000	35,000	35,000
Customized Job Training	15,050	18,050	25,050	25,050	25,050	25,050	25,050
Infrastructure Development	15,000	20,000	23,000	23,000	23,000	23,000	23,000
Multi State Trade Consortium	0	55	0	0	0	0	0
PennCAP	1,500	0	0	0	0	0	0
Business Quality Partnership	250	250	0	0	0	0	0
Individual Learning Accounts	250	250	0	0	0	0	0
Small Business Development Centers	2,200	2,700	2,700	2,700	2,700	2,700	2,700
Flood Plain Management	60	60	60	60	60	60	60
TOTAL GENERAL FUND	\$ 88,084	\$ 110,598	\$ 124,851	\$ 128,156	\$ 130,066	\$ 126,983	\$ 127,307

Program Revision: Targeting Economic Development Strategies

Continued and dramatic improvements in Pennsylvania's economic climate have been achieved over the past three years. These improvements have been initiated with the goal of ensuring that Pennsylvania is a leader among states and a competitor among nations. The burdensome impact of job-crushing taxes has been steadily reduced. By the end of June 1998, the cumulative tax reductions for Pennsylvania citizens and employers will exceed \$3.5 billion, including more than \$1 billion in reduced Unemployment Compensation taxes. A system-wide overhaul of the Worker's Compensation Program will result in savings of nearly \$1.6 billion by the end of 1998. Regulatory reforms have also saved Pennsylvanians hundreds of millions of dollars since 1995 and economic development strategies have been streamlined and improved to permit Pennsylvania to be more competitive with its neighbors and the world. These systematic and comprehensive improvements will combine to save Pennsylvania's employers and citizens nearly \$5.5 billion by June 1999.

This Program Revision continues our economic development efforts of the past three years and outlines a multi-faceted, strategic plan to continue to improve the Commonwealth's competitive position and enhance its growing national reputation as an expanding and advantageous place to do business. The traditional drivers of business activity and economic opportunity are not the same today as they were just a few years ago. Technology-based businesses and support industries are now the driving forces of today's economy and technology-based companies and high-growth small businesses are fueling Pennsylvania's economic resurgence.

The Commonwealth's economic development strategies have been refined in order to assist Pennsylvania businesses and entrepreneurs to compete and excel in the technology economy. This approach will be continued and expanded to target sectors with high growth and job creating potentials such as technology, small business and tourism. High technology offers the opportunity for rapid growth in research, productivity and job creation. Through its entrepreneurs, businesses and universities, the Commonwealth is on the cutting edge of technology advancements. Our economic development approaches will be crafted in order to capitalize on these technological opportunities. Small businesses continue to be a rapidly expanding force in the economy and offer the potential for high growth in output and employment. Strategies to assist small business to compete and prosper are key to continuing our economic resurgence. Tourism remains Pennsylvania's second largest industry and offers one of the most promising opportunities for economic growth. With the expanded use of technology in our economy, the world has become much smaller and Pennsylvania firms compete with not only our surrounding states but with numerous foreign nations. Economic development strategies need to be strategically focused on marketing Pennsylvania made products around the world. Finally, a continued and targeted effort to reduce burdensome taxes is one of the best economic strategies available to the State.

Targeting High Technology Opportunities

The Commonwealth, in partnership with the Ben Franklin/IRC Partnership Board, jointly commissioned the "Technology 21" study to develop an industry-led comprehensive strategy for restoring Pennsylvania's leadership as a technology and job powerhouse nationally and internationally. Through its Technology 21 initiative, Pennsylvania is targeting six high technology, high growth industry sectors as the foundation for its economic development strategies. Targeted sectors include: Advanced Manufacturing, Agribusiness, Environmental Technology, Advanced Materials, Biotechnology and Information Technology.

Our businesses, colleges and universities and entrepreneurs are actively generating new ideas and products for a technological economy. However, these same institutions and individuals often lack the economic resources to tap the full potential of their discoveries, ideas and products. This "gap" in the availability of resources to technology firms impedes Pennsylvania's ability to excel. As a result, this Program Revision proposes numerous approaches to expand access to capital to nurture fast growing technology companies through enhanced coordination among Pennsylvania's leading research universities; to strengthen the technology infrastructure at the community level; and, to better focus the Commonwealth's incentive programs to attract and retain companies that act as catalysts to the overall growth of the economy.

An identified gap in available technology investment financing, between the \$250,000 and \$1 million funding levels, forces firms and individuals to seek venture capital outside of Pennsylvania which can result in successful, emerging firms relocating outside the Commonwealth. This Program Revision provides \$10 million in State funding over three years to the new Catalyst Stage Fund, which will provide much needed capital to companies that are poised for accelerated growth. This contribution of State funding will leverage another \$40 to \$60 million in public/private investment to assist our technology firms to emerge and compete. This privately operated fund will make critical stage investments in the State's most promising technology firms.

In addition to providing critical stage investments in firms that have developed products and prototypes, financing is also needed to assist entrepreneurs in the creation of fast growing technology companies. This Program Revision authorizes the expenditure of \$2 million in Ben Franklin/IRC reserve funds to create a Pre-Venture Seed Fund to support a pipeline of individuals or entities with the potential for creating high growth products or firms and to more closely link research and development support at the university level.

A principal component of the new economy is an "anchor" technology firm that provides the synergy that serves as a catalyst for a region's economic identity and sustained growth. Local emerging high technology industries thrive in an economy where anchor firms create an environment of opportunity for new companies by providing a critical juncture of experienced managers and workers, customer and supplier bases, and available financing to support dynamic growth and to help solidify the recognition of a region as an elite technology center. This Program Revision targets \$30 million in existing funding for "Operation Magnet" to coordinate efforts to enhance the technology infrastructure and to assist and develop anchor firms throughout the Commonwealth. Operation Magnet will utilize existing funding in the Infrastructure Development, Machinery and Equipment, and the Customized Job Training programs, among others, and will rely upon the experience and expertise of Team Pennsylvania to coordinate involvement of the State's key technology stakeholders. The Team Pennsylvania-led group will focus on those industries and companies that have the ability to spawn emerging technology clusters and serve as corporate incubators for spin-offs and apply needed existing State resources accordingly.

This Program Revision provides a \$1 million General Fund transfer to the Machinery and Equipment Loan Fund (MELF) and the expenditure of \$3 million in MELF funds to encourage the attraction and retention of technology companies within the Commonwealth. Additional loan funds will assist in ensuring the competitiveness of Pennsylvania technology firms as well as providing low interest financing to traditional manufacturing and industrial businesses.

Pennsylvania universities stand among the world's best in major technology fields such as advanced materials, medical research and information technology. This Program Revision provides \$2 million to support increased collaboration among Pennsylvania universities to stimulate the commercial application of technology innovations. In addition to assisting in the development and commercial application of technology innovations, this Program Revision provides \$2 million to develop Technology Communities. These Technology Communities would serve as living laboratories for the next generation of information technology products and services and would be designed to creatively leverage public and private investment in technology products. These select communities would serve as massive interactive test beds for information technology products, both traditional and futuristic. In return, the partnering technology firm would locate a research and development/marketing facility in that Tech Community region.

Pennsylvania's ability to retain and create jobs in the technology economy can also be enhanced through developing the necessary infrastructure to permit the rapid growth and expansion of technology and other support firms. This Program Revision provides an additional \$5 million for the Infrastructure Development Program to provide grants and loans to develop traditional and technology related business sites. Additional funding will assist projects ranging from site development, access roads and site



Program Revision: Targeting Economic Development Strategies (continued)

improvements to the installation of fiber optics and other technology related infrastructure needs.

Meeting the Capital Needs of Growing Business

Small and medium-sized firms are critical driving forces in the economy that can achieve exceptional growth as well as serve as employers to thousands of hardworking Pennsylvanians. In exchange for the potential for large economic growth and reward, small business owners and entrepreneurs are often faced with significant and demanding problems such as long hours, critical choices regarding product development and marketing, and a shortage of working capital. In addition, the combined impact of growth and the need to apply current technologies causes small businesses to have expanding needs for capital investment to compete and excel. A critical component of the strategy to retain and create jobs is to assist small businesses with their capital requirements. The Small Business First Fund provides a single point of contact for loan assistance to small businesses for a wide range of capital needs. This Program Revision provides additional resources to existing programs that are critical to Pennsylvania's effort to develop increased business activity. To meet the immediate capital needs of small businesses, an additional \$10 million is transferred to the Small Business First Fund. This \$10 million in funding will consist of a \$5 million transfer from the Hazardous Sites Cleanup Fund and a \$5 million transfer from the Pennsylvania Minority Business Development Fund. Additional program resources will be utilized to increase general loans and provide greater access to capital for eligible small businesses. The infusion of additional funds into the Small Business First Fund will further consolidate financing options for small businesses. The Small Business First Program will be revised to authorize financial assistance to retail and commercial business sectors, the traditional client base of the Pennsylvania Minority Business Development Fund. The Small Business First Program will also target financial assistance to small companies that provide technology oriented services. In addition, \$2.5 million will be transferred from the Hazardous Sites Cleanup Fund in Fiscal Year 1998-99 and \$2 million thereafter for five years to seed a new revolving loan fund in the Small Business First Fund to provide pollution prevention loans to small businesses. These new loans will be dedicated to pollution prevention technology investment projects.

Providing Additional Tax Relief

Tax reductions and incentive tax credits approved over the last three years have made major strides in improving the Commonwealth's business climate. This Program Revision will continue to accelerate that momentum by providing additional tax incentives to generate economic and job growth.

Beginning in 1982, companies could deduct from their current Corporate Net Income Tax liability any net operating losses from previous years to arrive at their tax liability. Net operating loss (NOL) deductions were capped at \$1 million per tax year but any unused deductions could be carried forward for up to three years. This tax change was designed to encourage firms to invest in Pennsylvania and create jobs and provide relief to companies with startup losses or cyclical earning patterns. For tax years 1988 through 1994, the ability of corporations to deduct net operating losses was substantially restricted and then eliminated. Beginning with tax year 1995, the deduction was restored. This Program Revision proposes extending the period of years for which a NOL may be carried forward from the current three year limit to a maximum period of ten years. The extension of the NOL carryforward will assist Pennsylvania firms and the Commonwealth to compete for the attraction and retention of job creators, encourage growth in emerging high technology companies and assist those firms with cyclical profit experience. Under this proposal, the increase in the NOL recovery period will be phased-in starting January 1, 1998.

The Capital Stock and Franchise tax is levied on the capital stock value of domestic and foreign corporations conducting business in the Commonwealth. Since it is based on assets rather than income, the levy is unrelated to an ability to pay. To enhance the capacity of companies to reinvest funds to build or diversify their businesses, this Program Revision proposes to reduce the Capital Stock and Franchise Tax rate from 12.75 mills to 12.25 mills effective January 1, 1998.

In an effort to increase job growth and assist in the expansion of Pennsylvania firms, the Job Creation Tax Credit was created in 1996 and 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 numerous business taxes. The total amount of Job Creation Tax Credits was capped at \$15 million per year. This Program Revision provides for a \$5 million increase in the annual cap for the Job Creation Tax Credit. This change becomes effective July 1, 1998.

Marketing Pennsylvania

The ability of Pennsylvania firms to compete on a regional and global scale requires continual marketing to advertise and promote the advantages of Pennsylvania and Pennsylvania-made products. Marketing the State plays an increasingly important role in two distinct areas: developing and nurturing relations with new and existing businesses by highlighting the State's new business friendly climate; and maximizing Pennsylvania's share of the tourist business by promoting the Commonwealth as an attractive place to vacation.

Aggressively marketing Pennsylvania as an attractive site for business location and expansion has been a priority of the Commonwealth since 1995. Pennsylvania created the Business Resource Center in 1996-97 to provide comprehensive, accurate data about the Commonwealth to companies considering expanding or relocating a facility. This Center makes use of the latest technology to put information at the fingertips of those who need it to make decisions about investing and creating jobs in Pennsylvania. To offer similar attention to businesses already located in Pennsylvania, the Business Retention Program was also created in 1996-97 to identify and resolve day-to-day problems and issues encountered by these enterprises. This Program Revision combines these initiatives into a single, coordinated program called the Team Pennsylvania Business Calling and Retention Network and provides \$1 million in additional spending to expand the number of businesses contacted from 2,000 to 10,000 annually. Further, this Program Revision provides \$500,000 to support international trade activities and the newly formed Team Pennsylvania Export Networks. Finally, \$500,000 is provided to implement a Statewide Entrepreneurial Initiative. Entrepreneurial Support Networks will be created in each Team Pennsylvania region to improve the quality and availability of services to potential entrepreneurs.

Other efforts have been undertaken to improve Pennsylvania's capacity to market itself as a destination for business expansion and job creation. A coordinated approach to regional and national advertising campaigns have been established through the assistance of Team Pennsylvania. National advertising campaigns identified and continue to highlight the numerous revisions to economic strategies, dramatic tax cuts, regulatory reforms, worker and unemployment compensation reforms and electric deregulation that have reshaped Pennsylvania into a place to maintain, relocate and expand competitive firms. With Pennsylvania competing for market share on a worldwide basis, this Program Revision provides \$1 million to begin an international advertising campaign to highlight the numerous benefits of our people, products and businesses. Implementing an international advertising campaign will expand the efforts of the Commonwealth to retain and create jobs through promotion activities aimed at increasing economic growth and opportunities.

Increasing tourism, the State's second largest industry, is a significant component of the Commonwealth's economic development strategy. This Program Revision provides a total increase of \$2.8 million for the Marketing to Attract Tourists program. Included in this proposal is \$1 million to bolster the Commonwealth's fully integrated, multi-media marketing campaign which will continue to leverage private sector resources to reach broader markets. This Program Revision provides an additional \$1 million to local tourism agencies to increase their efforts to promote the Commonwealth's cultural and historic assets, provides \$200,000 in increased assistance to Tourist Promotion Agencies, the Commonwealth's local marketing partners, and an additional \$1 million will be provided to develop regional marketing initiatives, strategies and campaigns. Enhancing the State's film promotion efforts to market Pennsylvania as a location of feature length films, television and commercial advertising will also receive an additional \$200,000. Efforts to increase tourist promotion overseas will be enhanced by \$300,000.

Pennsylvania has recently undertaken an extensive effort to market the natural beauty and recreational opportunities of the Commonwealth through its Community Conservation Partnership Initiative. Local government, non-profit firms and private sector community conservation investments are combined with State participation to encourage economic development and tourism based on the natural resources and recreational opportunities

Community and Economic Development

Program Revision: Targeting Economic Development Strategies (continued)

throughout the State. This Program Revision provides \$151,000 to enhance the marketing efforts of the Community Conservation Partnership Initiative. With over 37 million visitors yearly, our State Parks system provides economic benefits to hundreds of communities. Marketing efforts have been focused upon increasing the number of daily visitors to State Parks as well as to increase the number of overnight patrons. To further this effort, this Program Revision provides \$1 million to electrify approximately 670 campsites in order to increase overnight stays which will provide better service to park campers and greater economic benefits to the surrounding communities.

Among the numerous tourist destinations in the State, Pennsylvania's cultural events and attractions draw more and more people annually. This Program Revision provides \$400,000 to develop a cultural events and attractions inventory database and to design an integrated arts technology infrastructure. These technology-based improvements to cultural events marketing will be accessible to the hospitality industry and will assist in coordinating promotion of the numerous cultural tourist destinations in the Commonwealth.

Pennsylvania's agriculture industry is a vibrant, growing component of our economy. In an effort to promote Pennsylvania's home grown and processed products, this Program Revision provides \$432,000 to market Commonwealth products both domestically and abroad.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Team Pennsylvania/Transfer to Ben Franklin/IRC							
Public/Private Funds Leveraged (Dollars in Thousands)							
Program Revision	0	0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Technology Businesses Assisted							
Program Revision	0	0	500	500	500	500	500
Pre-Venture Seed Grants Awarded							
Program Revision	0	0	40	40	40	40	40
Technology Communities Awarded							
Program Revision	0	0	2	2	2	2	2
Transfer to Machinery and Equipment Loan Fund							
Businesses Assisted							
Current	30	30	30	30	30	30	30
Program Revision	0	0	33	33	33	33	33
Infrastructure Development							
Grants Awarded							
Current	30	30	30	30	30	30	30
Program Revision	0	0	35	35	35	35	35
Public/Private Funds Leveraged (Dollars in Thousands)							
Current	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
Program Revision	0	0	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Small Business First Fund							
Small Businesses Assisted							
Current	0	100	100	110	120	120	120
Program Revision	0	0	180	140	150	150	150
Pollution Prevention Loans Awarded							
Program Revision	0	0	125	125	125	125	125
Team Pennsylvania							
Business Calling Network Contacts							
Current	0	2,000	2,000	2,000	2,000	2,000	2,000
Program Revision	0	0	10,000	10,000	10,000	10,000	10,000
Marketing to Attract Business							
International Advertising Campaigns							
Program Revision	0	0	4	4	4	4	4
Agriculture Promotion, Education and Exports							
Expanded Trade Event Programs							
Current	0	10	10	10	10	10	10
Program Revision	0	0	15	15	15	15	15



Community and Economic Development

Program Revision: Targeting Economic Development Strategies (continued)

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			
	COMMUNITY AND ECONOMIC DEVELOPMENT	\$	200	Marketing to Attract Film Business
	Team Pennsylvania			—to enhance efforts to promote Pennsylvania as a location for feature films, television and commercial investment.
\$ 3,300	—to provide seed funding for the Catalyst Stage Fund, a public/private partnership, to offer venture capital to emerging Pennsylvania high-technology firms.			
1,500	—to combine the Business Resource Center and Business Retention program into a single Team Pennsylvania Business Calling and Retention Network to increase the number of firms called upon from 2,000 to 10,000 annually and to implement a Statewide Entrepreneurial Support Network.	\$	151	CONSERVATION AND NATURAL RESOURCES
\$ 4,800	Team Pennsylvania Total	\$	1,000	General Government Operations
	Transfer to Machinery and Equipment Loan Fund			—to enhance the marketing efforts of the Community Conservation Partnership Initiative which seeks to highlight the natural beauty and recreational opportunities throughout Commonwealth communities.
\$ 1,000	—to provide additional loans for capital acquisitions to traditional industrial and manufacturing companies as well as to encourage the attraction and retention of technology companies.	\$	400	State Park Operations
	Transfer to Ben Franklin/IRC			—to electrify various campsites within the State Park system to encourage greater visitation and economic growth.
\$ 4,000	—to assist in implementing the Technology 21 recommendations to encourage collaboration among Pennsylvania research universities to commercialize technology innovations and to develop "Tech Communities" to provide an interactive test bed for traditional and futuristic information technology products.	\$	432	EXECUTIVE OFFICES
	Infrastructure Development			Grants to the Arts
\$ 5,000	—to provide additional infrastructure development grants and loans for site development to businesses, including high technology firms, locating or expanding in the Commonwealth.	\$	21,983	—to develop a cultural events and attractions database and an integrated arts technology infrastructure to promote cultural tourist destinations and events in the Commonwealth.
	International Trade			AGRICULTURE
\$ 500	—to provide increased support for promoting international trade and the Team Pennsylvania Export Networks.	\$	432	Agricultural Promotion, Education and Export
	Marketing to Attract Business			—to promote Pennsylvania grown and processed products both domestically and internationally.
\$ 1,500	—to implement an international advertising campaign to promote Pennsylvania's people, products and businesses as well as to assist in developing regional marketing initiatives to increase economic growth.	\$	21,983	Program Revision Total
	Marketing to Attract Tourists			
\$ 2,800	—to improve Pennsylvania's integrated, multi-media advertising campaign to reach broader tourist markets, to implement regional marketing initiatives and to increase tourism promotion overseas.			
	Tourist Promotion Assistance			
\$ 200	—to increase support for Tourist Promotion Agencies.			

This Program Revision is also supported with Other Funds. The proposed uses of these funds follows: (Dollar Amounts in Thousands)

	BEN FRANKLIN/IRC FUND			
	Ben Franklin/IRC	\$	2,000	—to develop a Pre-Venture Seed Fund to identify and assist technology entrepreneurs with the potential of developing fast-growing companies.
	MACHINERY AND EQUIPMENT LOAN FUND			
	Machinery and Equipment Loans	\$	3,000	—to encourage the attraction and retention of technology firms through assistance with capital acquisitions.
	MINORITY BUSINESS DEVELOPMENT FUND			
	Transfer to Small Business First Fund	\$	5,000	—to provide additional capitalization funds for the Small Business First Fund from the Pennsylvania Minority Business Development Fund to increase general loans and access to capital for small businesses.

Community and Economic Development

Program Revision: Targeting Economic Development Strategies (continued)

Program Revision Recommendations: (continued)

This budget recommends the following changes:
(Dollar Amounts in Thousands)

HAZARDOUS SITES CLEANUP FUND
Transfer to Small Business First Fund
 \$ 7,500 —to provide additional capitalization funds for the Small Business First Fund from the Hazardous Sites Cleanup Fund to increase general loans and access to capital as well as to provide resources for loans dedicated to pollution prevention technology investments.

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Community and Economic Development							
Team Pennsylvania	\$ 0	\$ 0	\$ 4,800	\$ 4,800	\$ 4,900	\$ 1,500	\$ 1,500
Transfer to Machinery and Equipment	0	0	1,000	1,000	2,500	2,500	2,500
Infrastructure Development	0	0	5,000	5,000	5,000	5,000	5,000
Transfer to Ben Franklin/IRC Fund	0	0	4,000	700	600	4,000	4,000
Transfer to Small Business First	0	0	0	3,000	3,000	3,000	3,000
Marketing to Attract Tourists	0	0	2,800	3,428	3,487	3,547	3,608
Tourist Promotion Assistance	0	0	200	200	200	200	200
Marketing to Attract Film Business	0	0	200	200	200	200	200
International Trade	0	0	500	536	547	558	569
Marketing to Attract Business	0	0	1,500	1,500	1,500	1,500	1,500
Conservation and Natural Resources							
General Government Operations	0	0	151	270	275	281	287
State Park Operations	0	0	1,000	0	0	0	0
Executive Offices							
Grants to the Arts	0	0	400	0	0	0	0
Agriculture							
Agricultural Promotion, Education and							
Export	0	0	432	441	449	458	468
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 21,983	\$ 21,075	\$ 22,658	\$ 22,744	\$ 22,832



Program Revision: Creating An Integrated Workforce Development System

An effective workforce development system is one in which Pennsylvania's businesses and citizens possess the knowledge and skills to succeed and excel in a highly competitive and rapidly changing society. Such a system would provide economic opportunity for our citizens and businesses, create a workforce with relevant skills, and encourage self-sufficiency and individual independence and responsibility.

The Commonwealth currently administers 37 different job training programs. Many of the programs serve the same individuals but for different purposes. Instead of complementing one another, the services often overlap, are duplicative and are provided inefficiently. In order to create a workforce development system that serves the needs of job seekers and employers, the available programs and funding must be aligned programmatically and fiscally so that they can be integrated and coordinated.

This Program Revision provides for a system-wide approach to our current workforce development programs. A unified workforce development system will help local provider communities coordinate their services and most effectively serve the customers of the system – job seekers and employers. The end result will be that Pennsylvania businesses have access to a skilled workforce and job seekers have the knowledge and skills to succeed.

Human Resources Investment Council

This Program Revision provides \$500,000 for the administrative support of the Human Resources Investment Council (HRIC) designed to lead all workforce and job training related programs. The HRIC will be the main force behind establishing a workforce development system that focuses on creating a world-class workforce which recognizes the needs of Pennsylvania's business and citizens and is consistent with the Commonwealth's overall approach to education and economic development.

A primary responsibility of the HRIC will be to guide the development of an enterprise-wide, broad-based approach that will include the assessment of the economic and workforce needs of the Commonwealth and implementation of a strategic plan to meet those needs. This effort will align current State workforce plans and funding for such programs as those in the Job Training Partnership Act (JTPA), Carl D. Perkins Vocational and Applied Technology Act and the Temporary Assistance for Needy Families (TANF) Program according to the identified needs. HRIC will act to improve efficiency by eliminating unnecessary duplication and overlap in existing programs and ensure that the users of the services receive them through a streamlined process.

In addition to realigning current programs, the Council will work with boards and commissions that shape economic development and education policies of the Commonwealth to develop those that appropriately connect workforce development with lifelong learning opportunities. The Council will coordinate its efforts with the Department of Community and Economic Development in order to ensure that the workforce development system is aligned with the Statewide financing strategy for economic development. Similarly, the HRIC will collaborate with the Department of Public Welfare to ensure that the workforce development system is aligned with the Statewide welfare to work strategy. The HRIC will also oversee the Statewide implementation of the Career Development Marketplace System which electronically provides job-related services and information to employers and job seekers at centralized locations.

HRIC will be the vehicle for the coordination and the integration of existing workforce development programs as well as the mechanism for continuous improvement in the workforce development system.

Expansion and Restructuring of Customized Job Training

Important to any workforce development strategy is the ability to provide programs geared to maintaining and improving the existing workforce. Addressing the needs of incumbent workers is critical to both employers and employees. This Program Revision provides an additional \$7 million to restructure the Customized Job Training program, bringing the total for the program to \$25 million. This proposal addresses a gap in the lifelong learning continuum by enhancing training opportunities for the incumbent workers. The proposal increases resources not only for employer-directed training

but also establishes Pennsylvania's leadership in addressing the need for job skills related to cutting-edge industries. These enhancements provide a solid commitment to improve our response to business training needs and creates a framework for greater interagency cooperation on job training.

To realize these enhancements, the Customized Job Training (CJT) program will be restructured to include three components: industry-led skills consortiums; standard CJT programs; and guaranteed training for new and expanding businesses. This Program Revision allocates \$3 million to support industry-led training consortia in key industries to expedite the Commonwealth's response to critical skill and workforce shortages in world-class companies and industries as well as to facilitate industry and company sharing of curricula and instructors. The funding will support basic education, work readiness and industry specific technology training programs.

This Program Revision also allocates \$14 million to support standard customized job training for advanced skill and technology training for businesses. The focus of this funding will be to retain employees. This Program Revision provides \$8 million to increase the accessibility of training for all new and expanding businesses targeted to manufacturing and technology-based service companies that provide full-time equivalent jobs at 150% of the minimum wage. The Team Pennsylvania Board, in conjunction with the Department of Community and Economic Development, will contract with a limited number of training providers who can deliver specialized training on demand. This targeted provider system will contain and manage program costs while providing real-time response to employers.

Workforce Development Challenge Grants

Another important element in any workforce development strategy is the supply of skilled employees for key industries. Employers today in Pennsylvania and throughout the country indicate that the lack of an available skilled workforce is the number one barrier to business expansion. This is especially true for technology-related firms. Pennsylvania's community colleges are well-positioned to fill this gap.

This Program Revision provides \$2 million for a matching grant program for community colleges that form partnerships with an industry consortium or consortia to meet the present and future employment needs of key industries. The partnerships will be centered around community colleges that develop or enhance existing certificate or degree programs to meet industry skill standards; that develop career pathways including internships and mentorships leading directly to jobs; and, that use advanced technology approaches to instruction and education relevant to the technology demands and techniques of the new economy. Implementing these challenge grants will improve the State's supply of skilled employees for key industries, enhance regional training opportunities in order to meet current and future needs, and ultimately serve as an incentive for developing partnerships between education, industry and our communities.

Innovative Learning and Workforce Development Grants

Any workforce development strategy should also ensure a continuum of lifelong learning by including not only elementary, secondary, and post-secondary education opportunities but also formal and informal lifetime learning experiences. Changes to the economy and its impact on the educational system must be incorporated into any workforce development strategy. The largest and fastest-growing segment of the emerging workforce are occupations which do not require a four-year degree. By the year 2005, it is estimated that only 21 percent of jobs will require a college education. This points to the vital importance of quality youth and adult vocational-technical training, including workplace learning experiences for all students.

This Program Revision provides an additional \$500,000 for the Innovative Learning and Workforce Development grant program. These grants are awarded to area vocational-technical schools and school districts with eight or more approved vocational programs including two trade and industrial programs that develop partnerships with area businesses that focus on skill attainment and certification in a variety of proficiencies and those that integrate academic, occupational and technical skills. These projects will enhance work-based learning opportunities and be relevant to current technology, economy or labor market needs.



Community and Economic Development

Program Revision: Creating An Integrated Workforce Development System (continued)

Welfare-to-Work

Effective welfare-to-work strategies serve as a catalyst for increasing the overall skills of the workforce. This Program Revision will make grants available for transitional employment assistance to move hard-to-employ Temporary Assistance for Needy Families (TANF) recipients with employment barriers into jobs offering long-term employment opportunities.

To address and eliminate these barriers, this Program Revision provides over \$21 million targeted to non-custodial parent employment and job retention programs, services for job retention and advancement for employed cash assistance recipients and employment services for pregnant and parenting youth. These programs will provide many welfare recipients with job placement services, transitional employment and job retention and support services they need to make the successful progression into long-term employment and economic self-sufficiency. The services available in

the programs may include intensive case management, work experience and internships, subsidized employment, job development, job retention-related services, job-readiness and job-search workshops, and support services (including transportation).

These programs will supplement skills training and training provided through the Job Training Partnership Act. Related educational programs will also continue. Funding may also be used to expand the Single Point of Contact Program which provides long-term welfare recipients with work experience, internships, job-readiness classes and job development and retention services. The State funds available through the Program Revision will complement \$43 million in Federal Welfare-to-Work funds.

The integrated workforce development system envisioned through this Program Revision will guide Federal, State and local resources in a manner that promotes a high-quality, globally competitive workforce.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Workers receiving specialized training through Customized Job Training							
Program Revision	0	0	27,000	27,000	27,000	27,000	27,000
Community Colleges eligible for workforce development challenge grants							
Program Revision	0	0	15	15	15	15	15
Additional number of innovative learning and workforce development grants							
Current	30	30	30	30	30	30	30
Program Revision	0	0	42	42	42	42	42

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>COMMUNITY AND ECONOMIC DEVELOPMENT</p> <p>Team Pennsylvania</p> <p>\$ 500 —to provide administrative support to the Human Resources Investment Council.</p> <p>Customized Job Training</p> <p>\$ 7,000 —to restructure the Customized Job Training Program.</p> <p>EDUCATION</p> <p>Community Colleges — Workforce Development</p> <p>\$ 2,000 —to fund a Workforce Development Challenge Grant Program for community colleges.</p>	<p>Vocational Education</p> <p>\$ 500 —to expand the Innovative Learning and Workforce Development Grant Program.</p> <p>PUBLIC WELFARE</p> <p>New Directions</p> <p>\$ 21,520 —to provide resources targeted at eliminating barriers to employment for welfare recipients.</p> <p>Program Revision Total</p> <p>\$ 31,520</p>	<p>This Program Revision also recommends \$43,040,000 in Federal Welfare-to-Work funds.</p>
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Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Community and Economic Development							
Team Pennsylvania	\$ 0	\$ 0	\$ 500	\$ 510	\$ 520	\$ 530	\$ 541
Customized Job Training	0	0	7,000	7,000	7,000	7,000	7,000
Education							
Community Colleges — Workforce Development	0	0	2,000	2,000	2,000	2,000	2,000
Vocational Education	0	0	500	500	500	500	500
Public Welfare							
New Directions	0	0	21,520	10,829	0	0	0
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 31,520	\$ 20,839	\$ 10,020	\$ 10,030	\$ 10,041



Community and Economic Development

PROGRAM OBJECTIVE: To promote the use of advanced technology in order to help Pennsylvania industries compete successfully in the national and international market places; to encourage research and development of new products and processes that will foster the start-up of new business within the Commonwealth; and to fund research centers that will provide an incentive for indigenous business formation, as well as serving to attract investment in Pennsylvania.

Program: Technology Development

Recognizing the instrumental role that technology development plays in Pennsylvania's effort to remain competitive in the national and international marketplace, the Commonwealth supports efforts to develop technological advances of benefit to its businesses and industries.

The Ben Franklin Partnership/Industrial Resource Centers Partnership (BF/IRC) program is the Commonwealth's major technology development program for business. The program promotes advanced technology in Pennsylvania's traditional and emerging manufacturing industries as well as small businesses. The program supports a wide range of initiatives to modernize machinery and equipment to improve productivity, streamline operations and increase product choice, and develop a technologically skilled workforce for Pennsylvania.

The IRC portion is designed to improve the competitive ability of Pennsylvania's traditional and emerging manufacturing firms by helping them to understand and implement modern manufacturing techniques and technologies. While the Ben Franklin Partnership helps companies develop new technologies, the IRCs work with existing small and medium size manufacturers to quickly adopt existing technologies and techniques that do not require substantial research. The centers are operated as nonprofit corporations and are given significant direction from the Ben Franklin/IRC Partnership Advisory Board, comprised, in the majority, of private sector representatives.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Jobs created/retained:	1,991	2,100	2,150	2,200	2,300	2,400	2,500
Public/private funds leveraged (in thousands):	\$142,400	\$144,000	\$145,000	\$146,000	\$147,000	\$148,000	\$149,000
Businesses assisted	1,881	1,800	1,810	1,815	1,820	1,825	1,830

Jobs created/retained has decreased from those shown in last year's budget due to a more accurate data assimilation format by the four regions.

The increase in businesses assisted over those shown in last year's budget reflects increased activity by the Ben Franklin Centers.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Transfer to Ben Franklin/IRC Fund
 \$ -4,000 —nonrecurring project.
 4,000 —PRR — Targeting Economic Development Strategies. This Program Revision assists in implementing the Technology 21 recommendations to encourage collaboration among Pennsylvania research universities to commercialize technology innovations and to develop "Tech Communities" to provide an interactive test bed for traditional and futuristic information technology products. See the Program Revision following the Business and Job Development program for additional information.

Super Computer Center
 \$ -1,000 —nonrecurring project.

Infrastructure Technical Assistance
 \$ -2,500 —nonrecurring project.

In addition, the Targeting Economic Development Strategies Program Revision following the Business and Job Development program recommends \$2 million from the Ben Franklin/IRC Fund to develop a Pre-Venture Seed Fund to identify and assist technology entrepreneurs with the potential of developing fast-growing companies.

\$ 0 *Appropriation Net Change*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Transfer to Ben Franklin/IRC Fund	\$ 35,200	\$ 39,700	\$ 39,700	\$ 36,400	\$ 36,300	\$ 39,700	\$ 39,700
Super Computer Center	1,500	2,000	1,000	1,000	1,000	1,000	1,000
Infrastructure Technical Assistance	0	2,500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 36,700	\$ 44,200	\$ 40,700	\$ 37,400	\$ 37,300	\$ 40,700	\$ 40,700

Community and Economic Development

PROGRAM OBJECTIVE: To enhance the total environment of Pennsylvania's communities through improvements in the areas of housing, community development, job training and human services.

Program: Community Development

Program Element: Housing and Redevelopment

Housing and Redevelopment provides grants to communities, redevelopment authorities and nonprofit organizations to improve blighted neighborhoods through redevelopment, and to provide low and moderate income housing through rehabilitation. Within this program, Downtown Assistance and Preservation funds help revitalize central business districts in aging communities.

The weatherization component of the element provides funds to weatherize existing housing through furnace retrofits as well as the installation of insulation, storm doors and windows in homes of persons who meet income eligibility standards developed by the Federal Government. Weatherization is funded from U.S. Department of Energy weatherization funds.

The National Affordable Housing Act of 1990 provides funding to expand the supply of affordable housing for low-income families. A variety of options is available to meet this objective: incentives to develop and support rental housing and home ownership through acquisition, construction or rehabilitation; funding to finance relocation of displaced persons; rental assistance; and rehabilitation of substandard housing. Act 172 of 1992 established a separate special fund entitled the HOME Investment Trust Fund, as required by the U.S. Department of Housing and Urban Development (HUD), to administer these funds.

Program Element: Community Development

The Federal Small Communities Block Grant (SCBG) provides assistance in expanding low and moderate income housing opportunities, enhancing economic development and job opportunities for low and moderate income individuals, correcting public facilities such as water and sewer systems, and improving public facilities that affect public health and safety.

The State funded Enterprise Zone Program provides grants for locally planned innovative projects which can stimulate private investment and create jobs in State-designated enterprise zones. These efforts are also supported by use of Enterprise Zone Tax Credits through the Neighborhood Assistance Act.

Planning Assistance funds help communities develop strategies and plans for economic development, growth management and environmental protection.

Shared Municipal Services assists communities in improving operational efficiencies through cooperative activities. The program assists Councils of Governments and other agencies in implementing programs of inter-municipal cooperation, which will reduce local government costs and implement more efficient and coordinated local government programs and services.

Communities declared financially distressed in accordance with the provisions of Act 157 of 1988 receive assistance in the form of grants and loans.

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.

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.

The Community Services Block Grant (CSBG) provides funds for community-based programs that offer health, nutrition, housing and employment related services to improve the standard of living of low-income persons.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Housing and Redevelopment:							
Rehabilitation of existing units with							
State funds	3,000	2,000	2,000	1,500	1,500	1,500	1,500
Homes weatherized	6,457	6,521	7,042	6,500	6,500	6,500	6,500
Small Communities Block Grant:							
Jobs created and/or retained	60	50	50	50	50	50	50
Housing units rehabilitated	1,500	1,700	1,700	1,600	1,600	1,600	1,600
Community Development:							
Designated distressed communities assisted	15	16	17	17	17	17	17
Shared Municipal Services:							
Local governments assisted	326	475	475	475	475	475	475

The decrease in the number of existing housing units rehabilitated with State funds compared to last year's budget estimate reflects the use of funding for other housing activities.

The increase in the number of homes weatherized compared to the estimate in last year's budget is due to the inclusion of homes aided by the Low Income Home Energy Assistance Program (LIHEAP).

The decrease in housing units rehabilitated through the Small Communities Block Grant reflects the greater emphasis being placed in the HOME Investment Partnership Program's housing rehabilitation component and the refocusing of the Small Communities Block Grant Program to rehabilitation of municipal sewage and water programs in low-to-moderate income communities.

The increase in the number of local governments assisted in Shared Municipal Services is as a result of increased program outreach.



Community and Economic Development

Program: Community Development (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Job Training and Human Services:							
Persons participating:							
Community conservation and youth employment	1,977	2,000	2,000	2,000	2,000	2,000	2,000
Community Services Block Grant	546,575	628,561	550,000	550,000	550,000	550,000	550,000
Employment related services and training projects	1,311	1,508	1,300	1,300	1,300	1,300	1,300
Job Placement Program:							
Persons placed	1,186	1,200	1,200	1,200	1,200	1,200	1,200

The measure pertaining to the number of persons participating in Community Services Block Grant programs increased from those shown in the prior budget as a result of increased availability of community-based programs in the areas of health, nutrition, housing and employment services.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND:</p> <p>Housing and Redevelopment Assistance</p> <p>\$ 2,500 —PRR — Empowering Individuals and Communities. This Program Revision encourages and enhances community reinvestment and rebuilding of communities through the Communities of Opportunities Program. See the Program Revision following this program for additional information.</p> <p>—2,000 —nonrecurring project.</p> <p><u>\$ 500</u> <i>Appropriation Increase</i></p> <p>Community Development Bank</p> <p>\$ -10,000 —nonrecurring program to initially capitalize local community banks and enable the leveraging of private funds.</p> <p>-3,000 —nonrecurring grants for training and technical assistance to promote the creation of the Community Development Banks.</p> <p><u>\$ -13,000</u> <i>Appropriation Decrease</i></p> <p>Shared Municipal Services</p> <p>\$ 300 —PRR — Empowering Individuals and Communities. This Program Revision encourages the development of collaborative approaches to local service delivery. See the Program Revision following this program for additional information.</p>	<p>Planning Assistance</p> <p>\$ 200 —PRR — Empowering Individuals and Communities. This Program Revision provides grants to assist in planning and decision making at the local level and to provide relief from unfunded planning mandates. See the Program Revision following this program for additional information.</p> <p>Community Revitalization and Assistance</p> <p>\$ -7,000 —nonrecurring grants.</p> <p>Main Street Program</p> <p>\$ 2,000 —PRR — Empowering Individuals and Communities. This Program Revision implements the Main Street Program to assist central business districts reorient themselves to the dynamics of the new economy. See the Program Revision following this program for additional information.</p>
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All other programs are recommended at the current year funding level.

Community and Economic Development

Program: Community Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Transfer: Financially Distressed							
Municipalities Aid Fund	\$ 1,200	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Housing and Redevelopment Assistance ...	18,575	15,575	16,075	16,075	16,075	16,075	16,075
Community Development Bank	0	15,000	2,000	2,000	2,000	2,000	2,000
Family Savings Accounts	0	1,250	1,250	1,250	1,250	1,250	1,250
Strategic Community Partnerships	2,825	0	0	0	0	0	0
Shared Municipal Services	300	600	900	900	900	900	900
Enterprise Development	6,996	6,996	6,996	6,996	6,996	6,996	6,996
Planning Assistance	375	175	375	375	375	375	375
Community Revitalization and Assistance	24,275	35,000	28,000	28,000	28,000	28,000	28,000
Main Street Program	0	0	2,000	2,000	2,000	2,000	2,000
Community Conservation and Employment	6,300	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL GENERAL FUND:	\$ 60,846	\$ 85,596	\$ 68,596	\$ 68,596	\$ 68,596	\$ 68,596	\$ 68,596



Program Revision: Empowering Individuals and Communities

Improving the economic opportunities available for hardworking Pennsylvanians and their communities has been an integral component of the Commonwealth's community and economic development strategies. Changes have been and continue to be implemented to assist those individuals, families, and communities that are working hard, raising their children and planning for the future. This Program Revision seeks to continue efforts aimed at assisting citizens and communities to maximize their economic options and create their own opportunities for the betterment of themselves, their families and their communities. Strategies and tools to empower individuals and communities will include a further reduction in personal income taxes, developing child care options, improving community assets and assisting communities in planning more efficient service delivery strategies.

Economic Opportunities for Individuals

Often the primary obstacle to partake in the economic opportunities available to individuals and families is a lack of financial resources. Working families often exhaust most, if not all, of their income to cover basic living expenses, which makes it difficult to seize new opportunities, start a new business or save for the future. This Program Revision proposes to increase the amount of discretionary income working families retain by amending the special forgiveness provisions in Pennsylvania's Personal Income Tax.

Special tax forgiveness provisions to the Pennsylvania Personal Income Tax (PIT) allow eligible claimants to reduce their tax liability depending upon the amount of their eligible income. This Program Revision proposes to increase the claimant income limit by \$200 to \$6,500, increase the dependent exemption from \$4,000 to \$6,000, as well as increase each qualifying income bracket for partial PIT forgiveness from \$100 to \$250 over the base exemption amount. With this proposal, a qualifying family of four with taxable income up to \$25,000 will owe no tax for an annual savings of \$700. These changes represent the largest expansion of the PIT special tax forgiveness program. It is estimated 367,000 Pennsylvanians will benefit from these proposed changes to the PIT special tax forgiveness program. These proposed changes build upon the success of our 1997-98 PIT reductions that assisted an additional 178,000 Pennsylvanians.

Adequate, available and affordable child care is a necessity for many hardworking families. Employer and community-based child care can increase employment opportunities for these families. To encourage greater business involvement in child care development, this Program Revision provides \$200,000 to assist business-based child care planning. Funding will be provided through the Industrial Development Assistance Program to encourage small companies to collaboratively plan and develop child care options for their employees. In addition, this Program Revision makes child care businesses eligible for low interest financing under the Small Business First Program. A particular focus of this financing will be to foster expanded child care services at the neighborhood level in distressed communities. Further, the Commonwealth through Team Pennsylvania's Calling Network, will seek to identify business child care needs and issues which can be responded to by State or community resources.

Revitalizing Communities

While direct grant and loan provisions can assist community revitalization to a certain degree, changes in tax policies can also have an important economic impact on revitalizing communities. This Program Revision recommends implementation of Keystone Opportunity Zones which are community development initiatives to revive economically distressed urban

and rural communities with the most powerful market based incentive, no taxation. Keystone Opportunity Zones will be defined, limited areas in communities with greatly reduced or no tax burdens for residents and businesses located within the Zones. Communities designated as Keystone Opportunity Zones would voluntarily waive most State and local taxes. Any municipality, county or combination could be eligible to be dedicated as a Keystone Opportunity Zone. Up to twelve Zones will be designated in this one-time only program and tax waivers could exist up to twelve years. In addition to encouraging economic development and investment in communities through a waiver from taxation, communities will also be encouraged to reform local regulations, implement quality school improvements, initiate crime reduction measures, demonstrate cooperation with surrounding communities, maximize local public and private commitment and connect with existing local community building initiatives.

Strategically targeted financial assistance packages can also assist communities in rebuilding the neighborhoods. The Communities of Opportunities Program implements a comprehensive community development strategy that recognizes that healthy and economically vital communities are an essential component of rebuilding the economic strength of the Commonwealth. This Program Revision provides an additional \$2.5 million for the Communities of Opportunities Program to enhance reinvestment and rebuilding of communities. Additional resources will be utilized to encourage private and local investment in technology and tourism related developments as catalysts for community renewal.

Community economic recovery and rebuilding can be enhanced through critical investments in the success of central business districts which serve as anchors for the community. This Program Revision provides \$2 million to establish the Main Street Program as a free-standing community economic development strategy. This funding will enable the Main Street Program to assist downtown areas re-orient themselves to the dynamics of the new economy. Community economic development also involves locally driven industrial attraction efforts. Industrial development and commercial investments serve as additional anchors to communities and this Program Revision provides an additional \$400,000 in grants to locally designated organizations for the purpose of implementing community development strategies to improve and maintain the local industrial base.

In an effort to help communities plan for their futures and develop more efficient means of service delivery, this Program Revision provides \$200,000 in State Planning Assistance Grants to assist planning and decision making at the local level and to facilitate community and economic revitalization and development. Increased regional cooperation offers communities the opportunity to improve their services and reduce their costs. This Program Revision provides \$300,000 to encourage the implementation of shared municipal services to the benefit of all participating communities.

The ability of the Commonwealth, local governments and communities to plan and sustain their community/economic development strategies will be directly affected by the results of the upcoming Year 2000 census. Many Federal appropriations including housing, workforce training, education and transportation are determined by formulas based on population. This Program Revision provides \$300,000 to ensure that the Commonwealth and its communities continue to receive their proportionate share of Federal dollars. Pennsylvania, through the Center for Local Government Services, will work with the Federal government, the private sector and communities to educate citizens on the importance of the census and the impacts that a low or inaccurate count will have on their communities.



Community and Economic Development

Program Revision: Empowering Individuals and Communities (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Industrial Development Assistance							
Child Care Planning Grants							
Program Revision	0	0	20	20	20	20	20
Keystone Opportunity Zones							
Number of Zones in Program							
Program Revision	0	0	12	12	12	12	12
Jobs Created							
Program Revision	0	0	5,000	5,000	5,000	5,000	5,000
Housing and Redevelopment Assistance							
Grants Awarded							
Current	0	0	25	25	25	25	25
Program Revision	0	0	30	30	30	30	30
Main Street Program							
Small Communities Assisted							
Program Revision	0	0	15	15	15	15	15
Planning Assistance							
Additional Grants							
Current	0	0	21	21	21	21	21
Program Revision	0	0	50	50	50	50	50
Shared Municipal Services							
Additional Consolidations							
Current	0	0	200	200	200	200	200
Program Revision	0	0	300	300	300	300	300

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND					
\$	200	Industrial Development Assistance	\$	200	Planning Assistance
		—to provide grants to encourage small companies to collaboratively plan and develop child care options.			—to provide grants to assist in planning and decision making at the local level and to provide relief from unfunded planning mandates.
	400	—to provide grants to locally designated organizations to develop strategies to improve and maintain local industrial bases.			
\$	600	Industrial Development Assistance Total	\$	300	Shared Municipal Services
					—to encourage the development of collaborative approaches to local service delivery.
\$	2,500	Housing and Redevelopment Assistance	\$	300	General Government Operations
		—to encourage and enhance community reinvestment and rebuilding of communities through the Communities of Opportunities Program.			—to coordinate State, local and private sector efforts to prepare for the decennial 2000 census.
\$	2,000	Main Street Program	\$	5,900	Program Revision Total
		—to assist central business districts re-orient themselves to the dynamics of the new economy.			

Community and Economic Development

Program Revision: Empowering Individuals and Communities (continued)

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Community and Economic Development							
Industrial Development Assistance	\$ 0	\$ 0	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Housing and Redevelopment Assistance ...	0	0	2,500	2,500	2,500	2,500	2,500
Main Street Program	0	0	2,000	2,000	2,000	2,000	2,000
Planning Assistance	0	0	200	200	200	200	200
Shared Municipal Services	0	0	300	300	300	300	300
General Government Operations	0	0	300	614	626	0	0
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 5,900	\$ 6,214	\$ 6,226	\$ 5,600	\$ 5,600





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The Department of Conservation and Natural Resources is responsible for managing the State's natural resources, including the protection and management of the State's parks and forests. The department also provides financial assistance to municipalities in acquiring and rehabilitating parks, open space and community center buildings.

The Citizens Advisory Council is included in the department's presentation.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Conservation and Natural Resources

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Targeting Economic Development Strategies		
	General Government Operations.....	\$ 151
	State Parks Operations.....	<u>1,000</u>
	Subtotal.....	\$ <u>1,151</u>

This Program Revision enhances the marketing efforts of the Community Conservation Partnership Initiative which seeks to highlight the natural beauty and recreational opportunities throughout Commonwealth communities. This Program Revision also provides for the electrification of various campsites within the State Parks System to encourage greater visitation and economic growth. This is part of the \$39.5 million Targeting Economic Development Strategies Program Revision. Please see the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information on this Program Revision.

Promoting Independence for Persons with Disabilities

State Parks Operations.....	\$ 1,500
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This Program Revision provides training in best practices for improving access to State recreation facilities, State Parks and State tourism attractions for persons with disabilities. This Program Revision also provides for structural improvements to State parks facilities to improve access for persons with disabilities. This is part of the \$13.3 million Promoting Independence for Persons with Disabilities Program Revision. Please see the Program Revision following the Human Services Program in the Department of Public Welfare for additional information on this Program Revision.

Department Total.....	<u>\$ 2,651</u>
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Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 11,213	\$ 11,145	\$ 12,596
(F)Surface Mining Control and Reclamation.....	177	150	180
(F)Topographic and Geologic Survey Grants.....	65	175	160
(F)Bituminous Coal Resources.....	120	205	230
(F)Intermodal Surface Transportation Act.....	400	1,000 ^a	4,000
(F)Land and Water Conservation Fund.....	499	1,100	1,100
(F)Economic Action Programs.....	0	100	100
(A)Payment for Department Services.....	18	135	135
(A)Water Well Drillers.....	51	65	65
(A)Keystone Recreation, Park and Conservation Fund.....	1,563	2,700	1,731
Subtotal.....	\$ 14,106	\$ 16,775	\$ 20,297
State Parks Operations.....	45,260	48,201	53,998
(F)Heritage Preservation.....	0	450	450
(F)Recreational Trails.....	39	500	500
(F)Clean Vessel Act.....	0	55	0
(F)January 1996 Flood Disaster - Disaster Assistance.....	1,150	10,000	2,000
(F)July 1996 Storm Disaster - Disaster Assistance (F).....	44	50	0
(F)November 1996 Storm Disaster - Disaster Assistance.....	53	53	0
(F)September 1996 Storm Disaster - Disaster Assistance.....	175	175	0
(A)PCC Programs - Parks.....	395	500	400
(A)Reimbursement - Sewer System.....	82	95	95
(A)Reimbursement - Kings Gap Use.....	33	75	75
(A)State Parks User Fees.....	10,075	11,500	12,000
(A)Prior Year Revenue - Parks.....	25	600	600
(A)Reimbursement for Services.....	38	93	93
Subtotal.....	\$ 57,369	\$ 72,347	\$ 70,211
State Forests Operations.....	13,566	13,737	13,149
(F)Forest Fire Protection and Control.....	315	315	315
(F)Forestry Incentives and Agriculture Conservation.....	13	70	40
(F)Forest Management and Processing.....	312	200	215
(F)Cooperative Forest Insect and Disease Control.....	250	250	250
(F)Tree Planting.....	21	75	0
(F)Wetland Protection Fund.....	93	200	200
(A)Reimbursement for Services.....	250	100	100
(A)Sale of Forest Products.....	23	0	0
(A)Reimbursement - Forest Fires.....	357	350	350
(A)Sale of Vehicles - Forests.....	14	25	25
(A)Private Donations.....	75	35	35
(A)Timber Sales.....	15,825	18,937	22,989
(A)PCC Programs - Forests.....	282	500	400
(A)Reimbursement - Gypsy Moth and Other Insect Control.....	470	470	470
Subtotal.....	\$ 31,866	\$ 35,264	\$ 38,538
Forest Pest Management.....	1,889 ^b	3,260 ^b	2,258
(F)Forest Insect and Disease Control.....	906	1,220	1,220
(A)Reimbursement from Counties.....	6	100	100
Subtotal.....	\$ 2,801	\$ 4,580	\$ 3,578
Subtotal - State Funds.....	\$ 71,928	\$ 76,343	\$ 82,001
Subtotal - Federal Funds.....	4,632	16,343	10,960
Subtotal - Augmentations.....	29,582	36,280	39,663
Total - General Government.....	\$ 106,142	\$ 128,966	\$ 132,624
Grants and Subsidies:			
Heritage and Other Parks.....	\$ 4,500	\$ 4,100	\$ 2,750
Annual Fixed Charges - Flood Lands.....	37	42	42



Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Annual Fixed Charges - Project 70.....	39	35	35
Annual Fixed Charges - Forest Lands.....	2,412	2,450	2,450
Annual Fixed Charges - Park Lands.....	348	450	450
 Total - Grants and Subsidies.....	\$ 7,336	\$ 7,077	\$ 5,727
 STATE FUNDS.....	\$ 79,264	\$ 83,420	\$ 87,728
FEDERAL FUNDS.....	4,632	16,343	10,960
AUGMENTATIONS.....	29,582	36,280	39,663
 GENERAL FUND TOTAL.....	\$ 113,478	\$ 136,043	\$ 138,351
 KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>General Government:</i>			
Park & Forest Facility Rehabilitation - Bond Proceeds.....	\$ 7,837	\$ 178	\$ 0
Park & Forest Facility Rehabilitation-Realty Transfer(94-95).....	4,345	2,703	0
Park & Forest Facility Rehabilitation-Realty Transfer(95-96).....	7,542	4,317	0
Park & Forest Facility Rehabilitation-Realty Transfer(96-97).....	0	11,744	0
Park & Forest Facility Rehabilitation-Realty Transfer(97-98).....	0	0	12,093
 Subtotal.....	\$ 19,724	\$ 18,942	\$ 12,093
 Total - General Government.....	\$ 19,724	\$ 18,942	\$ 12,093
 <i>Grants and Subsidies:</i>			
Grants for Local Recreation - Bond Proceeds.....	\$ 4,997	\$ 7,275	\$ 0
Grants for Local Recreation - Realty Transfer Tax (94-95).....	3,572	6,782	0
Grants for Local Recreation - Realty Transfer Tax (95-96).....	1,501	7,045	0
Grants for Local Recreation - Realty Transfer Tax (96-97).....	0	9,787	0
Grants for Local Recreation - Realty Transfer Tax (97-98).....	0	0	10,078
Grants to Land Trusts - Bond Proceeds.....	1,633	405	1
Grants to Land Trusts - Realty Transfer Tax (94-95).....	1,894	1,889	0
Grants to Land Trusts - Realty Transfer Tax (95-96).....	0	3,418	0
Grants to Land Trusts - Realty Transfer Tax (96-97).....	0	3,915	0
Grants to Land Trusts - Realty Transfer Tax (97-98).....	0	0	4,031
Grants to Zoos - Bond Proceeds.....	1,571	1,130	1
 Subtotal.....	\$ 15,168	\$ 41,646	\$ 14,111
 Total - Grants and Subsidies.....	\$ 15,168	\$ 41,646	\$ 14,111
 KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 34,892	\$ 60,588	\$ 26,204
 MOTOR LICENSE FUND:			
<i>General Government:</i>			
Dirt and Gravel Road.....	\$ 0	\$ 1,000	\$ 1,000
 MOTOR LICENSE FUND TOTAL.....	\$ 0	\$ 1,000	\$ 1,000
 OTHER FUNDS:			
GENERAL FUND:			
Snowmobile Regulation.....	\$ 674	\$ 1,300	\$ 1,300
Forest Regeneration.....	1,045	2,425	2,000
Ohioyle State Park Water Treatment System.....	11	50	75
 GENERAL FUND TOTAL.....	\$ 1,730	\$ 3,775	\$ 3,375

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 132	\$ 150	\$ 95
MOTOR LICENSE FUND:			
Forestry Bridges - Excise Tax (R).....	\$ 7,480	\$ 4,670	\$ 4,704
OIL AND GAS LEASE FUND:			
General Operations.....	\$ 4,356	\$ 4,500	\$ 5,100
WILD RESOURCE CONSERVATION FUND:			
General Operations (EA).....	\$ 1,919	\$ 1,997	\$ 1,500
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 79,264	\$ 83,420	\$ 87,728
SPECIAL FUNDS.....	34,892	61,588	27,204
FEDERAL FUNDS.....	4,632	16,343	10,960
AUGMENTATIONS.....	29,582	36,280	39,663
OTHER FUNDS.....	15,617	15,092	14,774
TOTAL ALL FUNDS.....	\$ 163,987	\$ 212,723	\$ 180,329

^a Actually appropriated as \$4,000,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^b Appropriation title changed from Gypsy Moth and Other Insect Control.



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND.....	\$ 79,264	\$ 83,420	\$ 87,728	\$ 90,089	\$ 92,345	\$ 94,048	\$ 95,784
SPECIAL FUNDS.....	34,892	61,588	27,204	25,892	28,713	31,998	34,330
FEDERAL FUNDS.....	4,632	16,343	10,960	8,960	8,960	8,960	8,960
OTHER FUNDS.....	45,199	51,372	54,437	53,758	54,796	55,850	56,926
SUBCATEGORY TOTAL.....	\$ 163,987	\$ 212,723	\$ 180,329	\$ 178,699	\$ 184,814	\$ 190,856	\$ 196,000
ALL PROGRAMS:							
GENERAL FUND.....	\$ 79,264	\$ 83,420	\$ 87,728	\$ 90,089	\$ 92,345	\$ 94,048	\$ 95,784
SPECIAL FUNDS.....	34,892	61,588	27,204	25,892	28,713	31,998	34,330
FEDERAL FUNDS.....	4,632	16,343	10,960	8,960	8,960	8,960	8,960
OTHER FUNDS.....	45,199	51,372	54,437	53,758	54,796	55,850	56,926
DEPARTMENT TOTAL.....	\$ 163,987	\$ 212,723	\$ 180,329	\$ 178,699	\$ 184,814	\$ 190,856	\$ 196,000



Conservation and Natural Resources

PROGRAM OBJECTIVE: To protect and manage outdoor recreation facilities and open space areas, to provide, or assist in, effective management of forest lands, to reduce plant loss and damage caused by insects, disease and forest fires, and to provide data on geology, energy resources, groundwater and topography within the Commonwealth.

Program: Parks and Forests Management

Program Element: Management of Recreation Facilities and Areas

The system of State parks consists of 116 parks in 61 counties. Over 249,000 acres of land and 33,500 acres of water are within these parks. They attract more than 36 million visitors each year and provide picnicking, swimming, hiking, bicycling, horseback riding, cross-country skiing, camping, boating, fishing and hunting opportunities for citizens and guests of the Commonwealth. In addition to managing these facilities, this program element also maintains and restores the State parks and adds new facilities where needed. User fees and concession charges are used to support the maintenance and operation of the park system. The Keystone Recreation, Park and Conservation Fund provides bond and real-estate transfer tax revenues for rehabilitation, repairs and upgrade of facilities and land acquisition for State park and forest lands.

Program Element: Management of Forest Resources

This element is responsible for the management of two million acres of State forest lands. These forest lands offer many social and recreational opportunities. Hiking, camping, hunting, fishing, cross-country skiing, canoeing and snowmobiling are examples of the diverse activities in State forests. Properly managed, forests yield economic benefits such as the promotion of tourism, harvest of timber for wood products, the protection of groundwater for municipal and other uses, and the production and underground storage of natural gas. This program also provides management assistance to the more than 490,000 owners of private forest lands and oversees fire, insect and disease control activities affecting Pennsylvania's forests.

Although there are five native insects which defoliate trees, the primary insect threat to Pennsylvania's forests is the gypsy moth. Fortunately, the number of forested acres heavily infested by the gypsy moth has dramatically declined in the past several years. This may represent the nadir of the population cycle of these insects. It is expected that in future years, as the amount of gypsy moth increases throughout the State, the number of acres

treated will again rise. It is very difficult to predict these levels due to the sudden outbreaks of one species of damaging insect or another.

The other major threat to Pennsylvania's forests is fire. Through aggressive prevention and extinction activities, the size of the average forest fire has been held to about five acres.

This program element also maintains the Pennsylvania Natural Diversity Inventory. This computerized data base contains location information for rare, unique and unusual features of the Commonwealth. It provides information for State and Federal regulatory agencies and for State, regional and local government planning.

Program Element: Topographic and Geologic Services

This element gathers, analyzes, interprets and disseminates information about the surface and subsurface geology, mineral and fossil energy resources, groundwater, and digital and analog topography of all areas of the Commonwealth. These surveys are used, for example, to locate hazards such as sinkholes and areas prone to landslide, to catalog coal extraction, for oil and gas drilling operations, and to provide data for activities where knowledge of the Commonwealth's topography and geology is needed.

Program Element: Local Recreation & Conservation Programs

The department administers Community, Land Trust, Rivers Conservation and Rail-to-Trails Grants from the Keystone Recreation, Park and Conservation Fund. Grants and technical assistance are provided to communities and non-profit organizations for the planning, acquisition, and development of park, recreation and conservation areas and facilities.

The Heritage Parks Program is an economic development and conservation partnerships initiative that enables regions of the Commonwealth to comprehensively plan, enhance, manage and market significant natural, cultural, recreational and scenic resources for heritage tourism.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Management of Recreation Facilities and Areas							
State park attendance in visitor days (in thousands)	37,000	37,690	37,690	37,690	37,690	37,690	37,690
Major maintenance or restoration projects completed	69	76	70	70	70	70	70
Keystone Recreation, Park and Conservation Fund projects completed*	113	57	50	50	50	50	50

The number of major maintenance or restoration projects declined compared to last year's estimates. However, the projects completed were substantially larger than those done in prior years.

Keystone Fund projects are limited by the amount of real estate taxes accumulated annually.

*New program measure added this year.



Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Management of Forest Resources							
Forest fires	845	1,000	1,000	1,000	1,000	1,000	1,000
Acres of private timber land affected by professional assistance	97,979	95,000	95,000	95,000	95,000	95,000	95,000
Acres receiving insect suppression.....	1,541	0	10,000	10,000	50,000	100,000	100,000

The decrease from last year's budget in the program measure for the number of acres receiving insect suppression treatment reflects less acreage being infested due to the decline of the gypsy moth population; this measure increases in the future as the cycle of infestations is expected to reverse.

Recreational and Conservation Programs

Keystone Recreation, Park and Conservation							
Fund Grants	319	250	250	250	250	250	250
Heritage Park Grants	44	48	50	50	50	50	50

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 1,300</p> <p>151</p> <hr/> <p>\$ 1,451</p> <p>\$ 2,097</p> <p>1,200</p> <p>1,000</p> <p>20</p>	<p>General Government Operations</p> <p>—to continue current programs.</p> <p>— PRR — Targeting Economic Development Strategies. This Program Revision enhances the marketing efforts of the Community Conservation Partnership Initiative. See the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information.</p> <p><i>Appropriation Increase</i></p> <p>State Parks Operations</p> <p>—to continue current programs.</p> <p>—to provide for additional major maintenance projects.</p> <p>— PRR — Targeting Economic Development Strategies. This Program Revision provides for the electrification of campsites within the State Parks System to encourage greater visitation and economic growth. See the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information.</p> <p>— PRR — Promoting Independence for Persons with Disabilities. This Program Revision provides training in best practices for improving access to State recreation facilities, State Parks and State tourism attractions for persons with disabilities. See the Program Revision following the Human Services Program in the Department of Public Welfare for additional information.</p>	<p>1,480</p> <hr/> <p>\$ 5,797</p> <p>\$ -588</p> <p>\$ -1,002</p> <p>\$ -1,350</p>	<p>— PRR — Promoting Independence for Persons with Disabilities. This Program Revision provides for structural improvements to State Parks facilities to improve access for persons with disabilities. See the Program Revision following the Human Services Program in the Department of Public Welfare for additional information.</p> <p><i>Appropriation Increase</i></p> <p>State Forests Operations</p> <p>—to continue current programs.</p> <p>Forest Pest Management</p> <p>—reflects expected level of forest pests infestations.</p> <p>Heritage and Other Parks</p> <p>—nonrecurring projects.</p>
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This budget also recommends \$2,884,000 from the timber sales restricted account for replacement of heavy equipment and commercial vehicles, and to upgrade radio and computer equipment.

Projects funded by the Keystone, Park and Conservation Fund will continue until the amount allotted by law is completely committed.

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

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 11,213	\$ 11,145	\$ 12,596	\$ 12,964	\$ 13,223	\$ 13,488	\$ 13,758
State Parks Operations	45,260	48,201	53,998	55,228	56,902	58,010	59,140
State Forests Operations	13,566	13,737	13,149	13,412	13,680	13,954	14,233
Forest Pest Management	1,889	3,260	2,258	2,758	2,813	2,869	2,926
Heritage and Other Parks	4,500	4,100	2,750	2,750	2,750	2,750	2,750
Annual Fixed Charges — Flood Lands	37	42	42	42	42	42	42
Annual Fixed Charges — Project 70	39	35	35	35	35	35	35
Annual Fixed Charges — Forest Lands	2,412	2,450	2,450	2,450	2,450	2,450	2,450
Annual Fixed Charges — Park Lands	348	450	450	450	450	450	450
TOTAL GENERAL FUND	\$ 79,264	\$ 83,420	\$ 87,728	\$ 90,089	\$ 92,345	\$ 94,048	\$ 95,784
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehabilitation — Bond Proceeds	\$ 7,837	\$ 178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Park & Forest Facility Rehabilitation — Realty Transfer Tax	11,887	18,764	12,093	11,763	12,516	14,307	15,383
Grants for Local Recreation — Bond Proceeds	4,997	7,275	0	0	0	0	0
Grants for Local Recreation — Realty Transfer Tax	5,073	23,614	10,078	9,803	10,430	11,922	12,819
Grants to Land Trusts — Bond Proceeds ..	1,633	405	1	0	0	0	0
Grants to Land Trusts — Realty Transfer Tax	1,894	9,222	4,031	3,326	4,767	4,769	5,128
Grants to Zoos — Bond Proceeds	1,571	1,130	1	0	0	0	0
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND	\$ 34,892	\$ 60,588	\$ 26,204	\$ 24,892	\$ 27,713	\$ 30,998	\$ 33,330
MOTOR LICENSE FUND:							
Dirt and Gravel Road	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF CORRECTIONS

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds <small>(in thousands)</small>
Enhancing Public Safety		
	State Correctional Institutions.....	\$ 3,436
	Inmate Training.....	<u>9</u>
	Subtotal.....	\$ 3,445
<p>This Program Revision provides resources to increase prison capacity, including housing for young adult offenders, and to expand drug and alcohol services within State Correctional Institutions. A total of \$15.2 million in State and Federal funds is provided by this Program Revision across five departments.</p>		
	Department Total.....	<u>\$ 3,445</u>



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>Institutional:</i>			
State Correctional Institutions.....	\$ 735,771	\$ 808,192	\$ 859,334
(F)SABG - Alcohol and Drug Services.....	2,100	2,100	0
(F)SABG - Drug and Alcohol Programs.....	0	0	2,100
(F)DCSI - Women and Children.....	202	200	0
(F)DCSI - Therapeutic Community.....	201	175	139
(F)DCSI - Drug Treatment.....	0	600	695
(F)DCSI - Photo Identification.....	0	21	0
(F)DCSI - Violent Crime Victims.....	0	86	58
(F)DCSI - Ionscan.....	0	563	0
(F)Reimbursement for Alien Inmates.....	852	3,750	3,750
(F)Truth in Sentencing.....	0	11,786	16,201
(A)Community Service Centers.....	541	600	600
(A)Institutional Reimbursements.....	45	85	90
Subtotal.....	<u>\$ 739,712</u>	<u>\$ 828,158</u>	<u>\$ 882,967</u>
General Government Operations.....	29,751 a	28,543	27,576
(F)DCSI - County Data Automation.....	46	30	0
(F)DCSI - Tracking System.....	182	50	47
(F)DCSI - Victim Notification.....	35	75	25
(F)DCSI - Drug Interdiction.....	55	50	33
(F)DCSI - Inmate Records.....	0	165	110
(F)DCSI - Video Conferencing.....	0	159	0
(F)Federal Inmates.....	11	25	25
(F)Teleconference Legal Services.....	0	215	0
(F)Community Classification.....	25	0	0
(F)Boot Camp Planning.....	100	0	0
(A)County Training.....	66	350	350
Subtotal.....	<u>\$ 30,271</u>	<u>\$ 29,662</u>	<u>\$ 28,166</u>
Medical Care.....	119,522 a	124,800	129,875
(A)Medical Co-payment.....	0	190	380
Subtotal.....	<u>\$ 119,522</u>	<u>\$ 124,990</u>	<u>\$ 130,255</u>
Inmate Training.....	9,353 a	9,914	11,132
(F)Library Services.....	5	50	25
Subtotal.....	<u>\$ 9,358</u>	<u>\$ 9,964</u>	<u>\$ 11,157</u>
Subtotal - State Funds.....	\$ 894,397	\$ 971,449	\$ 1,027,917
Subtotal - Federal Funds.....	3,814	20,100	23,208
Subtotal - Augmentations.....	652	1,225	1,420
Total - Institutional.....	<u>\$ 898,863</u>	<u>\$ 992,774</u>	<u>\$ 1,052,545</u>
STATE FUNDS.....	\$ 894,397	\$ 971,449	\$ 1,027,917
FEDERAL FUNDS.....	3,814	20,100	23,208
AUGMENTATIONS.....	652	1,225	1,420
GENERAL FUND TOTAL.....	<u>\$ 898,863</u>	<u>\$ 992,774</u>	<u>\$ 1,052,545</u>
OTHER FUNDS:			
LOCAL CRIMINAL JUSTICE FUND:			
Local Criminal Justice Grants.....	\$ 4,450	\$ 10,000	\$ 3,500
MANUFACTURING FUND:			
General Operations.....	\$ 32,576	\$ 33,319	\$ 34,431

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 894,397	\$ 971,449	\$ 1,027,917
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	3,814	20,100	23,208
AUGMENTATIONS.....	652	1,225	1,420
OTHER FUNDS.....	37,026	43,319	37,931
TOTAL ALL FUNDS.....	\$ 935,889	\$ 1,036,093	\$ 1,090,476

^a Actually appropriated as part of the \$933,130,000 State Correctional Institutions appropriation.



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND.....	\$ 894,397	\$ 971,449	\$ 1,027,917	\$ 1,054,959	\$ 1,076,059	\$ 1,097,580	\$ 1,119,532
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,814	20,100	23,208	22,378	20,749	19,849	18,949
OTHER FUNDS.....	37,678	44,544	39,351	37,569	37,800	38,045	38,806
SUBCATEGORY TOTAL.....	\$ 935,889	\$ 1,036,093	\$ 1,090,476	\$ 1,114,906	\$ 1,134,608	\$ 1,155,474	\$ 1,177,287
ALL PROGRAMS:							
GENERAL FUND.....	\$ 894,397	\$ 971,449	\$ 1,027,917	\$ 1,054,959	\$ 1,076,059	\$ 1,097,580	\$ 1,119,532
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,814	20,100	23,208	22,378	20,749	19,849	18,949
OTHER FUNDS.....	37,678	44,544	39,351	37,569	37,800	38,045	38,806
DEPARTMENT TOTAL.....	\$ 935,889	\$ 1,036,093	\$ 1,090,476	\$ 1,114,906	\$ 1,134,608	\$ 1,155,474	\$ 1,177,287

PROGRAM OBJECTIVE: *To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.*

Program: Institutionalization of Offenders

The State administered system for the institutionalization of offenders includes 23 correctional institutions, 15 community corrections centers and a motivational boot camp. During 1997, institutional capacity increases occurred with the continued opening of the Laurel Highlands institution and the opening of a new 72 bed housing unit at SCI Dallas. The following institutional changes are planned for the first six months of 1998: 1) a new prison in Delaware County with a capacity of 656 cells will be phased-in, 2) cell blocks will be opened at SCI's Albion, Mahanoy, Somerset, Waymart, and Dallas for a total capacity increase of 1,036 and, 3) a small restricted housing unit at SCI Frackville will provide 9 cells. There were 34,964 inmates housed in the State system at the end of December 1997 with a cell capacity of 22,875.

The State's prison expansion program is continuing in 1998-99 with the opening of a new restricted housing unit at Muncy with a capacity of 36 beds, two new cell blocks at Greene and Houtzdale for a capacity increase of 512, and the opening of the final 600 beds at SCI Laurel Highlands.

In addition to providing the basic necessities of life, programs are available which enable inmates to leave prison better prepared to adjust to life in the community. These include educational services, vocational training, drug and alcohol therapy and counseling.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic educational skills. Postsecondary education, in cooperation with nearby colleges, enables students to earn associate's or bachelors degrees.

Vocational training is dedicated to the development of marketable job skills so that inmates are more employable upon their release. A variety of programs are offered which may lead to employment as plumbers, electricians, auto mechanics, sheet metalworkers, barbers or cosmeticians.

Counseling services are designed to modify social behavior to a more acceptable level. Mental health and sex offender units have been opened at many institutions. Alcohol and drug rehabilitation is also available.

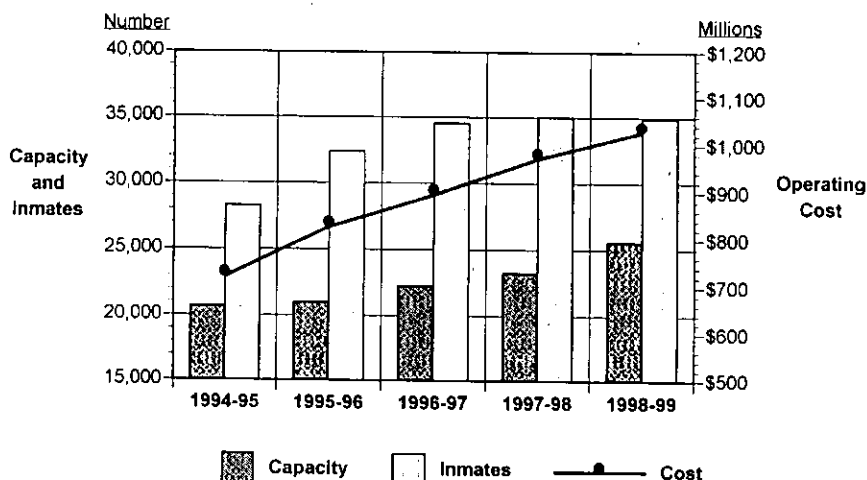
Community correction centers permit highly screened inmates, who meet established criteria, to live in halfway houses in the community. At these centers, inmates receive 24 hour supervision and can utilize counseling services while working or attending school.

The Department of Corrections is expanding its efforts to have inmates perform meaningful work. Community work crews have been established at most institutions. Efforts are also underway to expand Correctional Industries and to increase the use of inmates in performing institutional maintenance.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Inmates (December)	34,739	34,964	34,878	34,600	34,673	34,775	35,100
Prison Capacity (December)	22,347	22,875	25,223	26,461	27,161	27,161	27,161
Inmates in excess of capacity	12,392	12,089	9,655	8,139	7,512	7,614	7,939
Inmates receiving high school diplomas (GED)	1,430	1,500	1,480	1,465	1,470	1,475	1,500
Inmates involved in work programs	23,871	24,506	24,500	24,500	24,500	24,500	24,500
Inmates receiving educational training	8,613	8,901	8,900	8,802	8,820	8,850	8,920
Inmates receiving drug and alcohol treatment	10,590	11,100	12,100	12,500	12,500	12,500	12,500

The program measure for the number of inmates receiving high school diplomas (GED) is higher than estimated in last year's budget due to educational programs being added to new institutions. This provides an opportunity for additional inmates to participate in educational programs which generally leads to more high school diplomas being conferred.

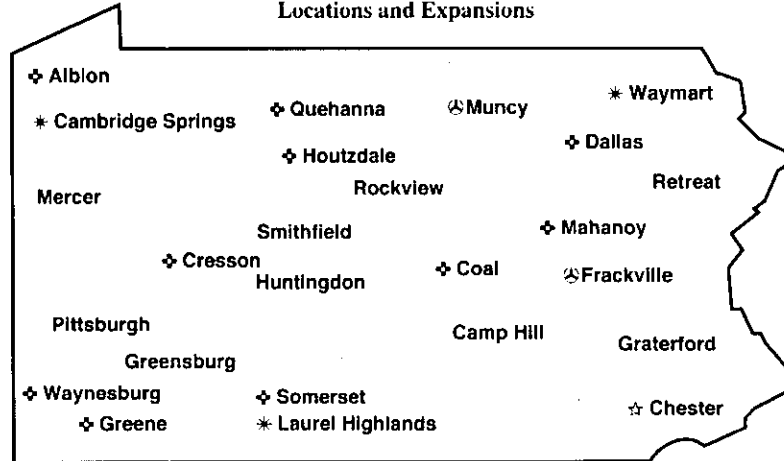
State Correctional Institutions Cell Capacity, Inmate Population and Operating Costs



Program: Institutionalization of Offenders (continued)

State Correctional Institutions

Locations and Expansions



- ☆ New Institution Opening in 1998.
- ◆ Expansion of Existing Institutions in 1995, 1996, 1997 or 1998.
- * Conversion to State Correctional Institution.
- ⊕ Expansion of restricted housing unit.

Population and Capacity	Population	Estimated	Capacity	Estimated
Institutions	Dec 1997	Population	Dec 1997	Capacity
		Dec 1998		Dec 1998
Albion.....	1,774	1,820	964	1,220
Cambridge Springs.....	521	570	587	587
Camp Hill.....	3,371	2,960	2,059	2,059
Chester.....	0	980	0	656
Coal Township.....	1,789	1,530	964	964
Cresson.....	1,313	1,120	936	936
Dallas.....	1,716	1,790	1,087	1,259
Frackville.....	1,002	850	696	705
Graterford.....	3,615	3,300	2,482	2,482
Greene.....	1,486	1,550	1,076	1,332
Greensburg.....	961	835	566	464
Houtzdale.....	1,553	1,725	964	1,220
Huntingdon.....	1,649	1,800	1,207	1,348
Laurel Highlands.....	245	400	312	400
Mahanoy.....	1,771	1,820	964	1,220
Mercer.....	1,109	1,000	579	467
Muncy.....	836	791	596	596
Pittsburgh.....	1,787	1,500	1,528	1,624
Quehanna.....	153	181	158	158
Retreat.....	870	804	458	458
Rockview.....	2,122	1,982	1,037	1,037
Smithfield.....	1,215	1,075	652	652
Somerset.....	1,773	1,820	964	1,220
Waymart.....	1,189	1,170	1,052	1,172
Waynesburg.....	421	450	483	483
Community Centers.....	390	425	504	504
Group Homes.....	314	596	0	0
Other Jurisdictions.....	19	34	0	0
TOTAL.....	34,964	34,878	22,875	25,223

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget		1996-97 Actual	1997-98 Available	1998-99 Budget
Albion				Graterford			
State Funds.....	\$ 43,918	\$ 47,096	\$ 50,953	State Funds.....	\$ 80,365	\$ 84,800	\$ 88,289
Federal Funds.....	55	185	252	Federal Funds.....	300	648	740
Augmentations.....	0	11	20	Augmentations.....	0	22	36
TOTAL.....	\$ 43,973	\$ 47,292	\$ 51,225	TOTAL.....	\$ 80,665	\$ 85,470	\$ 89,065
Cambridge Springs				Greene			
State Funds.....	\$ 15,776	\$ 16,931	\$ 17,678	State Funds.....	\$ 48,865	\$ 51,667	\$ 54,420
Federal Funds.....	255	523	203	Federal Funds.....	112	281	300
Augmentations.....	0	5	10	Augmentations.....	0	13	20
TOTAL.....	\$ 16,031	\$ 17,459	\$ 17,891	TOTAL.....	\$ 48,977	\$ 51,961	\$ 54,740
Camp Hill				Greensburg			
State Funds.....	\$ 59,204	\$ 64,736	\$ 67,764	State Funds.....	\$ 23,860	\$ 25,334	\$ 26,253
Federal Funds.....	196	350	401	Federal Funds.....	141	348	200
Augmentations.....	1	16	29	Augmentations.....	0	8	13
TOTAL.....	\$ 59,401	\$ 65,102	\$ 68,194	TOTAL.....	\$ 24,001	\$ 25,690	\$ 26,466
Chester				Houtzdale			
State Funds.....	\$ 188	\$ 9,960	\$ 21,044	State Funds.....	\$ 31,798	\$ 34,036	\$ 36,547
Federal Funds.....	0	448	105	Federal Funds.....	85	153	260
Augmentations.....	0	1	7	Augmentations.....	0	10	20
TOTAL.....	\$ 188	\$ 10,409	\$ 21,156	TOTAL.....	\$ 31,883	\$ 34,199	\$ 36,827
Coal Township				Huntingdon			
State Funds.....	\$ 39,993	\$ 43,364	\$ 44,917	State Funds.....	\$ 39,709	\$ 42,049	\$ 43,637
Federal Funds.....	35	132	194	Federal Funds.....	472	673	645
Augmentations.....	0	11	17	Augmentations.....	0	11	21
TOTAL.....	\$ 40,028	\$ 43,507	\$ 45,128	TOTAL.....	\$ 40,181	\$ 42,733	\$ 44,303
Cresson				Laurel Highlands			
State Funds.....	\$ 27,130	\$ 28,758	\$ 29,763	State Funds.....	\$ 17,451	\$ 22,723	\$ 25,818
Federal Funds.....	22	118	182	Federal Funds.....	49	148	171
Augmentations.....	1	8	12	Augmentations.....	0	6	17
TOTAL.....	\$ 27,153	\$ 28,884	\$ 29,957	TOTAL.....	\$ 17,500	\$ 22,877	\$ 26,006
Dallas				Mahanoy			
State Funds.....	\$ 40,055	\$ 42,316	\$ 43,835	State Funds.....	\$ 39,589	\$ 42,554	\$ 46,304
Federal Funds.....	148	473	459	Federal Funds.....	92	233	252
Augmentations.....	0	9	20	Augmentations.....	0	11	20
TOTAL.....	\$ 40,203	\$ 42,798	\$ 44,314	TOTAL.....	\$ 39,681	\$ 42,798	\$ 46,576
Frackville				Mercer			
State Funds.....	\$ 23,965	\$ 25,469	\$ 26,393	State Funds.....	\$ 23,946	\$ 25,484	\$ 26,457
Federal Funds.....	52	148	178	Federal Funds.....	115	313	200
Augmentations.....	0	7	11	Augmentations.....	0	8	13
TOTAL.....	\$ 24,017	\$ 25,624	\$ 26,582	TOTAL.....	\$ 24,061	\$ 25,805	\$ 26,670

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget		1996-97 Actual	1997-98 Available	1998-99 Budget
Muncy				Somerset			
State Funds.....	\$ 27,467	\$ 29,264	\$ 30,402	State Funds.....	\$ 43,588	\$ 46,741	\$ 50,627
Federal Funds.....	172	524	255	Federal Funds.....	88	248	300
Augmentations.....	0	7	17	Augmentations.....	0	12	20
TOTAL.....	\$ 27,639	\$ 29,795	\$ 30,674	TOTAL.....	\$ 43,676	\$ 47,001	\$ 50,947
Pittsburgh				Waymart			
State Funds.....	\$ 56,324	\$ 59,426	\$ 61,895	State Funds.....	\$ 43,037	\$ 45,414	\$ 47,082
Federal Funds.....	296	588	330	Federal Funds.....	62	223	240
Augmentations.....	0	15	28	Augmentations.....	2	7	15
TOTAL.....	\$ 56,620	\$ 60,029	\$ 62,253	TOTAL.....	\$ 43,101	\$ 45,644	\$ 47,337
Quehanna				Waynesburg			
State Funds.....	\$ 5,366	\$ 5,989	\$ 6,331	State Funds.....	\$ 11,508	\$ 12,375	\$ 13,078
Federal Funds.....	83	61	50	Federal Funds.....	92	133	150
Augmentations.....	0	3	4	Augmentations.....	0	3	7
TOTAL.....	\$ 5,449	\$ 6,053	\$ 6,385	TOTAL.....	\$ 11,600	\$ 12,511	\$ 13,235
Retreat				Community Corrections Centers			
State Funds.....	\$ 22,519	\$ 23,930	\$ 24,853	State Funds.....	\$ 28,155	\$ 36,811	\$ 38,995
Federal Funds.....	80	173	200	Federal Funds.....	25	25	0
Augmentations.....	0	7	11	Augmentations.....	540	600	600
TOTAL.....	\$ 22,599	\$ 24,110	\$ 25,064	TOTAL.....	\$ 28,720	\$ 37,436	\$ 39,595
Rockview				Training Academy			
State Funds.....	\$ 41,435	\$ 43,937	\$ 45,558	State Funds.....	\$ 3,915	\$ 4,349	\$ 4,490
Federal Funds.....	235	423	300	Federal Funds.....	0	0	0
Augmentations.....	42	55	67	Augmentations.....	66	350	350
TOTAL.....	\$ 41,712	\$ 44,415	\$ 45,925	TOTAL.....	\$ 3,981	\$ 4,699	\$ 4,840
Smithfield				Central Office			
State Funds.....	\$ 26,214	\$ 27,799	\$ 28,823	State Funds.....	\$ 29,057	\$ 28,137	\$ 25,709
Federal Funds.....	165	323	200	Federal Funds.....	387	12,046	16,600
Augmentations.....	0	9	15	Augmentations.....	0	0	0
TOTAL.....	\$ 26,379	\$ 28,131	\$ 29,038	TOTAL.....	\$ 29,444	\$ 40,183	\$ 42,309

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	3,436	State Correctional Institutions —PRR — Enhancing Public Safety. This Program Revision provides funding for increased prison capacity, young adult offender housing and drug and alcohol treatment. See the Program Revision following this program for additional information.	\$	533	—	General Government Operations —Year 2000 compliance.
				-1,500		—nonrecurring cost of 1997-98 equipment purchases.
			\$	-967		<i>Appropriation Decrease</i>
	1,668	—to continue security enhancements undertaken in 1997-98 that prevent the introduction of drugs into prisons and to monitor inmate telephone calls to reduce criminal activity.	\$	5,075		Medical Care —to continue the provision of health care services for inmates including implementation of enacted legislation to charge inmates a small fee for health services.
	930	—to provide additional staff in correctional institutions to reduce overtime expenditures.				
	2,640	—to provide for equipment purchases including video security systems, various renovations, security fencing, and general replacement items.	\$	9		Inmate Training —PRR — Enhancing Public Safety. This Program Revision provides support for increased prison capacity. See the Program Revision following this program for additional information.
	23,863	—to provide for the full year cost of housing units opened in 1997-98 including the cost of hiring personnel to provide security for the new housing units.		326		—to provide for the full year cost of the educational program initiated at SCI Chester during 1997-98.
	18,605	—to continue current program.		883		—to continue current program.
\$	51,142	<i>Appropriation Increase</i>	\$	1,218		<i>Appropriation Increase</i>



Include the PRIME recommendation to charge inmates a small co-payment for health care services. This is projected to save \$480,000 per year in the Department of Corrections.



Includes the PRIME recommendation to reduce overtime costs in the Department of Corrections. This will continue to reduce Corrections Officers overtime costs



Includes the PRIME recommendation to cross match prison inmates with active welfare roles. The Department of Corrections and Public Welfare identified individuals that were ineligible for benefits and were subsequently terminated from the welfare rolls. As a result, the Department of Public Welfare's costs will be \$246,863 less per month.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State Correctional Institutions	\$ 735,771	\$ 808,192	\$ 859,334	\$ 882,973	\$ 900,633	\$ 918,646	\$ 937,020
General Government Operations	29,751	28,543	27,576	28,128	28,691	29,265	29,850
Medical Care	119,522	124,800	129,875	132,473	135,122	137,824	140,580
Inmate Training	9,353	9,914	11,132	11,385	11,613	11,845	12,082
GENERAL FUND TOTAL	\$ 894,397	\$ 971,449	\$ 1,027,917	\$ 1,054,959	\$ 1,076,059	\$ 1,097,580	\$ 1,119,532



Program Revision: Enhancing Public Safety

A comprehensive, cooperative and continuing approach to battle crime is essential to ensuring the safety of Pennsylvania citizens and neighborhoods. This approach should include consideration of victims' rights, crime prevention, enforcement, incarceration and parole strategies at the State and local levels. In an effort to meet this challenge, this Program Revision provides funding for the following: increased prison capacity; expanded drug and alcohol services; enhancements to the Sexual Offenders Assessment Board; enhanced probation and parole services; and expanded community crime prevention efforts.

Increased Capacity

Over the past several years, the Commonwealth has undertaken a large capital expenditure program to increase capacity within the State Correctional system. However, as a result of tougher mandatory sentences for violent and repeat offenders and for offenders convicted for the sale or possession of drugs, the State's Correctional Institutions (SCI's) are operating at approximately 150 percent of capacity. This Program Revision provides \$3.1 million for the continued expansion of capacity within the State Correctional system. Full year costs of SCI capacity expansions will exceed \$9.1 million annually. Funds will be expended to fully open SCI Laurel Highlands, to open two new housing units at both SCI Greene and SCI Houtzdale and to open a new restricted housing unit at SCI Muncy. These capacity expansions will result in nearly 1,150 additional SCI beds. In an effort to address the increase in violent crime committed by young adult offenders, changes initiated by Act 33 of 1995 have placed larger numbers of these offenders in the State Correctional system. This Program Revision provides \$287,000 to open an additional housing unit specifically dedicated to young adult offenders at SCI Houtzdale. Full year costs of additional young adult offender capacity will exceed \$630,000 annually. This new housing unit will bring the total number of beds dedicated for young adult offenders to 350, thereby removing these offenders from the general prison population.

Expanding Drug and Alcohol Treatment Services

The dependence on drugs and alcohol continues to be a significant cause of criminal activity and re-incarceration. The Commonwealth has sought to combat the harmful effects of drug and alcohol abuse in State Correctional Institutions. Studies have indicated that over 70% of inmates have significant drug and alcohol problems. Well over 11,000 inmates are currently participating in some form of drug and alcohol treatment in SCI's. Those same studies indicate that female offenders may have even higher rates of drug and alcohol problems that have led to incarceration. This Program Revision provides \$40,000 to open a new therapeutic drug and alcohol unit at SCI Cambridge Springs which will double the number of beds in therapeutic drug and alcohol units for female offenders. Full year costs of the new therapeutic drug and alcohol unit will exceed \$177,000 annually.

The use and influence of drugs continues to impact offenders even after incarceration. The Commonwealth has taken extensive steps to reduce inmate involvement with drugs. This budget provides nearly \$1.7 million to continue security enhancements undertaken in 1997-98 that prevent the introduction of drugs into SCI's and reduce continued inmate criminal activity. This funding will support the operation of lonscan machines at SCI's to detect traces of drugs on inmates and visitors to prevent the introduction of drug contraband into institutions. To address inmate use of drugs and alcohol, the Commonwealth will expand the number of urinalysis tests conducted from the current 30,000 to nearly 150,000 annually. In addition, the Commonwealth will monitor inmate telephone conversations to reduce inmate involvement in telephone credit card fraud and other criminal activity.

In addition to providing drug and alcohol treatment as part of the incarceration process, the Commonwealth has undertaken new strategies to reduce drug and alcohol use and its impact on recidivism when inmates are paroled or released. This Program Revision provides \$111,000 in State funds and \$333,000 in Federal funds to implement the Residential Substance Abuse Treatment Program. This program will target 100 high-risk Technical Parole Violators who are experiencing substance abuse problems. Offenders will serve six months in an SCI followed by six months

in a Community Corrections Center and finally six months in Intensive Parole Supervision. This alternative sentence will be combined with substance abuse treatment and employment and enhanced life skills training to promote the gradual and controlled re-entry of offenders into the community.

This Program Revision also proposes efforts to ensure that truly violent and predatory offenders are prevented from being released prematurely into our communities. Act 46 of 1996, known as Megan's Law, was enacted to ensure the protection of the public from offenders, particularly those of a violent and predatory nature, through investigation and assessment of those convicted under its provisions. This Program Revision provides for the establishment of a free-standing program for the Sexual Offenders Assessment Board and provides \$90,000 in State funding and \$59,000 in Federal funds to enhance the Board's ability to investigate offenders and issue independent assessments regarding their likelihood to commit additional violent, predatory crimes.

Enhancing Probation and Parole Services

The gradual and controlled re-introduction of offenders into society places critical responsibilities upon the Commonwealth to ensure the maintenance of public safety in our communities. Pennsylvania retains direct supervision responsibilities for State offenders who are either on probation or paroled from an institution. This Program Revision provides \$650,000 to enhance the Commonwealth's ability to conduct direct surveillance and actively monitor the most at-risk offenders. This proposal will increase the number of parolees placed on active electronic monitoring units. When not at work, offenders will be placed under virtual house-arrest during curfew hours. The active-style ankle bracelet electronic monitoring units, once attached to offenders, will keep the Commonwealth informed of their proximity 24 hours a day and will enable immediate response to any parole violations.

Community Focused Public Safety Efforts

Not only is it important to address public safety issues and concerns at the State level, it is imperative that emphasis continue to be placed on those programs focusing on community-based crime prevention efforts. This proposal includes funding to not only continue and expand current programs which have been successful at reducing crime but also to provide resources to implement new community focused crime prevention strategies.

Enhanced efforts are also targeted to improve probation services for juvenile offenders in order to ensure safety in our communities. This Program Revision provides \$5 million to the Juvenile Court Judges Commission (JCJC) for specialized probation services for juvenile offenders. These services, based on standards adopted by JCJC, would include school-based probation, intensive supervision and aftercare services. These types of services have proven to be successful in protecting communities, increasing offender accountability for acts committed, and rehabilitating youths to become more responsible and productive members of society.

This Program Revision provides \$2 million to expand current community efforts that address risk factors leading to youth violence in Pennsylvania's communities. The proposal includes funds to expand the Communities That Care Program which provides training to community leaders so they may be better able to identify and assess risk factors that may lead to adolescent behavior problems. In addition, this proposal continues Pennsylvania's commitment to the Weed and Seed Program. The Weed and Seed Program is a partnership with local citizens in targeted communities aimed at eliminating drug-related crime and improving community social and economic vitality. This proposal also includes funds to offer technical assistance, training and model development to those communities participating in community-based crime prevention programs.

While communities as a whole are important in the fight against crime, addressing the needs of individual system components will also facilitate our efforts towards reducing crime and increasing public safety. This Program Revision provides \$2.5 million for a grant program enabling municipalities to purchase driving under the influence (DUI) equipment. The program will provide for the one-time purchase of DUI-related equipment as well as grants for continuing training and support for sobriety checkpoints.



Program Revision: Enhancing Public Safety (continued)

Considered by many to be the center of a community, schools are an important tool in our attempt to decrease crime in our communities. Our school system can be an important instrument for sending a message regarding the use of drugs and alcohol by our youth. Recent data indicates that drug use by junior high students continues to rise. In an effort to address this alarming trend, this Program Revision provides \$500,000 to expand the current Drug Abuse Resistance Education (DARE) Program into the junior high school level. The program will reinforce the anti-drug and anti-alcohol message to our children.

Because of the importance of working together as a team in order to be successful in our war on crime, funding is provided to improve community

and law enforcement relations. This Program Revision includes \$550,000 to expand the Interagency Taskforce on Civil Tension, strengthen and expand the Intergovernmental Response Team, and authorize the Municipal Police Officers Education and Training Commission to develop and coordinate training for police executives and police chiefs. In addition to these efforts, Federal Drug Control System Improvement funds will be available for curriculum development in citizen police academies, training for community members in conflict resolution and training for local government leaders on the importance of community policing, conflict resolution, and accreditation.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Increased Capacity at State Correctional Institutions							
Program Revision	0	0	1,148	1,148	1,148	1,148	1,148
Increased Capacity for Young Adult Offenders							
Program Revision	0	0	175	175	175	175	175
Additional Beds in Therapeutic Communities							
Program Revision	0	0	50	50	50	50	50
Offenders in Residential Substance Abuse Treatment							
Program Revision	0	0	100	100	100	100	100
Substance Abuse Treatment Sessions							
Program Revision	0	0	5,200	5,200	5,200	5,200	5,200
Sexual Offenders Assessments Conducted							
Current	0	720	720	720	720	720	720
Program Revision	0	0	950	950	950	950	950
Electronic Monitoring Units Deployed							
Current	375	375	375	375	375	375	375
Program Revision	0	0	563	563	563	563	563
Probation officers providing specialized probation services							
Current	171	175	175	175	175	175	175
Program Revision	0	0	275	275	275	275	275
Juvenile offenders receiving specialized probation services							
Current	3,420	3,500	3,500	3,500	3,500	3,500	3,500
Program Revision	0	0	5,500	5,500	5,500	5,500	5,500
Communities That Care programs receiving leadership training							
Program Revision	0	0	16	16	16	16	16
Communities That Care programs receiving leadership training							
Program Revision	0	0	16	16	16	16	16
Junior high DARE programs to be established							
Program Revision	0	0	90	90	90	90	90



Program Revision: Enhancing Public Safety (continued)

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			
	CORRECTIONS		\$	2,500
	State Correctional Institutions			—to provide resources for a municipality grant program targeted towards the purchase of DUI related equipment.
\$	3,436	—to provide for increased prison capacity, young adult offender housing and drug and alcohol treatment.		
	Inmate Training		\$	5,000
\$	9	—to provide for increased prison capacity.		
	PROBATION AND PAROLE			
	General Government Operations		\$	70
\$	111	—to implement the Residential Substance Abuse Treatment Program for technical parole violators with substance abuse problems.		
	650	—to provide for the expansion of the number of offenders supervised with electronic monitoring equipment.		
\$	761	General Government Operations Total	\$	270
	Sexual Offenders Assessment Board			
\$	90	—to provide administrative support for offender investigations and assessments.		
	EXECUTIVE OFFICES			
	Human Relations Commission			
\$	70	—to provide administrative support to the Human Relations Commission specific to its role in improving community and law enforcement relations.		
	Commission on Crime and Delinquency		\$	59
\$	2,000	—to continue and expand current risk focused prevention programs.		
	140	—to provide administrative support and resources to the Commission on Crime and Delinquency specific to its role in improving community and law enforcement relations.		
\$	2,140	Commission on Crime and Delinquency Total	\$	333
	Drug Education and Law Enforcement			
\$	500	—to expand the Drug Abuse Resistance Education Program into junior high schools.		
			\$	14,846
				Program Revision Total

This Program Revision is also supported with Federal funds. The proposed uses of these funds is as follows: (Dollar Amounts in Thousands).

	PROBATION AND PAROLE			
	Sexual Offenders Assessment Board		\$	59
	—to provide administrative support for offender investigations and assessments.			
	General Government Operations		\$	333
	—to implement the Residential Substance Abuse Treatment Program for technical parole violators with substance abuse problems.			

Program Revision: Enhancing Public Safety (continued)

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
CORRECTIONS							
State Correctional Institutions	\$ 0	\$ 0	\$ 3,436	\$ 9,957	\$ 10,157	\$ 10,360	\$ 10,568
Inmate Training	0	0	9	40	41	42	43
PROBATION AND PAROLE							
General Government Operations	0	0	761	522	648	778	793
Sexual Offenders Assessment Board	0	0	90	170	173	176	180
EXECUTIVE OFFICES							
Human Relations Commission	0	0	70	71	72	73	74
Commission on Crime and Delinquency	0	0	2,140	2,143	2,146	2,149	2,152
Specialized Probation Services	0	0	5,000	5,000	5,000	5,000	5,000
Drug Education and Law Enforcement	0	0	500	500	500	500	500
DUI Equipment Grants	0	0	2,500	2,500	2,500	2,500	2,500
ATTORNEY GENERAL							
General Government Operations	0	0	70	71	72	73	74
STATE POLICE							
Municipal Police Training	0	0	270	275	280	285	290
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 14,846	\$ 21,249	\$ 21,589	\$ 21,936	\$ 22,174





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF EDUCATION

The Department of Education promotes and encourages desirable educational change based upon research and development so that all Pennsylvanians may benefit from a quality educational program which gives the greatest promise of developing each individual to his or her fullest potential as a contributing member of society.

The department conducts programs to assist the local school districts in improving educational and administrative techniques, curricula and guidance services, and provides consultant and data collection services on higher education. The bulk of the department's budget consists of subsidies for basic and higher education.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Enhancing Information Technology to Better Serve Pennsylvania		
	Information Technology Improvement.....	\$ 1,599
	Technology Initiative.....	36,333
	Technology For Nonpublic Schools.....	5,000
	Higher Education Technology Grants.....	<u>7,000</u>
	Subtotal.....	\$ 49,932

This Program Revision continues the third year of the Link to Learn Initiative for local education consortia to implement regional action plans, provides grants focused on innovative approaches to community-based networking and provides resources to enable nonpublic schools to become part of the Link to Learn program. Resources are also provided to begin converting department mainframe computer operations to a client-server system. This is part of the \$95.8 million Enhancing Information Technology to Better Serve Pennsylvania Program Revision. Please see the Program Revision following the Executive Direction Program in the Executive Offices for additional information on this Program Revision.

Creating An Integrated Workforce Development System

	Vocational Education.....	\$ 500
	Community Colleges - Workforce Development.....	<u>2,000</u>
	Subtotal.....	\$ 2,500

This Program Revision expands the Innovative Learning and Workforce Development Grant Program and establishes a Workforce Development Challenge Grant Program for community colleges. This is part of the \$74.6 million Creating An Integrated Workforce Development System Program Revision. Please see the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information on this Program Revision.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Improving Our Schools		
	PA Assessment.....	\$ 3,078
	Basic Education.....	120,731
	Performance Incentives.....	13,415
	Teacher Professional Development.....	3,000
	Special Education.....	21,800
	Safe Schools.....	500
	Alternative Schools.....	500
	Administrative/Instructional Consolidation.....	1,000
	Subtotal.....	\$ 164,024

This Program Revision provides funding for the following improvements in our schools: an instructional improvement supplement for basic education; expansion of the performance incentive program; refining and expanding our current assessment system; establishing a teacher professional development program; increasing the reimbursement rates for special education programs and assistance for those school districts which have a demonstrated financial need and higher than average special education costs; increasing support for the Safe Schools and Alternative Schools programs; and, funding incentive grants to encourage our local education agencies to become more efficient.

Public Library System Enhancements

Library Access	\$ 1,855
Library Access	1,250
Technology for Public Libraries.....	7,000
Subtotal.....	\$ 10,105

This Program Revision recognizes the important contribution public libraries make to our communities and provides resources to enhance information technology capabilities, increase State support for the Statewide Library Card Program as well as increase access for online periodicals.

Department Total.....	\$ 226,561
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Commonwealth Appropriations in Direct Support of Local School Districts*

(Dollar amounts in thousands)

	1996-97	1997-98	1998-99
	Actual	Available	Budget
Basic Education Funding.....	\$ 3,359,099	\$ 3,449,457	\$ 3,570,188
Special Education.....	609,034	631,715	653,515
Pupil Transportation.....	329,472	347,192	367,444
School Employees' Social Security.....	314,750	328,100	343,800
Authority Rentals and Sinking Fund Requirements.....	225,400	239,906	253,766
Early Intervention.....	75,885	76,648	78,947
Special Education - Approved Private Schools.....	54,075	56,375	58,066
Vocational Education.....	39,919	44,626	46,688
Tuition for Orphans and Children Placed in Private Homes.....	33,367	35,045	37,889
Nonpublic Pupil Transportation.....	38,215	38,272	37,735
Technology Initiative.....	34,433	36,333	36,333
PA Charter Schools for the Deaf and Blind.....	21,290	20,573	22,371
School Food Services.....	16,878	16,961	16,723
Performance Incentives.....	0	10,415	13,415
Intermediate Units.....	5,500	5,500	5,693
Alternative Schools.....	4,154	4,700	5,200
Teen Pregnancy and Parenthood.....	1,397	1,423	1,500
Education Mentoring.....	1,088	1,089	1,200
Administrative/Instructional Consolidation.....	0	0	1,000
Safe Schools.....	500	500	1,000
Homebound Instruction.....	574	574	574
School-to-Work Opportunities.....	474	500	500
Comprehensive Reading.....	300	300	300
Education of Migrant Laborers' Children.....	222	278	248
Payments in Lieu of Taxes.....	165	172	182
Education of Indigent Children.....	103	103	110
Instructional Support Teams.....	10,500	5,336	0
School District Demonstration Projects.....	6,505	800	0
TOTAL.....	\$ 5,183,299	\$ 5,352,893	\$ 5,554,387

* Includes appropriations which are distributed to school districts, intermediate units, area vocational-technical schools and special schools. These appropriations are included in the more expansive Basic Education Subcategory which is contained within this department presentation.

In addition to the above funding, decreases in the employer contribution rate for school employees' retirement will save local education agencies approximately \$104 million in 1998-99. Over the three-year period 1996-97 through 1998-99 the cumulative savings will be approximately \$315 million.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 17,601	\$ 18,070	\$ 18,991
(F)Adult Basic Education - Administration.....	885	1,400	1,450
(F)Education of Exceptional Children.....	4,602	6,000	6,600
(F)ESEA-Title I - Administration.....	3,160	5,782	5,651
(F)State Approving Agency (VA).....	702	865	906
(F)Food and Nutrition Service.....	3,083	3,409	3,579
(F)Migrant Education - Administration.....	302	467	467
(F)Emergency Immigrant Education.....	5	10	10
(F)Vocational Education -Administration.....	2,818	3,910	3,910
(F)Professional Development-Title II - Administration/State.....	608	2,239	2,239
(F)Byrd Scholarships.....	1,233	1,646	1,225
(F)Project Learning Tree.....	0	5	0
(F)JTPA - Linkage.....	548	868	723
(F)ESEA-Title VI - Administration/State.....	1,730	2,552	2,985
(F)Homeless Assistance.....	1,277	1,385	1,427
(F)Preschool Grant.....	455	850	885
(F)DFSC - Administration.....	1,270	1,584	1,591
(F)Innovation in Education.....	250	0	0
(F)Education Research - Individuals with Disabilities.....	0	144	0
(F)State Literacy Resource Centers.....	102	125	125
(F)School Health Education Programs.....	288	455	455
(F)Environmental Education Workshops.....	0	25	25
(F)School-to-Work Opportunities.....	11,624	15,739	7,475
(F)Appalachian Regional Education Program.....	171	300	300
(F)Learn and Serve America - School Based.....	967	1,013	925
(F)Educate America Act - Administration/State.....	1,091	3,228	3,839
(F)Technology Literacy Challenge - Administration.....	0	862	1,791
(F)Personalized Transition Project.....	0	140	140
(F)Charter Schools Initiatives.....	0	4,000	1,334
(F)Bilingual Education.....	0	50 ^a	120
(F)State and Community Highway Safety.....	754	931	940
(F)Medical Assistance - Nurses' Aide Program.....	178	228	241
(F)Civil Rights Technical Assistance.....	25	0	0
(F)Enhanced High School Driver Education.....	32	30	30
(F)Delaware Estuary Education Program.....	3	22	0
(F)Innovations in Education.....	0	176	0
(A)EDP Services.....	68	68	34
(A)Environmental Education.....	279	277	275
(A)Approved Private Schools.....	135	142	152
(A)National Center for Educational Statistics.....	25	90	15
(A)Reimbursement from Department of Banking.....	33	15	15
(A)Early Intervention.....	544	903	625
(A)Teenage Parenting.....	394	894	894
(A)Nurses' Aid Training.....	196	228	240
(A)EPSDT Administration.....	918	918	918
(A)Christa McAuliffe Fellowship Program.....	40	40	40
(A)Integrated Network Services.....	1	0	0
(A)Council of Chief State School Officers.....	1	0	0
(A)Mailing Services.....	2	4	4
Subtotal.....	<u>\$ 58,400</u>	<u>\$ 82,089</u>	<u>\$ 73,591</u>
Information Technology Improvement.....	0	0	1,599
Subtotal.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,599</u>
PA Assessment.....	3,915	6,000	9,078
(F)PA Assessment Through Themes.....	366	731	173
Subtotal.....	<u>\$ 4,281</u>	<u>\$ 6,731</u>	<u>\$ 9,251</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
State Library	3,668	3,752	3,905
(F)LSCA I.....	1,046	1,420	1,996
(F)Nuclear Regulatory Commission Documents Support.....	8	9	15
(A)Penalties and Reimbursements.....	10	12	10
(A)Photocopy Service.....	21	19	26
(A)Keystone Fund.....	65	83	63
Subtotal.....	\$ 4,818	\$ 5,295	\$ 6,015
Subtotal - State Funds.....	\$ 25,184	\$ 27,822	\$ 33,573
Subtotal - Federal Funds.....	39,583	62,600	53,572
Subtotal - Augmentations.....	2,732	3,693	3,311
Total - General Government.....	\$ 67,499	\$ 94,115	\$ 90,456
Institutional:			
Youth Development Centers - Education	\$ 10,076	\$ 11,234	\$ 11,753
Subtotal.....	\$ 10,076	\$ 11,234	\$ 11,753
Correctional Institutions - Education	13,009	14,873	15,269
(F)Correctional Education.....	1,143	1,800	1,642
(F)JTPA - Correctional Education.....	154	258	184
(A)JTPA - Matching Funds.....	153	163	184
(A)Reimbursement from Department of Corrections.....	0	61	0
Subtotal.....	\$ 14,459	\$ 17,155	\$ 17,279
Scranton State School for the Deaf	4,714	4,822	4,998
(F)Individuals with Disabilities Education - Scranton.....	40	85	85
(F)School Milk Lunch.....	45	45	50
(F)Life Long Learning.....	4	11	11
(F)Adult Basic Education.....	0	10	10
(A)Cafeteria and Other Fees.....	85	80	100
(A)Tuition Recovery.....	833	906	1,010
(A)Link to Learn.....	44	0	0
Subtotal.....	\$ 5,765	\$ 5,959	\$ 6,264
Thaddeus Stevens College of Technology	5,412	5,782	5,948
(F)Vocational Education.....	71	100	100
(A)Tuition and Fees.....	1,016	1,050	1,050
Subtotal.....	\$ 6,499	\$ 6,932	\$ 7,098
Subtotal - State Funds.....	\$ 33,211	\$ 36,711	\$ 37,968
Subtotal - Federal Funds.....	1,457	2,309	2,082
Subtotal - Augmentations.....	2,131	2,260	2,344
Total - Institutional.....	\$ 36,799	\$ 41,280	\$ 42,394
Grants and Subsidies:			
Support of Public Schools:			
Instructional Support Teams.....	\$ 10,500	\$ 5,336	\$ 0
Basic Education Funding.....	3,359,099	3,449,457	3,570,188
Performance Incentives.....	0	10,415	13,415
Technology Initiative.....	34,433 ^b	36,333	36,333
Science Education Program.....	0	350	0
Teacher Professional Development.....	0	0	3,000
Adult Literacy.....	8,525	8,781	9,044
(F)Adult Basic Education - Local.....	10,852	14,518	16,500
(F)Literacy Alliance for Violence Prevention.....	195	156	200
Vocational Education.....	39,919	44,626	46,688
(F)Vocational Education Act - Local.....	44,814	50,000	55,853
Authority Rentals and Sinking Fund Requirements.....	225,400	239,906	253,766
(F)School Construction.....	0	0 ^c	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Pupil Transportation.....	329,472	347,192 ^d	367,444
Nonpublic Pupil Transportation.....	38,215	38,272	37,735
Special Education.....	609,034	631,715	653,515
(F)Individuals with Disabilities Education - Local.....	94,238	135,000	123,595
Early Intervention.....	75,885	76,648	78,947
(F)Education for Disabled Children.....	1,131	1,218	1,220
Homebound Instruction.....	574	574	574
Tuition for Orphans and Children Placed in Private Homes.....	33,367	35,045	37,889
Payments in Lieu of Taxes.....	165	172	182
Education of Migrant Laborers' Children.....	222	278 ^a	248
(A)Migrant Education.....	473	473	473
PA Charter Schools for the Deaf and Blind.....	21,290	20,573	22,371
Special Education - Approved Private Schools.....	54,075	56,375	58,066
Higher Education of Blind or Deaf Students.....	52	52	52
Intermediate Units.....	5,500	5,500	5,693
School Food Services.....	16,878	16,961	16,723
(F)Food and Nutrition - Local.....	244,690	253,000	267,750
School Employees' Social Security.....	314,750	328,100	343,800
School Employees' Retirement.....	432,215	391,718	270,981
Annuitant Cost of Living Increase.....	0	0	28,500
School District Demonstration Projects.....	6,505	800	0
Education of Indigent Children.....	103	103	110
Subtotal.....	<u>\$ 6,012,571</u>	<u>\$ 6,199,647</u>	<u>\$ 6,320,855</u>
(F)ESEA - Title VI - School Districts.....	10,285	9,878	11,921
(F)ESEA - Title I - Local.....	316,639	340,000 ^r	348,051
(F)DFSC - School Districts.....	13,156	13,389	16,493
(F)Educate America Act - Local.....	2,080	33,028	21,410
(F)Professional Development - Title II -Local.....	10,878	13,185	13,831
(F)Technology Literacy Challenge - Local.....	0	16,374	27,153
Subtotal.....	<u>\$ 353,038</u>	<u>\$ 425,854</u>	<u>\$ 438,859</u>
Other Grants and Subsidies:			
Education Mentoring.....	1,088 ^g	1,089 ^g	1,200
Services to Nonpublic Schools.....	60,586	62,404	64,588
Textbooks and Instructional Materials for Nonpublic Schools.....	18,358	19,100	19,769
Technology for Nonpublic Schools.....	0	0	5,000
Teen Pregnancy and Parenthood.....	1,397	1,423	1,500
(F)Teenage Parenting Education.....	1,912	2,317	2,317
(F)Maternal and Child Health Services.....	524	603	603
Comprehensive Reading.....	300	300	300
Improvement of Library Services.....	28,550	29,407	30,289
Library Services for the Visually Impaired and Disabled.....	2,312	2,381	2,452
Library Access.....	3,150	3,245	6,350
School Library Catalog.....	420	420	420
Technology for Public Libraries.....	0	0	7,000
Ethnic Heritage.....	100	100	100
Governor's Schools of Excellence.....	1,266	1,266	1,478
JTPA - Matching Funds.....	3,841	3,857	4,586
(F)JTPA - Educational Training.....	2,996	3,237	3,886
School-to-Work Opportunities.....	474	500	500
Job Training Programs.....	0	3,500	3,500
Charter Schools.....	1,400	1,400	1,600
Charter Schools - Nonpublic Transfers.....	0	1,000	1,000
Charter Schools - Transitional Grants.....	0	7,500	0
Safe Schools.....	500	500	1,000
Alternative Schools.....	4,154	4,700	5,200
Administrative/Instructional Consolidation.....	0	0	1,000
Subtotal.....	<u>\$ 133,328</u>	<u>\$ 150,249</u>	<u>\$ 165,638</u>



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Higher Education - Other Grants and Subsidies:			
Community Colleges.....	147,149	156,713 ^h	161,806
Community College Technology.....	0	5,000	0
Regional Community Colleges Services.....	0	200	0
Community Colleges - Workforce Development.....	0	0	2,000
Higher Education for the Disadvantaged.....	7,827	7,828	7,828
Higher Education Technology Grants.....	6,948	7,000	7,000
Rural Initiatives.....	350	550	1,000
Higher Education Equipment.....	2,550	6,000	6,000
Engineering Equipment Grants.....	0	1,000	1,000
Osteopathic Education.....	600	750	750
Subtotal.....	<u>\$ 165,424</u>	<u>\$ 185,041</u>	<u>\$ 187,384</u>
State System of Higher Education:			
State Universities.....	396,890	411,513 ⁱ	424,887
Recruitment of Disadvantaged.....	321	327	338
McKeever Center.....	200	204	211
Affirmative Action.....	1,076	1,098	1,134
Subtotal.....	<u>\$ 398,487</u>	<u>\$ 413,142</u>	<u>\$ 426,570</u>
The Pennsylvania State University:			
Educational and General.....	214,690	221,794 ^j	229,002
Medical Programs.....	4,425	4,514	4,661
Children's Hospital.....	4,659	4,752	4,906
Agricultural Research.....	20,386	20,886	21,565
Agricultural Extension Services.....	22,043	22,543	23,276
Recruitment of the Disadvantaged.....	321	327	338
Central Pennsylvania Psychiatric Institute.....	1,568	1,849	1,909
Pennsylvania College of Technology.....	11,295	11,521	11,895
Pennsylvania College of Technology - Debt Service.....	1,592	1,530	1,592
Subtotal.....	<u>\$ 280,979</u>	<u>\$ 289,716</u>	<u>\$ 299,144</u>
University of Pittsburgh:			
Educational and General.....	132,235	136,366 ^k	140,798
Medical Programs.....	6,239	6,364	6,571
Dental Clinics.....	1,030	1,051	1,085
Recruitment of the Disadvantaged.....	321	327	338
Western Psychiatric Institute.....	7,693	7,847	8,102
Western Teen Suicide Center.....	497	507	523
Graduate School of Public Health.....	250	255	263
Rural Education Outreach.....	300	465	480
Subtotal.....	<u>\$ 148,565</u>	<u>\$ 153,182</u>	<u>\$ 158,160</u>
Temple University:			
Educational and General.....	138,987	143,255 ^l	147,911
Medical Programs.....	8,305	8,471	8,746
Dental Clinics.....	1,030	1,051	1,085
Recruitment of the Disadvantaged.....	321	327	338
Maxillofacial Prosthodontics.....	125	128	132
Subtotal.....	<u>\$ 148,768</u>	<u>\$ 153,232</u>	<u>\$ 158,212</u>
Lincoln University:			
Educational and General.....	9,763	10,062 ^m	10,389
Recruitment of the Disadvantaged.....	321	327	338
International Affairs Institute.....	289	295	305
Subtotal.....	<u>\$ 10,373</u>	<u>\$ 10,684</u>	<u>\$ 11,032</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Non-State Related Universities and Colleges:			
Drexel University.....	5,446	5,446	5,623
Allegheny Univ. of Health Sciences-Medical Programs.....	8,142	8,142	8,142
Allegheny Univ. of Health Sciences-Operations & Maintenance.....	1,798	1,798	1,798
Allegheny Univ. of Health Sciences-Recruit. of Disadvantaged.....	321	321	321
Allegheny Univ. of Health Sciences-Cardiovascular Studies.....	0	132	132
Thomas Jefferson University - Doctor of Medicine Instruction.....	5,869	5,869	5,869
Thomas Jefferson University - Operations & Maintenance.....	4,113	4,113	4,113
University of Pennsylvania - Instruction.....	9,089	0	0
University of Pennsylvania - Dental Clinics.....	994	938	938
University of Pennsylvania - Medical Programs.....	4,280	4,034	4,034
University of Pennsylvania - School of Veterinary Medicine.....	10,420	0	0
University of Pennsylvania - New Bolton Animal Center.....	7,518	0	0
University of Penn. - Animal Health & Productivity Center.....	1,201	0	0
University of Pennsylvania - Food and Animal Clinics.....	1,968	0	0
University of Pennsylvania - Veterinary Activities.....	0	30,498	31,489
Pennsylvania College of Podiatric Medicine.....	1,275	1,275	1,275
Pennsylvania College of Optometry.....	1,548	1,548	1,548
Philadelphia University of the Arts.....	1,043	1,043	1,043
Philadelphia College of Osteopathic Medicine.....	5,222	5,222	5,222
Subtotal.....	\$ 70,247	\$ 70,379	\$ 71,547
Non-State Related Institutions:			
Berean - Operations and Maintenance.....	1,054	1,054	1,054
Berean - Rental Payments.....	98	98	98
Johnson Technical Institute.....	202	202	202
Williamson Free School of Mechanical Trades.....	73	73	73
Subtotal.....	\$ 1,427	\$ 1,427	\$ 1,427
Subtotal - State Funds.....	\$ 6,968,344	\$ 7,166,177	\$ 7,327,572
Subtotal - Federal Funds.....	754,390	885,903	910,783
Subtotal - Augmentations.....	473	473	473
Total - Grants and Subsidies.....	\$ 7,723,207	\$ 8,052,553	\$ 8,238,828
STATE FUNDS.....	\$ 7,026,739	\$ 7,230,710	\$ 7,399,113
FEDERAL FUNDS.....	795,430	950,812	966,437
AUGMENTATIONS.....	5,336	6,426	6,128
GENERAL FUND TOTAL.....	\$ 7,827,505	\$ 8,187,948	\$ 8,371,678
MOTOR LICENSE FUND:			
<i>Grants and Subsidies:</i>			
Safe Driving Course.....	\$ 1,279	\$ 1,526	\$ 1,556
MOTOR LICENSE FUND TOTAL.....	\$ 1,279	\$ 1,526	\$ 1,556
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Local Libraries Rehabilitation and Development.....	\$ 2,015	\$ 3,824	\$ 1,633
State System of Higher Education - Deferred Maintenance.....	4,696	9,762	7,107
Total - Grants and Subsidies.....	\$ 6,711	\$ 13,586	\$ 8,740
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 6,711	\$ 13,586	\$ 8,740

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Library Services - Extension and Improvement.....	\$ 4,301	\$ 8,256	\$ 4,471
Emergency Immigrant Assistance.....	327	352	530
Surety Bond Proceeds.....	11	11	11
Distressed School Districts (Section 2502.27).....	1,450	0	0
Distressed School Districts Assistance (Section 2502.30).....	2,725	1,363	0
Severely Disabled Program.....	88	300	150
Private Licensed Schools.....	463	577	577
Medical Assistance Reimbursements.....	14,056	28,641	30,900
Education of the Disabled - Part D.....	192	235	235
PANET - Local Education Agencies.....	69	69	69
Approved Private Schools - Audit Resolution.....	2,449	2,500	2,500
Bell Atlantic Grant - Internet Access.....	563	187	0
Woodland Hills Desegregation.....	3,378	4,226	0
GENERAL FUND TOTAL.....	\$ 30,072	\$ 46,717	\$ 39,443
ORGAN DONATION AWARENESS TRUST FUND:			
Organ Donation Awareness.....	\$ 0	\$ 142	\$ 46
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration.....	\$ 24,256	\$ 29,185	\$ 26,051
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 7,026,739	\$ 7,230,710	\$ 7,399,113
SPECIAL FUNDS.....	7,990	15,112	10,296
FEDERAL FUNDS.....	795,430	950,812	966,437
AUGMENTATIONS.....	5,336	6,426	6,128
OTHER FUNDS.....	54,328	76,044	65,540
TOTAL ALL FUNDS.....	\$ 7,889,823	\$ 8,279,104	\$ 8,447,514

^a Recommended supplemental appropriation of \$50,000.

^b Actually appropriated as \$33,333,000 for Technology Initiative and \$1,100,000 for Distance Learning.

^c Actually appropriated as \$113,000,000. The Federal program was not enacted and no funds will be available in 1997-98.

^d Includes recommended supplemental appropriation of \$2,444,000.

^e Includes recommended supplemental appropriation of \$56,000.

^f Actually appropriated as \$378,000,000. Amount shown is the best estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^g Actually appropriated as Dropout Prevention.

^h Actually appropriated as \$155,192,000 for Community Colleges and \$1,521,000 for Community Colleges – Special Projects.

ⁱ Actually appropriated to the State System of Higher Education as \$404,828,000 for State Universities, \$2,700,000 for The Prometheus Project and \$3,985,000 for Special Projects.

^j Actually appropriated to The Pennsylvania State University as \$218,984,000 for Educational and General and \$2,810,000 for Special Projects.

^k Actually appropriated to the University of Pittsburgh as \$134,880,000 for Educational and General and \$1,486,000 for Special Projects.

^l Actually appropriated to Temple University as \$141,767,000 for Educational and General and \$1,488,000 for Special Projects.

^m Actually appropriated to Lincoln University as \$9,958,000 for Educational and General and \$104,000 for Special Projects.

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 17,601	\$ 18,070	\$ 20,590	\$ 20,609	\$ 19,758	\$ 20,153	\$ 20,556
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	38,163	60,440	51,388	51,388	51,388	51,388	51,388
OTHER FUNDS.....	26,892	32,906	29,309	29,896	31,208	31,832	32,468
SUBCATEGORY TOTAL.....	\$ 82,656	\$ 111,416	\$ 101,287	\$ 101,893	\$ 102,354	\$ 103,373	\$ 104,412
BASIC EDUCATION							
GENERAL FUND.....	\$ 5,737,463	\$ 5,883,441	\$ 6,000,545	\$ 5,984,868	\$ 6,012,592	\$ 6,041,428	\$ 6,071,418
SPECIAL FUNDS.....	1,279	1,526	1,556	1,556	1,556	1,556	1,556
FEDERAL FUNDS.....	753,146	885,606	909,052	909,052	909,052	909,052	909,052
OTHER FUNDS.....	27,359	40,144	36,739	36,765	36,792	36,819	36,846
SUBCATEGORY TOTAL.....	\$ 6,519,247	\$ 6,810,717	\$ 6,947,892	\$ 6,932,241	\$ 6,959,992	\$ 6,988,855	\$ 7,018,872
JOB TRAINING							
GENERAL FUND.....	\$ 10,680	\$ 14,566	\$ 15,461	\$ 15,580	\$ 15,701	\$ 15,825	\$ 15,951
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,067	3,337	3,986	3,986	3,986	3,986	3,986
OTHER FUNDS.....	1,016	1,050	1,050	1,071	1,092	1,114	1,136
SUBCATEGORY TOTAL.....	\$ 14,763	\$ 18,953	\$ 20,497	\$ 20,637	\$ 20,779	\$ 20,925	\$ 21,073
LIBRARY SERVICES							
GENERAL FUND.....	\$ 38,100	\$ 39,205	\$ 50,416	\$ 43,494	\$ 43,574	\$ 43,655	\$ 43,738
SPECIAL FUNDS.....	2,015	3,824	1,633	1,568	1,669	1,908	2,051
FEDERAL FUNDS.....	1,054	1,429	2,011	2,011	2,011	2,011	2,011
OTHER FUNDS.....	4,397	8,370	4,570	4,572	4,574	4,576	4,578
SUBCATEGORY TOTAL.....	\$ 45,566	\$ 52,828	\$ 58,630	\$ 51,645	\$ 51,828	\$ 52,150	\$ 52,378
HIGHER EDUCATION							
GENERAL FUND.....	\$ 1,222,895	\$ 1,275,428	\$ 1,312,101	\$ 1,305,101	\$ 1,305,101	\$ 1,305,101	\$ 1,305,101
SPECIAL FUNDS.....	4,696	9,762	7,107	7,397	8,315	9,068	9,859
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,227,591	\$ 1,285,190	\$ 1,319,208	\$ 1,312,498	\$ 1,313,416	\$ 1,314,169	\$ 1,314,960
ALL PROGRAMS:							
GENERAL FUND.....	\$ 7,026,739	\$ 7,230,710	\$ 7,399,113	\$ 7,369,652	\$ 7,396,726	\$ 7,426,162	\$ 7,456,764
SPECIAL FUNDS.....	7,990	15,112	10,296	10,521	11,540	12,532	13,466
FEDERAL FUNDS.....	795,430	950,812	966,437	966,437	966,437	966,437	966,437
OTHER FUNDS.....	59,664	82,470	71,668	72,304	73,666	74,341	75,028
DEPARTMENT TOTAL.....	\$ 7,889,823	\$ 8,279,104	\$ 8,447,514	\$ 8,418,914	\$ 8,448,369	\$ 8,479,472	\$ 8,511,695

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 which 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.

In addition to including the executive, budget, publication and legal offices of the agency, this program also provides staff support to the State Board of Education and other administrative boards and commissions. These include boards for private, academic, business, trade

and correspondence schools, and the Professional Standards and Practices Commission.

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 includes provision of benefits for retired school employees and counseling and information services for active employees. The system currently provides benefits to over 119,000 annuitants. The School Employees' Retirement Fund is shown in the Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 921 **General Government Operations**
—to continue current program.

\$ 1,599 **Information Technology Improvement**
—PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision begins converting mainframe based computer operations to a more flexible client-server system. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.



Includes PRIME recommendation eliminating or consolidating association memberships throughout the Department of Education. The estimated savings to the department in the first year was \$170,000.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 17,601	\$ 18,070	\$ 18,991	\$ 19,371	\$ 19,758	\$ 20,153	\$ 20,556
Information Technology Improvement	0	0	1,599	1,238	0	0	0
TOTAL GENERAL FUND	\$ 17,601	\$ 18,070	\$ 20,590	\$ 20,609	\$ 19,758	\$ 20,153	\$ 20,556

PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

Program: Basic Education

Program Element: Basic Education

This program element includes funding for the instructional cost at public schools. In addition to funding for basic education, the element includes programs for special education, vocational education, school based teen pregnancy and education mentoring, adult literacy and the Governor's Schools of Excellence. Funds are also provided for the State operated Scranton State School for the Deaf.

The Equalized Subsidy for Basic Education (ESBE) was established by Act 73 of 1983 to distribute the basic education subsidy beginning in the 1983-84 payable year. Over its eleven years of existence, ESBE contained three primary components: a base subsidy on account of instructional expense, an economic supplement on account of pupils in low-income families and an economic supplement on account of local tax effort and population per square mile.

Act 16 of 1993 established an Equity Supplement. The Equity Supplement contained five components: an expenditure component, poverty component, foundation guarantee, growth supplement and limited revenue sources supplement. In addition, during 1993-94, money was set aside from the Equity Supplement to assist school districts experiencing financial difficulty.

Act 6A of 1994 combined ESBE and the Equity Supplement into the Basic Education Funding appropriation. The allocation to each school district payable for 1994-95 was equal to the sum of the ESBE and Equity Supplement allocations for 1993-94. In addition, Act 6A established the Foundation Funding for Equity which contained four components: a foundation component, poverty component, growth component and a minimum increase component.

Act 26 of 1995 established the formula for Basic Education Funding for 1995-96 which contained three components: a base allocation, minimum guaranteed increase and small district supplement. Under Act 107 of 1996, each school district received the same amount of Basic Education Funding in 1996-97 as they received in 1995-96. Act 107 also provided for the establishment of Project Link to Learn. This initiative will connect Pennsylvania's schools via a high-speed computer network to bring the resources of the world into the classroom.

Act 30 of 1997 established the formula for Basic Education Funding for 1997-98. In addition to providing each school district an amount equal to the 1996-97 Basic Education Funding allocation, the formula contains three components: a base supplement, growth supplement and a minimum increase component.

Program Element: Educational Support

The activities included in this element are those that support basic education programs but are not directly involved with their implementation. These programs include: payments to school districts to cover the State share of payroll costs for Social Security and retirement, authority rental and sinking fund payments for school infrastructure, pupil transportation, school food service subsidy and intermediate units.

More than two-thirds of the school buildings in the Commonwealth were constructed prior to 1965. Since that time, needs have changed in terms of instructional programs, accessibility, educational philosophy and technology. Buildings have also experienced normal deterioration from use. These factors as well as demographic changes and a favorable investment climate, have resulted in a continued increase in the number of school building and renovation projects reviewed annually. Of the 1,600 leases supported with Commonwealth funds, eighty percent of all projects involve renovation or expansion of existing facilities.

Program Element: Basic Education-Nonpublic Schools

The Commonwealth provides aid to nonprofit nonpublic schools through this element. Appropriations are for auxiliary services, textbooks, instructional materials and transportation to and from nonpublic schools.

Services provided include guidance counseling, testing, psychological services, speech and hearing services, remedial reading, remedial math

and services for exceptional children. Textbooks are loaned to children in nonpublic schools under a program established by Act 195 of 1972. Act 90 of 1975 authorizes instructional materials to be loaned to nonpublic schools. Finally, transportation is provided to and from school for nonpublic school students under the Public School Code of 1949.

Program Element: Basic Education — Adjudicated Youth and Incarcerated Adults

This element includes educational services for those in rehabilitative or correctional facilities. The appropriations within this element are Youth Development Centers—Education and Correctional Institutions—Education.

The Commonwealth's Youth Development Centers house minors adjudicated from the court system. These centers provide rehabilitation and education for these incarcerated juveniles. Also, a basic education program is provided to adults in the Commonwealth's correctional institutions. There are also opportunities to obtain college level instruction and job placement services through the State correctional system.

Program Element: Special Education

Special education, in partnership with basic education, is serving about 280,000 school aged students in Pennsylvania school districts, intermediate units, approved private schools, private residential facilities and State centers.

The major special education appropriation provides support for programs for exceptional children served by the public schools of the Commonwealth. Public school special education programs are administered by all 501 school districts. These programs may be directly operated by the districts or contracted with other school districts, intermediate units or other providers. When appropriate public education is not available, students may be assigned to department approved private schools.

In 1996-97, 2,003 of 2,386 elementary schools and middle schools housing sixth graders participated in the Instructional Support Team Program. In subsequent fiscal years, additional elementary schools and middle schools serving students through grade six are expected to participate in this program. Instructional Support Teams are groups of teachers, principals, social workers, psychologists and other school personnel specially trained to help teachers adapt their instruction to assist students who are exhibiting problems in learning. The Commonwealth provided start-up funding for the introduction of Instructional Support Teams in schools.

Program Element: Basic Education — Education Mentoring

Students identified as potential dropouts are those with high absenteeism, disciplinary problems and poor academic achievement. The education mentoring program supports grants to community-based organizations that work in partnership with schools to provide adult mentoring to students. Programs emphasize the coordination of various human and social services and the repositioning of those services at school sites.

Program Element: Basic Education — Teen Parenting

Through this element, the Commonwealth offers program grants, training and technical assistance to schools to provide educational and support services necessary to help pregnant and parenting teens stay in school and graduate. Services include case management, parenting education, referral to pre- and post-natal health care, childcare services, transportation and other services.

Program Element: Alternative Schools

This program element provides for the development of alternative education programs for those students who behave in a manner that is disruptive to the school environment. School districts are encouraged to work together to tailor the types of programs necessary to meet their needs, whether it be through intermediate units or by creating consortia on their own. The program requires local matching support as a mechanism to encourage local participation in this process.



Program: Basic Education (continued)

Program Element: Charter Schools

This program element provides for grants to groups and schools interested in planning and starting charter schools. Charter schools are public schools, approved by local school districts, which will spur innovative quality while controlling costs. They are created and controlled by parents, community leaders and/or teachers. Charter schools operate free from educational mandates, except those concerning nondiscrimination, health and safety.

Program Element: Safe Schools

Through the Center for Safe Schools, grants are made available to school districts to develop innovative safe school strategies. A portion of the funding is targeted to those school districts that have experienced the greatest problems with violence. This effort is intended to provide children with the opportunity to learn and teachers with the opportunity to teach in environments unhindered by violence and disciplinary problems.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Basic Education							
Public school enrollments (K-12)	1,804,256	1,812,880	1,816,510	1,815,710	1,809,140	1,799,340	1,788,650
Total expenditures per average daily membership	\$7,500	\$7,900	\$8,300	\$8,700	\$9,200	\$9,600	\$10,000
High school graduation rates (%)	84.5	84.4	84.3	84.2	84.3	84.4	84.4
Graduates enrolling in business, technical or college programs	77,850	80,390	83,160	85,660	87,670	89,230	89,680
Vocational education enrollments	104,920	109,116	112,380	115,000	119,000	122,000	122,000
Vocational education students placed in jobs ..	16,871	17,400	17,400	17,400	17,400	17,400	17,400
Students taking PA Assessment	606,344	635,000	700,000	700,000	700,000	700,000	700,000
Total General Educational Development (GED) diplomas	19,162	19,000	19,000	19,000	19,000	19,000	19,000
Enrollment in adult basic education	58,578	64,000	64,000	64,000	64,000	64,000	64,000
Adult education volunteers trained	2,766	3,000	3,000	3,000	3,000	3,000	3,000
Adult education students receiving adjunct services	40,617	39,000	39,000	39,000	39,000	39,000	39,000
Basic Education—Nonpublic Schools							
Nonpublic school enrollment	329,740	329,490	329,230	328,930	328,630	328,130	328,130
Basic Education—Adjudicated Youth							
Youth Development Centers							
Total youth served	1,850	1,950	1,950	2,050	2,050	2,050	2,050
Special Education							
Pupils with disabilities enrolled in programs	196,491	198,000	200,000	200,000	200,000	200,000	200,000
Pupils enrolled in programs for the gifted	79,402	80,000	80,000	80,000	80,000	80,000	80,000
Scranton School for the Deaf enrollments	124	117	125	125	125	125	125
Students in approved vocational education programs	17,640	18,345	19,078	19,459	19,848	20,046	20,096
Students in approved vocational education programs completing programs	3,008	3,128	3,128	3,128	3,128	3,128	3,128
Basic Education—Education Mentoring							
Education mentoring/dropout prevention program enrollments	17,783	17,783	17,783	17,783	17,783	17,783	17,783
Basic Education—Teen Parenting							
Students served by teen parenting programs ..	5,400	5,400	5,400	5,400	5,400	5,400	5,400

The number of students taking the PA Assessment in 1996-97 and 1997-98 is revised downward from last year's budget due to fewer students than projected participating in the new 6th and 9th grade writing assessment. The projections in last year's budget were overestimated.

The number of adult education volunteers trained is revised downward from last year's budget based on actual activity.

The total youth served in Youth Development Centers is revised upward from last year's budget due to an increase in the number of youth detained in the centers.

Education mentoring/dropout prevention program enrollments are revised downward from last year's budget due to further restructuring of the program to target those school buildings with the most at-risk students.

Program: Basic Education (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
	PA Assessment	500	—PRR — Creating An Integrated Workforce Development System. This Program Revision expands the Innovative Learning and Workforce Development Grant Program. See the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information.
\$ 3,078	—PRR — Improving Our Schools. This Program Revision enhances the current academic testing system. See the Program Revision following this program for additional information.		
	Youth Development Centers — Education		
\$ 519	—to continue current program.	\$ 2,062	<i>Appropriation Increase</i>
	Correctional Institutions — Education		
\$ 396	—to continue current program.	\$ 13,860	Authority Rentals and Sinking Fund Requirements —to continue current program.
	Scranton State School for the Deaf		
\$ 176	—to continue current program.	\$ 20,252	Pupil Transportation —to continue current program.
	Instructional Support Teams		
\$ -5,336	—to eliminate State support.	\$ -537	Nonpublic Pupil Transportation —to continue current program.
	Basic Education Funding		
\$ 120,731	—PRR — Improving Our Schools. This Program Revision provides resources for an instructional improvement supplement for school districts for basic education programs. See the Program Revision following this program for additional information.	\$ 21,800	Special Education —PRR — Improving Our Schools. This Program Revision provides a three and one-half percent appropriation increase and redistributes nonrecurring expenses targeted toward increasing the reimbursement rates and provides additional resources to districts with high program costs and high local taxing effort. See the Program Revision following this program for additional information.
	Performance Incentives		
\$ 13,415	—PRR — Improving Our Schools. This Program Revision expands the school performance incentive program. See the Program Revision following this program for additional information.	\$ 2,299	Early Intervention —to continue current program.
-10,415	—performance incentive award funding in the 1997-98 budget.		Tuition for Orphans and Children Placed in Private Homes —to continue current program.
\$ 3,000	<i>Appropriation Increase</i>	\$ 2,844	Payments in Lieu of Taxes —to continue current program.
	Science Education Program		
\$ -350	—nonrecurring project.	\$ 10	Education of Migrant Laborers' Children —to continue current program.
	Teacher Professional Development		
\$ 3,000	—PRR — Improving Our Schools. This Program Revision provides resources for teacher professional development programs to ensure successful integration of the improved tests and new academic standards. See the Program Revision following this program for additional information.	\$ 1,798	PA Charter Schools for Deaf and Blind —to continue current program.
	Adult Literacy		
\$ 263	—to continue current program.	\$ 1,691	Special Education — Approved Private Schools —to continue current program.
	Vocational Education		
\$ -170	—to redirect funding support for the Governor's School for the Agricultural Sciences to the Governor's Schools of Excellence appropriation.	\$ 193	Intermediate Units —to continue current program.
1,732	—to continue current program.	\$ -238	School Food Services —to continue current program.
		\$ 15,700	School Employees' Social Security —to continue current program.



Program: Basic Education (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -120,737	School Employees' Retirement —to continue current program at established employer contribution rate.	\$ 200	Charter Schools —to continue current program.
\$ 28,500	Annuitant Cost of Living Increase —to provide a cost of living adjustment for current annuitants.	\$ -7,500	Charter Schools — Transitional Grants —the funding provided in the 1997-98 fiscal year is a two-year continuing appropriation. Therefore, this budget does not recommend any additional funding for 1998-99.
\$ -800	School District Demonstration Projects —nonrecurring projects.	\$ 500	Safe Schools —PRR — Improving Our Schools. This Program Revision expands the Safe Schools program. See the Program Revision following this program for additional information.
\$ 7	Education of Indigent Children —to continue current program.	\$ 500	Alternative Schools —PRR — Improving Our Schools. This Program Revision expands the Alternative Schools program. See the Program Revision following this program for additional information.
\$ 111	Education Mentoring —to continue and refocus the Dropout Prevention program under the proposed Education Mentoring appropriation title.	\$ 500	Administrative/Instructional Consolidation —PRR — Improving Our Schools. This Program Revision provides incentive funding to encourage local education agencies to consolidate administrative and instructional functions. See the Program Revision following this program for additional information.
\$ 2,184	Services to Nonpublic Schools —to continue current program.	\$ 1,000	MOTOR LICENSE FUND: Safe Driving Course —to continue current program.
\$ 669	Textbooks and Instructional Materials for Nonpublic Schools —to continue current program.		
\$ 5,000	Technology for Nonpublic Schools —PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides resources to enable nonpublic schools to be part of the Link to Learn initiative. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.		
\$ 77	Teen Pregnancy and Parenthood —to continue current program.		
\$ 170	Governor's Schools of Excellence —to redirect funding support for the Governor's School for the Agricultural Sciences from the Vocational Education appropriation.		
42	—to continue current program.		
\$ 212	<i>Appropriation Increase</i>		

This budget proposes the transfer of the Keystone State Games appropriation to the Department of Health.

In addition, the Enhancing Information Technology to Better Serve Pennsylvania Program Revision provides \$36,333,000 to local education agencies to implement regional action plans developed as part of the Link to Learn initiative. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.

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

Program: Basic Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
PA Assessment	3,915	6,000	9,078	9,078	9,078	9,078	9,078
Youth Development Centers - Education	10,076	11,234	11,753	11,988	12,228	12,473	12,722
Correctional Institutions - Education	13,009	14,873	15,269	15,574	15,885	16,203	16,527
Scranton State School for the Deaf	4,714	4,822	4,998	5,098	5,200	5,304	5,410
Instructional Support Teams	10,500	5,336	0	0	0	0	0
Basic Education Funding	3,359,099	3,449,457	3,570,188	3,570,188	3,570,188	3,570,188	3,570,188
Performance Incentives	0	10,415	13,415	13,415	13,415	13,415	13,415
Technology Initiative	34,433	36,333	36,333	0	0	0	0
Science Education Program	0	350	0	0	0	0	0
Teacher Professional Development	0	0	3,000	2,000	2,000	2,000	2,000
Adult Literacy	8,525	8,781	9,044	9,044	9,044	9,044	9,044
Vocational Education	39,919	44,626	46,688	46,688	46,688	46,688	46,688
Authority Rentals and Sinking Fund							
Requirements	225,400	239,906	253,766	253,766	253,766	253,766	253,766
Pupil Transportation	329,472	347,192	367,444	367,444	367,444	367,444	367,444
Nonpublic Pupil Transportation	38,215	38,272	37,735	37,735	37,735	37,735	37,735
Special Education	609,034	631,715	653,515	653,515	653,515	653,515	653,515
Early Intervention	75,885	76,648	78,947	78,947	78,947	78,947	78,947
Homebound Instruction	574	574	574	574	574	574	574
Tuition for Orphans and Children							
Placed in Private Homes	33,367	35,045	37,889	37,889	37,889	37,889	37,889
Payments in Lieu of Taxes	165	172	182	182	182	182	182
Education of Migrant Laborers' Children	222	278	248	248	248	248	248
PA Charter Schools for the Deaf and Blind ..	21,290	20,573	22,371	22,371	22,371	22,371	22,371
Special Education - Approved Private							
Schools	54,075	56,375	58,066	58,066	58,066	58,066	58,066
Intermediate Units	5,500	5,500	5,693	5,693	5,693	5,693	5,693
School Food Services	16,878	16,961	16,723	16,723	16,723	16,723	16,723
School Employees' Social Security	314,750	328,100	343,800	357,552	371,854	386,728	402,197
School Employees' Retirement	432,215	391,718	270,981	281,820	293,093	304,817	317,009
Annuitant Cost of Living Increase	0	0	28,500	29,925	31,421	32,992	34,642
School District Demonstration Projects	6,505	800	0	0	0	0	0
Education of Indigent Children	103	103	110	110	110	110	110
Education Mentoring	1,088	1,089	1,200	1,200	1,200	1,200	1,200
Services to Nonpublic Schools	60,586	62,404	64,588	64,588	64,588	64,588	64,588
Textbooks and Instructional Materials							
for Nonpublic Schools	18,358	19,100	19,769	19,769	19,769	19,769	19,769
Technology for Nonpublic Schools	0	0	5,000	0	0	0	0
Teen Pregnancy and Parenthood	1,397	1,423	1,500	1,500	1,500	1,500	1,500
Comprehensive Reading	300	300	300	300	300	300	300
Ethnic Heritage	100	100	100	100	100	100	100
Governor's Schools of Excellence	1,266	1,266	1,478	1,478	1,478	1,478	1,478
School-to-Work Opportunities	474	500	500	500	500	500	500
Charter Schools	1,400	1,400	1,600	1,600	1,600	1,600	1,600
Charter Schools - Nonpublic Transfers	0	1,000	1,000	1,000	1,000	1,000	1,000
Charter Schools - Transitional Grants	0	7,500	0	0	0	0	0
Safe Schools	500	500	1,000	1,000	1,000	1,000	1,000
Alternative Schools	4,154	4,700	5,200	5,200	5,200	5,200	5,200
Administrative/Instructional Consolidation ..	0	0	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	\$ 5,737,463	\$ 5,883,441	\$ 6,000,545	\$ 5,984,868	\$ 6,012,592	\$ 6,041,428	\$ 6,071,418
MOTOR LICENSE FUND:							
Safe Driving Course	\$ 1,279	\$ 1,526	\$ 1,556	\$ 1,556	\$ 1,556	\$ 1,556	\$ 1,556

Program Revision: Improving Our Schools

Pennsylvania's future depends upon the educational opportunities offered to our students. Every child needs a quality education to realize his or her full potential and to build a foundation for lifelong learning. This Program Revision enhances the support of basic education by increasing funds available for a variety of programs and strategies designed to address the educational needs of our children.

This Program Revision provides funding for the following improvements in our schools: an instructional improvement supplement for basic education; expansion of the performance incentive program; refining and expanding our current assessment system; establishing a teacher professional development program; increasing the reimbursement rates for special education programs and assistance for those school districts which have a demonstrated financial need and experience higher than average special education costs; expanding the Safe Schools Program; increasing support for the Alternative Education Program; and, funding incentive grants to encourage our local education agencies to become more efficient.

Basic Education

Since 1994-95, funding for Basic Education will have increased 11 percent, or \$356 million, with the addition of \$120.7 million recommended in this Program Revision. This proposal seeks to improve instructional programs and expand course offerings for students and authorizes school districts to use the additional resources for instructional equipment, textbooks, telecommunications and distance learning equipment and support services, staff development, additional staff for new classes and programs, early childhood education programs and implementation of district-wide and State academic standards.

With this proposal, 396 school districts with an aid ratio greater than .4000 will receive a pro rata share of \$85.5 million distributed based on wealth and enrollment. Over \$7.4 million is included for 308 school districts to address increased costs due to enrollment growth. The proposal also includes \$9.1 million for 120 of the poorest districts which will receive an increase of four percent over their 1997-98 funding level and \$1.4 million to ensure a minimum increase of at least one percent for all school districts. The proposal also includes over \$7.8 million for those districts with a high percent of children from low income families and \$8.8 million to assist smaller, less affluent school districts.

Performance Incentives

In addition to targeting funds towards improvement in instructional programs, this proposal continues to emphasize the relationship between school performance and school funding. This Program Revision provides \$13.415 million to expand the incentive award program which recognizes schools that make notable improvements in student achievement and effort. Schools are required to qualify each year for the incentive awards which are based on significant improvements of their students.

Academic achievement will be measured by a school's improvement in comparison to results from prior years on the Statewide Pennsylvania System of School Assessment (PSSA). A school's effort will be assessed through its attendance record and, in subsequent years for high schools, will also be measured according to a school district's graduation rate. A percentage of any future funding increase for Basic Education will provide continual funding of the Performance Incentive Program.

In order to implement the academic standards and an effective incentive program, this proposal includes \$3.1 million to strengthen the Pennsylvania System of School Assessments. The number of subject areas tested under the Assessments will be expanded and improvements will be made to the current assessment tools used for reading, mathematics and writing in order to incorporate higher academic standards under development. Standards help ensure our children achieve what is required for success in higher education, in the workforce and for participation in our society.

Recognizing the importance of teachers in the successful integration of standards into the curriculum, this Program Revision includes \$3 million for a teacher professional development program. The proposal will fund training for 35,000 public school teachers who provide instruction in reading, writing and mathematics. Training programs for teachers will be supplemented through technical assistance and include resource packages

containing the standards, their connection to the PA System of School Assessment, guidance on the alignment of curriculum, and instruction, assessment and standards-based instructional material. These efforts will ensure that standards and assessments are uniformly incorporated into our educational system. The proposal creates an Academy for Urban Education which will include intensive training specific to the special needs and issues facing urban schools as well as training in the best practices for teaching science, mathematics, special education and English as a second language. Additionally, the Program Revision establishes Teacher Institutes at each Governor's School to provide in-service training for our best and brightest teachers. The Institutes will provide state-of-the-art professional development focusing on the best practices in the academic content areas represented by the various Governor's Schools of Excellence and Regional schools. Through this coordinated effort, educators will be able to prepare our students to meet the new and more rigorous academic standards and improve the quality of instruction provided in our schools.

Special Education

This Program Revision provides an increase of \$21.8 million for Special Education programming in Pennsylvania's schools. Additionally, it is recommended that anticipated savings from other components of the Special Education program be redirected to enhance our support of the Special Education curriculum.

With this proposal, school districts will receive \$13,850 (an increase of \$400) per student, based on one percent of their student population, and \$1,185 (an increase of \$35) per student, based on 15 percent of their student population, to fund programs for students with exceptionalities. In an attempt to address special conditions within school districts which affect their ability to provide special education services, this proposal provides over \$20 million for supplemental payments to eligible school districts. To be eligible for the supplement, school districts must have a demonstrated financial need based on wealth, concentration of poverty students, high special education expenditures, and high local taxing effort. Finally, school districts and intermediate units will receive no less funding than they received in the prior year.

Safe Schools

This Program Revision provides \$500,000 to expand the Safe Schools Program which addresses the increasing incidents of disruptive and violent behavior in the schools. Grants will be made available to an additional 20 school districts to develop innovative ways to address their own particular problems of disruptive and violent students. The State will continue to maintain the clearinghouse of materials, training and technical assistance for schools. This effort will provide students with the opportunity to learn and teachers to teach unhindered by violence and disciplinary problems in school.

Alternative Education Programs

Alternative Education Programs are also important to ensure a safe and quality education for our children. This Program Revision provides an additional \$500,000 to increase our support for the Alternative Education Program, bringing our total support to \$5.2 million. The Alternative Education Program assists school districts in developing appropriate programming for students who behave in a manner disruptive to the school environment. School districts are encouraged to work together to tailor the type of programs necessary to meet their needs, whether it be through the joining of school districts through intermediate units or creating a consortia of their own. The goals of any such program are to protect the regular schools; to provide special programming for students who are dangerous, violent and disruptive; and, ultimately to ensure positive reentry into the regular school environment.

Local Education Agency Management

Not only is it important to adapt and improve current programs, it is also advantageous to encourage a greater degree of cooperation between local education agencies. The administration/consolidation initiative emphasizes coordination through an incentive program aimed at increasing the efficiency of the management of area schools. Incentive grants will be awarded to

Program Revision: Improving Our Schools (continued)

local education agencies that consolidate administrative services such as sharing administrative personnel and to those school entities which consolidate instructional services.

In addition, the Public School Employees' Retirement System Board has reduced the employer contribution rate each year since 1995-96 for covered local education agency employees. As a result of this action, the local education agencies will have \$104 million available in 1998-99 over 1997-98, and a cumulative total of \$315 million over the three-year period. The

local education agencies have been able to reallocate these funds to expand or enhance educational programming.

This Program Revision continues Pennsylvania's commitment to our educational system. It expands successful programs, strengthens existing programs and creates new and innovative strategies to improve the system and enhance each child's access to a quality education.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
School districts receiving funds due to low wealth Program Revision	0	0	120	120	120	120	120
School districts receiving funds based on enrollment growth Program Revision	0	0	308	308	308	308	308
School districts receiving funds distributed based on aid ratio and enrollment growth Program Revision	0	0	396	396	396	396	396
Students taking PA Assessment tests Current	606,344	635,000	635,000	635,000	635,000	635,000	635,000
Program Revision	0	0	700,000	700,000	700,000	700,000	700,000
Teachers eligible for professional development opportunities Program Revision	0	0	35,000	17,500	17,500	17,500	17,500
Special education reimbursement for one percent of school district's average daily membership Current	\$13,125	\$13,450	\$13,450	\$13,450	\$13,450	\$13,450	\$13,450
Program Revision	\$0	\$0	\$13,850	\$13,850	\$13,850	\$13,850	\$13,850
Special education reimbursement for fifteen percent of school district's average daily membership Current	\$1,115	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
Program Revision	\$0	\$0	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185
School districts eligible for special education supplemental funding Current	0	88	88	88	88	88	88
Program Revision	0	0	94	94	94	94	94
Safe Schools grants Current	26	26	26	26	26	26	26
Program Revision	0	0	46	46	46	46	46



Program Revision: Improving Our Schools (continued)

Program Revision Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 120,731	Basic Education Funding —to provide resources for an instructional improvement supplement for school districts for basic education programs.	\$ 21,800	Special Education Funding —to provide a three and one-half percent appropriation increase and redistribute nonrecurring expenses targeted toward increasing the reimbursement rates and providing additional resources to districts with high program costs and high local taxing effort.
\$ 13,415	Performance Incentives —to expand the Performance Incentive Program.		
\$ 3,078	PA Assessment —to enhance the current academic testing system.	\$ 500	Safe Schools —to expand the Safe Schools Program.
\$ 3,000	Teacher Professional Development —to provide resources for teacher professional development programs targeted to ensuring successful integration of the new academic standards and revised State assessments and improving urban schools.	\$ 500	Alternative Schools —to expand the Alternative Schools Program.
		\$ 1,000	Administrative/Instructional Consolidation —to provide incentive funding to encourage local educational agencies to consolidate administrative and instructional functions.
		\$ 164,024	Program Revision Total

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Basic Education	\$ 0	\$ 0	\$ 120,731	\$ 120,731	\$ 120,731	\$ 120,731	\$ 120,731
Performance Incentives	0	0	13,415	13,415	13,415	13,415	13,415
PA Assessment	0	0	3,078	3,078	3,078	3,078	3,078
Teacher Professional Development	0	0	3,000	2,000	2,000	2,000	2,000
Special Education	0	0	21,800	21,800	21,800	21,800	21,800
Safe Schools	0	0	500	500	500	500	500
Alternative Schools	0	0	500	500	500	500	500
Administrative/Instructional Consolidation ..	0	0	1,000	1,000	1,000	1,000	1,000
Total	\$ 0	\$ 0	\$ 164,024	\$ 163,024	\$ 163,024	\$ 163,024	\$ 163,024

PROGRAM OBJECTIVE: *To improve the employment capabilities of those persons in the Commonwealth who are unemployed or underemployed.*

Program: Job Training

This program includes funding for the Job Training Partnership and programs offered through the State-owned Thaddeus Stevens College of Technology. It also includes funding for three non-State-related institutions: Berean Training and Industrial School, Johnson Technical Institute and Williamson Free School of Mechanical Trades.

Under the Federal Job Training Partnership Act (JTPA), State government, local government and the private sector work cooperatively in the development, planning and implementation of programs. Eight percent of funds under Title II-A and C of the act are earmarked for involvement of the education community in providing school to work programs, literacy and lifelong learning and programs to train women for

nontraditional employment. Matching funds are provided from State and Federal sources. Up to 20 percent of the education funds can be used for coordination and linkage activities between educational institutions and entities responsible for local administration of employment and training services.

Thaddeus Stevens College of Technology provides postsecondary vocational training primarily to indigent youths. Berean Training and Industrial School offers one and two year postsecondary trade and technical training. Johnson Technical Institute and Williamson Free School of Mechanical Trades provide secondary three-year technical programs.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Trainees enrolled in JTPA job training programs	11,985	11,900	11,900	11,900	11,900	11,900	11,900
Trainees completing JTPA instruction	6,325	6,300	6,300	6,300	6,300	6,300	6,300
Thaddeus Stevens enrollments	473	440	500	500	500	500	500
Berean enrollments	395	200	300	450	500	600	600
Johnson enrollments	288	355	377	372	373	380	381
Williamson enrollments	254	247	254	254	254	254	254

There are 28 Service Delivery Areas (SDAs) that share JTPA funds.

Berean enrollments in 1996-97 are revised upward from last year's budget because the school emphasized enrolling dislocated workers and other students in technical certificate programs. Enrollment is revised downward in 1997-98 due to the school's loss of Federal Title IV (Pell Grant) funding. The school anticipates the restoration of Title IV eligibility in 1998-99.

Johnson enrollments in 1997-98 and the future years are revised upward from last year's budget due to increased recruitment efforts.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 166	Thaddeus Stevens College of Technology —to continue current program.	\$ 729	JTPA — Matching Funds —to continue current program.
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Thaddeus Stevens College of Technology	\$ 5,412	\$ 5,782	\$ 5,948	\$ 6,067	\$ 6,188	\$ 6,312	\$ 6,438
JTPA—Matching Funds	3,841	3,857	4,586	4,586	4,586	4,586	4,586
Job Training Programs	0	3,500	3,500	3,500	3,500	3,500	3,500
Non-State-Related Institutions	1,427	1,427	1,427	1,427	1,427	1,427	1,427
TOTAL GENERAL FUND	\$ 10,680	\$ 14,566	\$ 15,461	\$ 15,580	\$ 15,701	\$ 15,825	\$ 15,951



PROGRAM OBJECTIVE: To provide and improve library services to citizens of the Commonwealth, special libraries, and government agencies and employes.

Program: Library Services

This program includes funding to support and improve State and local library services and to ensure access to these services by citizens of the Commonwealth. The program includes: the State Library, Improvement of Library Services, Library Services for Visually Impaired and Disabled, Library ACCESS, and the School Library Catalog.

The State Library is the agency of the Commonwealth charged with developing, improving and coordinating library services and systems in the State. It provides Statewide leadership in the development of libraries as essential contributors to the cultural and economic well being of Pennsylvania communities.

The State Library, located in Harrisburg, is a major resource library serving the State Government, as well as libraries and residents of the Commonwealth. It includes an extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers and Pennsylvania State and U.S. Government publications, computer search services to provide reference and research assistance to State Government personnel from more than 300 databases, and a computer-based catalog to give users more rapid access to information about the collection. Since 1990, the library has provided dial-access to the catalog for State agency offices and other libraries. The catalog is available on the Internet.

The library development function provides leadership and advisory services to public, academic and special libraries; coordinates a Statewide system of public libraries; administers a program of State-aid to public libraries and promotes sharing of library resources through a variety of cooperative programs affecting libraries throughout the Commonwealth.

The appropriation for Improvement of Library Services encourages local

libraries to meet the information, education and recreation needs of the Commonwealth. These funds assist in supporting 28 district libraries by making their resources and services available to all residents of their respective areas on behalf of the Commonwealth. In addition, they support four regional resource center libraries which are designated by State law to acquire research collections and make them available to all residents.

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 and physically disabled and cannot utilize regular print materials. Seventy percent of the users of this program are elderly persons who are often homebound and isolated with no other access to the world of books. The service is provided through contracts with the Carnegie Library of Pittsburgh and the Free Library of Philadelphia.

The Library ACCESS program (Statewide Library Card) allows people to use any participating public library no matter where they live. Libraries are reimbursed for the cost of lending books to people living outside their service area.

The School Library Catalog Program provides students and teachers with information about library holdings across the Commonwealth. It provides access to books, journals and other information held by any participating school, public college or university library. The program's objective is to increase access to educational materials and to automate the time consuming management functions of Pennsylvania's school libraries. The program improves the curriculum across the Commonwealth by providing access to information.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Items loaned (in thousands)	66,975	67,250	68,000	69,000	70,775	72,000	73,500
Titles in State Library collection listed in machine readable catalog data base	856,147	870,000	885,000	898,000	908,000	915,000	920,000
Patron queries handled by State Library staff	100,933	103,733	106,433	109,033	111,533	114,033	116,533
Items loaned under the Statewide Library ACCESS Program	11,000	11,200	11,500	11,750	12,000	12,250	12,500
Citizens served by ACCESS Pennsylvania database	579,000	646,350	675,070	726,175	770,800	820,000	864,000

A total of 98% of the Commonwealth's population is served by State-aided libraries.



Program: Library Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
\$ 153	State Library —to continue current program.	\$ 7,000	Technology for Public Libraries —PRR — Public Library System Enhancements. This Program Revision establishes a grant program to improve the information technology capabilities of our public library system. See the Program Revision following this program for additional information.
\$ 882	Improvement of Library Services —to continue current program.		
\$ 71	Library Services for Visually Impaired and Disabled —to continue current program.		
\$ 1,855	Library Access —PRR — Public Library System Enhancements. This Program Revision increases State support of the Statewide Library Card program to cover 50% of the projected program costs. See the Program Revision following this program for additional information.	\$ -2,191	KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Local Libraries Rehabilitation and Development —nonrecurring projects.
1,250	—PRR — Public Library System Enhancements. This Program Revision initiates a new program to cover half the cost of online periodical database subscription fees. See the Program Revision following this program for additional information.		
<u>\$ 3,105</u>	<i>Appropriation Increase</i>		

The School Library Catalog appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State Library	\$ 3,668	\$ 3,752	\$ 3,905	\$ 3,983	\$ 4,063	\$ 4,144	\$ 4,227
Improvement of Library Services	28,550	29,407	30,289	30,289	30,289	30,289	30,289
Library Services for the Visually Impaired and Disabled	2,312	2,381	2,452	2,452	2,452	2,452	2,452
Library Access	3,150	3,245	6,350	6,350	6,350	6,350	6,350
School Library Catalog	420	420	420	420	420	420	420
Technology for Public Libraries	0	0	7,000	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 38,100</u>	<u>\$ 39,205</u>	<u>\$ 50,416</u>	<u>\$ 43,494</u>	<u>\$ 43,574</u>	<u>\$ 43,655</u>	<u>\$ 43,738</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehabilitation and Development	\$ 2,015	\$ 3,824	\$ 1,633	\$ 1,568	\$ 1,669	\$ 1,908	\$ 2,051



Program Revision: Public Library System Enhancements

Public libraries are essential contributors to the cultural and economic well being of our communities. The libraries in Pennsylvania provide access to a comprehensive collection of recorded knowledge, ideas and information. In order to increase that access, over the last few years, funds have been provided which expanded the number of hours and the number of days the State Library is open to the public.

Since 1994-95, funding for public libraries will have increased over 58 percent or \$17.1 million with the addition of the \$10 million recommended in this Program Revision. This proposal continues to recognize the important contribution public libraries make to our communities and provides the additional funds for enhanced information technology capabilities, increased State support for the Statewide Library Card Program and increased access for online periodicals. Through this proposal, the public library system will be able to provide access to worldwide resources in order to meet the changing needs of society.

Technology Improvements for Public Libraries

Libraries are a hub for community-based technology networks because they offer a centralized location for access to vast collections of materials and information. The impact technology is having on the availability of information resources is significant. Recent surveys indicate that thirty-five percent of Pennsylvanians do not have access to online information resources at home or work and are increasingly turning to public libraries for this service.

This Program Revision provides \$7 million for a technology grant program to enable public libraries to connect Pennsylvanians to the emerging Pennsylvania Education Network (PEN) and online information resources. Grant funds will be available to all public libraries and be used differently based upon a library's particular stage of technological development. The smallest and most rural libraries will use the grants for basic technology to provide public access to the Internet and PEN. Medium sized libraries will use the funds to expand public access to the Internet through the installation of local area networks. Large libraries will upgrade their current automated system to allow people direct access to their catalogs and enable them to order resource material over the worldwide web. A portion of the funds will be set aside for demonstration grants for a few large libraries that have significant local history or other valuable, non-copyrighted collections. Libraries receiving these demonstration grants will be able to select materials to index and scan into a database that will be available over the Internet. Placing library catalogs and materials online provides 24 hour access to library users.

Increased Support for the Library ACCESS Program

A popular program offered by public libraries is the Library ACCESS Program. This Statewide Library Card Program allows library users free access to materials and collections maintained at any participating public library. Participating libraries estimate that 11.5 million items will be circulated to residents outside their immediate service area through the Library ACCESS Program. The cost of the program is shared between public libraries and the Commonwealth.

This Program Revision provides \$1.9 million to increase the State's share from thirty percent to fifty percent of the projected costs of the program. The public's demand for this program is high because it enables Pennsylvanians to access information which may not be found at their local library but can be borrowed from other public libraries within the State. This Program Revision will enable public libraries to continue to share library resources.

Online Periodicals Access

Another resource available through the public library system is online full text periodicals. Full text periodical databases on the Internet are a new resource which expands library collections and provides an alternative to waiting up to three weeks for an interlibrary loan. The databases, available through a commercial service, may index more than 150 full text newspapers, 800 full text magazines, 10 international news wires, 2,000 classical and reference books and hundreds of maps and pictures. In contrast, a local public library usually subscribes to about 88 magazines and 6 newspapers while a typical school library subscribes to about 50 magazines and 5 newspapers.

This Program Revision provides \$1.3 million to fund up to fifty percent of the cost of the subscription fees required to access these databases. With this proposal, public library patrons will be able to search online for the articles they need, read them on the computer screen and actually print the articles. The proposal also provides benefits to the libraries since it would reduce subscription costs and the libraries would not need to devote expensive storage space to maintain a collection of back issues of magazines and newspapers. An evaluation of a pilot online periodicals project indicated that access to the Internet has created business and job opportunities, decreased the "information remoteness" often experienced by rural communities, and expanded educational capabilities for both students and teachers.

The public library system is a valuable resource of information, education and recreation. This Program Revision demonstrates Pennsylvania's recognition of the importance of this resource to the Commonwealth and enhances public library services as we move into the 21st century.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Increased State per transaction support of the Library ACCESS program							
Current	24¢	24¢	24¢	24¢	24¢	24¢	24¢
Program Revision	0	0	40¢	40¢	40¢	40¢	40¢
Public libraries participating in the subsidy for online periodicals program							
Program Revision	0	0	444	444	444	444	444
State aided libraries benefiting from technology grants							
Program Revision	0	0	195	195	195	195	195

Program Revision: Public Library System Enhancements (continued)

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	7,000	Technology for Public Libraries —to establish a grant program to improve the information technology capabilities of our public library system.	\$	1,250	Library Access —to initiate a new program to cover up to half the cost of database subscription fees.
				\$	10,105
					Program Revision Total
\$	1,855	Library Access —to increase State support of the Statewide Library Card Program to cover 50% of the projected program costs.			

Recommended Program Revision Costs by Appropriation: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Technology for Public Libraries	\$ 0	\$ 0	\$ 7,000	\$ 0	\$ 0	\$ 0	\$ 0
Library Access	0	0	3,105	3,105	3,105	3,105	3,105
Total	\$ 0	\$ 0	\$ 10,105	\$ 3,105	\$ 3,105	\$ 3,105	\$ 3,105



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 232 degree granting institutions which include the State System of Higher Education, the four State-related universities, the community colleges, and the Commonwealth's independent colleges, universities and specialized degree granting institutions.

Funding for these institutions is through direct grant appropriations and, for most of the independent sector, through the Institutional Assistance Grants and student support programs of the Higher Education Assistance Agency.

Table 1
Full-Time Equivalent Enrollments at State-Supported Institutions of Higher Education, Actual and Projected

Institutional Category	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
State System of Higher Education	86,044	86,808	87,532	88,223	88,813	89,423	89,962
Community Colleges	63,735	64,419	65,210	66,474	67,780	69,130	69,983
State-related Universities	124,757	125,419	126,245	127,031	127,826	128,422	129,021
Non-State-related Universities and Colleges	33,232	34,213	35,297	36,202	36,887	37,258	37,361
TOTAL	307,768	310,859	314,284	317,930	321,306	324,233	326,327

Program Element: State System of Higher Education

Funding for the 14 universities of the State System of Higher Education is distributed through the Chancellor's Office to the individual universities in accordance with a formula which considers the enrollment and programs of the school and the cost of operating and maintaining the individual campuses. The universities provide a broad liberal arts curriculum, but each has a specific mission; some in health sciences, others in technologies and all of them in teacher education. Most offer the master's degree level in some of their programs.

Program Element: Community Colleges

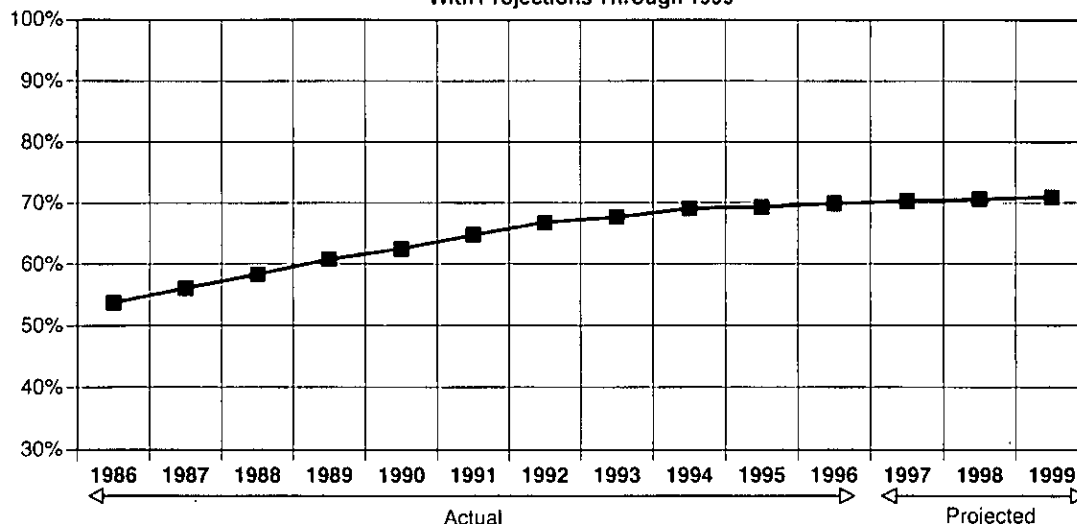
Funding for the community colleges is shared by sponsoring counties or school districts, the students through tuition payments, and the Commonwealth. Commonwealth appropriations are based on a formula which considers the number of students enrolled, the number of students

in each of several technical programs for which additional stipends are paid to recognize the high cost of those programs and the capital costs of the colleges. The colleges offer two-year liberal arts curricula for transfer to other institutions and two-year programs in technologies or other vocational areas which culminate in an associate degree or certificate. They also offer non-credit programs such as public safety to improve personal and professional skills.

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 the educational program. The first three of these Commonwealth universities are major research universities; they provide programs to the doctoral level in the arts and sciences and professional schools in the medical and legal fields.

Figure 1
Percentage of High School Graduates Proceeding to Postsecondary Studies 1986 to 1996 With Projections Through 1999



Program: Higher Education (continued)

Program Element: Enrollment and Degree Programs

Although the population of college age students is declining, the effect of the decline on enrollment is offset by increases in the participation rates of traditional college age students, older students and part-time students. For example, 70 percent of high school graduates planned to attend postsecondary institutions in 1996, up from 54 percent in 1986 (see Figure 1). Therefore, full-time equivalent enrollment in State-supported institutions is expected to increase by approximately one percent annually

over the next six years, although the increase varies among institution category.

The Pennsylvania Association of Colleges and Universities, the Higher Education Assistance Agency, and the Department of Education are all working with school districts to disseminate information to students and their parents about the importance of postsecondary education, the choices available to students, the financial aid available and the high school preparation required.

Table 2
State-Supported Institutions FTE Enrollments by Subject Area

Subject Area	Number and Percent of Total	1996-97 Actual	1997-98 Projected	1998-99 Projected	1999-00 Projected	2000-01 Projected	2001-02 Projected	2002-03 Projected	Percent Change
Agricultural and Natural Resources	# %	4,700 1.53%	4,805 1.55%	4,899 1.56%	4,977 1.57%	5,087 1.58%	5,251 1.62%	5,308 1.63%	12.94%
Arts and Letters	# %	50,057 16.26%	50,382 16.21%	50,723 16.14%	51,323 16.14%	52,025 16.19%	52,565 16.21%	53,051 16.26%	5.98%
Business, Management, Data Processing	# %	48,063 15.62%	48,616 15.64%	49,114 15.63%	49,725 15.64%	50,219 15.63%	50,666 15.63%	50,931 15.61%	5.97%
Communications and Related Technologies	# %	8,854 2.88%	9,116 2.93%	9,272 2.95%	9,390 2.95%	9,489 2.95%	9,580 2.95%	9,646 2.96%	8.95%
Computer and Information Sciences	# %	7,436 2.42%	7,900 2.54%	8,162 2.60%	8,401 2.64%	8,638 2.69%	8,888 2.74%	8,929 2.74%	20.08%
Education	# %	40,414 13.13%	40,936 13.17%	41,225 13.12%	41,503 13.05%	41,801 13.01%	42,078 12.98%	42,302 12.96%	4.67%
Engineering, Architecture and Environmental Design	# %	17,714 5.76%	18,084 5.82%	18,582 5.91%	18,965 5.97%	19,319 6.01%	19,492 6.01%	19,553 5.99%	10.38%
Engineering and Related Technologies	# %	7,949 2.58%	7,833 2.52%	7,996 2.54%	8,195 2.58%	8,375 2.61%	8,472 2.61%	8,552 2.62%	7.59%
Health Professions, Health Services and Public Affairs	# %	43,324 14.08%	43,459 13.98%	43,691 13.90%	44,081 13.87%	44,374 13.81%	44,663 13.77%	45,022 13.80%	3.92%
Home Economics, Human Services and Public Affairs	# %	21,438 6.97%	21,704 6.98%	21,914 6.97%	22,158 6.97%	22,393 6.97%	22,649 6.99%	22,859 7.00%	6.63%
Industrial, Repair, Construction and Transport Technologies	# %	2,845 0.92%	2,916 0.94%	2,943 0.94%	3,021 0.95%	3,062 0.95%	3,103 0.96%	3,135 0.96%	10.19%
Law	# %	3,939 1.28%	4,432 1.43%	4,450 1.42%	4,474 1.41%	4,491 1.40%	4,512 1.39%	4,524 1.39%	14.85%
Physical Sciences, Mathematics and Related Technologies	# %	13,916 4.52%	13,911 4.48%	14,141 4.50%	14,251 4.48%	14,316 4.46%	14,372 4.43%	14,421 4.42%	3.63%
Social Sciences, Psychology, Area Studies and Foreign Languages	# %	31,802 10.33%	31,390 10.10%	31,721 10.09%	31,950 10.05%	32,140 10.00%	32,309 9.96%	32,406 9.93%	1.90%
Multi-Interdisciplinary Studies/ Military Sciences	# %	5,317 1.73%	5,375 1.73%	5,451 1.73%	5,516 1.73%	5,577 1.74%	5,633 1.74%	5,688 1.74%	6.98%
TOTAL		307,768	310,859	314,284	317,930	321,306	324,233	326,327	6.03%



Program: Higher Education (continued)

Along with higher education enrollment size, the mix of enrollments by discipline will shape the future of higher education. Table 2 shows projections of enrollment in the State-supported institutions from 1996-97 through 2002-03. It reflects the increased choices of job-oriented disciplines with good employment rates such as engineering technology and industrial technologies, but also reflects a slower growth in the engineering and physical science/mathematics enrollments than in the past.

A review of fields in which degrees are awarded shows the greatest number of four-year degrees are in Business (including Marketing),

Education, Engineering (with emphasis on Electrical and Mechanical Engineering), Health Sciences (including Medicine and Nursing), the Social Sciences (including Political Science and Economics), and the Arts and Letters programs.

The publicly funded institutions in Pennsylvania graduate over 70,000 students annually with degrees ranging from the two-year associate degree to doctoral and professional degrees. Pennsylvania degree graduates from both the public and private sector total over 100,000 annually.

Table 3
Higher Education Degrees Awarded by State-Supported
Institutions of Higher Education,
Actual and Projected

Institutional Category	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
State System of Higher Education.....	17,513	17,817	18,051	18,347	18,620	18,797	18,886
Community Colleges	11,116	11,215	11,320	11,449	11,566	11,719	11,834
State-related Universities	33,920	34,409	34,723	34,962	35,258	35,470	35,674
Non-State-related Universities and Colleges	10,344	10,702	10,989	11,150	11,324	11,450	11,477
TOTAL	72,893	74,143	75,083	75,908	76,768	77,436	77,871

Program Element: Support for Educationally Disadvantaged and Minority Students

Under Act 101 of 1971, the Higher Education Equal Opportunity Program provides grants to colleges for tutorial and counseling services for economically and educationally disadvantaged students to aid them in succeeding in college.

The 1983 agreement between the Department of Education and the Federal Office of Civil Rights provided a five-year plan to enhance Cheyney and Lincoln Universities and increase minority enrollment at the other State system and State-related universities. While that agreement has ended, the budget continues the initiative it began. Funding is included to continue to help with the cost of recruiting and retaining minority students. Funds are provided for an affirmative action program at the State System of Higher Education.

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 heavy. 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 (Penn State) is the primary recipient of direct research funds designated by the Commonwealth to support research in agriculture, engineering, biological and physical sciences, earth and mineral sciences, health and human services

and others. Penn State is the Commonwealth's Federally designated land-grant university and as such has received funds designated for agricultural research since 1901.

The continued State support for organized research is a means of promoting a responsive position on the ever-changing needs of the Commonwealth. In this regard, colleges and universities can play a major role in the economic development of the Commonwealth through the creation of a climate which will attract new high technology industries to the State.

Program Element: Community Service

Public and community services are provided by all sectors of higher education and include short-term courses and workshops and programs in the arts. The bulk of Commonwealth funding in this area supports the Co-operative Extension Service of Penn State. The service offers consultation to any State resident on agricultural or environmental issues. It operates the Agricultural Extension Computer Network which, with a computer in every county extension office, offers a Statewide network of information linked to the resources of the main campus.

Program Element: Support Services

The Department of Education provides leadership and support services to all sectors of higher education. Responsibilities include liaison with the national accrediting agencies, the State Board of Education and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the higher education master plan and the Commonwealth of Pennsylvania plan for equal education opportunity. The agency also provides certificates to those seeking teaching certification in Pennsylvania.

Program: Higher Education (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Office of Civil Rights reviews of institutional plans	16	16	16	16	16	16	16
Minority enrollments at public institutions	49,948	50,400	50,700	50,900	51,200	51,400	51,600
Disadvantaged students served by specialized programs	13,611	13,700	14,000	14,000	14,000	14,000	14,000
Programs evaluated	324	20	20	260	260	200	200
Teacher certifications	38,040	40,000	40,000	41,000	42,000	45,000	48,000

The number of programs evaluated in 1996-97 is revised upward from last year's budget due to two major reviews that were conducted at universities which have multiple programs. The 1997-98 and 1998-99 years reflect a transition to new General Standards for Teacher Preparation. A relatively minimal number of reviews will be conducted in those years.

The measure included in last year's budget regarding the number of tests administered for certification has been deleted because this function is conducted by the Educational Testing Service and is not a measure of department activity.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:						
\$ 5,093	Community Colleges —to provide an increase in State support.	\$ 13,428			State System of Higher Education —to provide an increase in State support.		
\$ -5,000	Community College Technology —nonrecurring project.	\$ 9,428			The Pennsylvania State University —to provide an increase in State support.		
\$ -200	Regional Community Colleges Services —nonrecurring projects.	\$ 4,978			University of Pittsburgh —to provide an increase in State support.		
\$ 2,000	Community Colleges — Workforce Development —PRR— Creating An Integrated Workforce Development System. This Program Revision provides for a Workforce Development Challenge Grant program for community colleges. See the Program Revision following the Business Job Development Program in the Department of Community and Economic Development for additional information.	\$ 4,980			Temple University —to provide an increase in State support.		
		\$ 348			Lincoln University —to provide an increase in State support.		
		\$ 1,168			Non-State-related Universities and Colleges —to provide an increase in State support for Drexel University and Veterinary Activities at the University of Pennsylvania.		
\$ 450	Rural Initiatives —Initiative — Increased Community Education Councils Support. To increase support to the Community Education Councils which serve to increase access to higher education services in rural, underserved areas of the State.	\$ -2,655			KEYSTONE RECREATION, PARK AND CONSERVATION FUND: State System of Higher Education — Deferred Maintenance —nonrecurring projects.		

The Enhancing Information Technology to Better Serve Pennsylvania Program Revision provides \$7 million for grants focused on innovative approaches to community-based technology networking. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.

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



Program: Higher Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Higher Education of Blind or Deaf							
Students	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52
Community Colleges	147,149	156,713	161,806	161,806	161,806	161,806	161,806
Community College Technology	0	5,000	0	0	0	0	0
Regional Community Colleges Services	0	200	0	0	0	0	0
Community Colleges — Workforce							
Development	0	0	2,000	2,000	2,000	2,000	2,000
Higher Education for the Disadvantaged	7,827	7,828	7,828	7,828	7,828	7,828	7,828
Higher Education Technology Grants	6,948	7,000	7,000	0	0	0	0
Rural Initiatives	350	550	1,000	1,000	1,000	1,000	1,000
Higher Education Equipment	2,550	6,000	6,000	6,000	6,000	6,000	6,000
Engineering Equipment Grants	0	1,000	1,000	1,000	1,000	1,000	1,000
Osteopathic Education	600	750	750	750	750	750	750
State System of Higher Education (SSHE)	398,487	413,142	426,570	426,570	426,570	426,570	426,570
The Pennsylvania State University	280,979	289,716	299,144	299,144	299,144	299,144	299,144
University of Pittsburgh	148,565	153,182	158,160	158,160	158,160	158,160	158,160
Temple University	148,768	153,232	158,212	158,212	158,212	158,212	158,212
Lincoln University	10,373	10,684	11,032	11,032	11,032	11,032	11,032
Non-State-related Universities and Colleges	70,247	70,379	71,547	71,547	71,547	71,547	71,547
TOTAL GENERAL FUND	\$ 1,222,895	\$ 1,275,428	\$ 1,312,101	\$ 1,305,101	\$ 1,305,101	\$ 1,305,101	\$ 1,305,101
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education -							
Deferred Maintenance	\$ 4,696	\$ 9,762	\$ 7,107	\$ 7,397	\$ 8,315	\$ 9,068	\$ 9,859



COMMONWEALTH OF PENNSYLVANIA

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 in the event of natural and man-made disasters and under enemy attack. The agency also 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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Enhancing Information Technology to Better Serve Pennsylvania		
	State Fire Commissioner's Office.....	\$ 105
This Program Revision establishes a Fire Incident Management System to collect and store management data on fire fighting resources throughout the Commonwealth. This is part of the \$95.8 million Enhancing Information Technology to Better Serve Pennsylvania Program Revision. Please see the Program Revision following the Executive Direction Program in the Executive Offices for additional information on this Program Revision.		
	Department Total.....	\$ 105



Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 4,621	\$ 4,734	\$ 5,405
(F)Civil Preparedness.....	2,822	3,095	3,300
(F)Flash Flood Project - Warning System.....	86	105	105
(F)Hazardous Materials Planning and Training.....	162	350	350
(F)Chemical Preparedness.....	77	100	100
(A)Nuclear Facility.....	80	80	80
(A)Washington County Tire Fire.....	0	132	0
Subtotal.....	\$ 7,848	\$ 8,596	\$ 9,340
State Fire Commissioner.....	1,222	1,251	1,741
(F)Fire Prevention.....	0	200	200
(A)Fire Academy Fees.....	6	15	15
(A)Arson Fines.....	0	2	2
Subtotal.....	\$ 1,228	\$ 1,468	\$ 1,958
Subtotal - State Funds.....	\$ 5,843	\$ 5,985	\$ 7,146
Subtotal - Federal Funds.....	3,147	3,850	4,055
Subtotal - Augmentations.....	86	229	97
Total - General Government.....	\$ 9,076	\$ 10,064	\$ 11,298
<i>Grants and Subsidies:</i>			
(F)January 1996 Flood Disaster.....	\$ 24,831	\$ 12,992	\$ 3,000
(F)Hazard Mitigation Grants-January 1996 Flood.....	0	6,253	8,000
(F)January 1996 Blizzard Disaster.....	560	675	100
(F)Hazard Mitigation Grants 1994 Winter Disaster.....	2,864	7,000	1,200
(F)1994 Winter Disaster-Public Assistance.....	0	700	100
(F)June 1996 Storm Disaster.....	1,655	311	100
June 1996 Storm Disaster - Public Assistance.....	204	0	0
(F)June 1996 Storm Disaster-Hazard Mitigation.....	0	0	500
July 1996 Storm Disaster Relief.....	1,000	0	0
July 1996 Storm Disaster - Public Assistance.....	2,900	0	0
(F)July 1996 Storm Disaster - Public Assistance.....	11,750	3,120	1,500
(F)July 1996 Storm Disaster-Hazard Mitigation.....	0	0	560
September 1996 Storm Disaster Relief.....	500	0	0
(F)September 1996 Storm Disaster.....	3,986	1,743	1,000
September 1996 Disaster Relief-Public Assistance.....	861	0	0
(F)September 1996 Storm Disaster - Hazard Mitigation.....	200	552	350
November 1996 Storm Disaster Relief.....	125	0	0
(F)November 1996 Storm Disaster.....	2,136	627	250
November 1996 Storm Disaster - Public Assistance.....	572	0	0
(F)November 1996 Floods-Hazard Mitigation.....	0	0	105
April 1997 Storm Disaster.....	0	30	0
Emergency Weather Radio / Equipment.....	0	335	0
Firefighters' Memorial Flag.....	10	10	10
Civil Air Patrol.....	100	200	200
Urban Search and Rescue.....	0	0	50
Transfer to Volunteer Company Loan Fund.....	0	0	20,000
Subtotal - State Funds.....	\$ 6,272	\$ 575	\$ 20,260
Subtotal - Federal Funds.....	47,982	33,973	16,765
Total - Grants and Subsidies.....	\$ 54,254	\$ 34,548	\$ 37,025

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
STATE FUNDS.....	\$ 12,115	\$ 6,560	\$ 27,406
FEDERAL FUNDS.....	51,129	37,823	20,820
AUGMENTATIONS.....	86	229	97
GENERAL FUND TOTAL.....	\$ 63,330	\$ 44,612	\$ 48,323
 OTHER FUNDS:			
GENERAL FUND:			
Emergency Management and Disaster Assistance.....	\$ 2,046	\$ 3,000	\$ 2,000
Radiological Emergency Response Planning.....	442	601	500
Radiation Emergency Response Fund.....	502	565	500
Radiation Transportation Emergency Response Fund.....	10	100	67
GENERAL FUND TOTAL.....	\$ 3,000	\$ 4,266	\$ 3,067
 DISASTER RELIEF FUND:			
January 1996 Disaster Bond Proceeds - Mitigation.....	\$ 1,400	\$ 3,600	\$ 2,300
January 1996 Disaster Bond Proceeds - Blizzard.....	5,800	100	0
January 1996 Disaster Bond Proceeds - Flood.....	9,500	4,800	1,800
1996 Disaster Areas-Hazard Mitigation.....	0	245	150
DISASTER RELIEF FUND TOTAL.....	\$ 16,700	\$ 8,745	\$ 4,250
 HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations.....	\$ 111	\$ 167	\$ 187
Hazardous Materials Response Team.....	60	167	187
Grants to Counties.....	1,025	1,167	1,313
Public and Facilities Owners Education.....	72	167	187
HAZARDOUS MATERIAL RESPONSE FUND TOTAL.....	\$ 1,268	\$ 1,668	\$ 1,874
 VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans.....	\$ 14,655	\$ 21,239	\$ 22,000
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 12,115	\$ 6,560	\$ 27,406
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	51,129	37,823	20,820
AUGMENTATIONS.....	86	229	97
OTHER FUNDS.....	35,623	35,918	31,191
TOTAL ALL FUNDS.....	\$ 98,953	\$ 80,530	\$ 79,514



Emergency Management Agency

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND.....	\$ 10,883	\$ 5,299	\$ 5,655	\$ 5,553	\$ 5,659	\$ 5,766	\$ 5,877
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	51,129	37,623	20,620	10,330	6,655	4,255	3,555
OTHER FUNDS.....	21,048	14,891	9,271	7,904	7,420	6,837	6,254
SUBCATEGORY TOTAL.....	\$ 83,060	\$ 57,813	\$ 35,546	\$ 23,787	\$ 19,734	\$ 16,858	\$ 15,686
FIRE PREVENTION AND SAFETY							
GENERAL FUND.....	\$ 1,232	\$ 1,261	\$ 21,751	\$ 1,555	\$ 1,585	\$ 1,615	\$ 1,645
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	200	200	200	200	200	200
OTHER FUNDS.....	14,661	21,256	22,017	19,829	20,507	21,221	21,972
SUBCATEGORY TOTAL.....	\$ 15,893	\$ 22,717	\$ 43,968	\$ 21,584	\$ 22,292	\$ 23,036	\$ 23,817
ALL PROGRAMS:							
GENERAL FUND.....	\$ 12,115	\$ 6,560	\$ 27,406	\$ 7,108	\$ 7,244	\$ 7,381	\$ 7,522
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	51,129	37,823	20,820	10,530	6,855	4,455	3,755
OTHER FUNDS.....	35,709	36,147	31,288	27,733	27,927	28,058	28,226
DEPARTMENT TOTAL.....	\$ 98,953	\$ 80,530	\$ 79,514	\$ 45,371	\$ 42,026	\$ 39,894	\$ 39,503



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 a basic 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 expanding 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.

The agency's mission includes programs concerning prison/community safety, 911 program implementation and maintenance, Statewide chemical and nuclear power safety, and hazardous materials transportation.

The Commonwealth's civil preparedness and emergency response capability is provided through the maintenance of a Statewide system, involving 49 counties, to facilitate hazard assessment, emergency planning, warning, and emergency communications. A network for radiation monitoring is provided. To facilitate rapid deployment of resources to protect life and property, an emergency response and command center has been developed. Training and education are provided to county and local entities on an ongoing basis to maintain their civil preparedness and emergency response readiness.

Counties are required to have an approved emergency program plan consisting of: a statement of accomplishments, required financial needs, hazard vulnerability, and goals indicating projected activity. The Federal Emergency Management Agency (FEMA) requires annual review and update of emergency operations plans, programs and periodic exercises.

Activities required by the Environmental Protection Agency under the Federal Superfund Amendments and Reauthorization Act (SARA Title III) and the Federal Clean Air Act amendments include upgrading chemical emergency preparedness facility plans. Responsibilities for preparedness involve state and county governments and chemical manufacturers. Agency activities also required by SARA Title III are planning and training activities for compliance with the Hazardous Materials Transportation Uniform Safety Act.

Another area included in this program is that of readiness training at the county and local level as measured through a comprehensive exercise program. This program also includes readiness training at the county and local level accomplished through a comprehensive exercise program. A relatively low-cost, yet extensive and integrated training and testing program, it enhances and measures the ability of county and local forces to provide a comprehensive and coordinated first line of response to emergency conditions.

Federal and State laws mandate conduct of exercise programs. The FEMA requirement calls for a four-year rotation of natural, technological and national security exercises at the State, county and local (over 50,000 population) level annually.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
County/Local Emergency plans developed ...	3,204	3,446	3,527	3,562	3,597	3,652	3,702
Emergency management training recipients	6,835	7,870	7,870	8,000	8,000	8,000	8,000
Emergency management grants	258	258	263	263	263	263	263
Emergency exercise participants	392,299	392,500	392,500	392,500	392,500	392,500	392,500
Responses to Statewide emergency incidents	2,968	3,150	3,300	3,450	3,600	3,750	3,900
Federal disaster funds disbursed (in thousands)	\$6,919	\$15,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000

The measure county/local emergency plans developed has been revised from last year's budget to include chemical offsite response plans, nuclear power plant offsite response plans, prison disturbance planning, county and State Emergency operations plan revisions.

Emergency management training recipients and emergency exercise participants differs from last year's budget because it now includes State, county and local participants.

The decrease in federal disaster funds disbursed reflects revised estimates of 1996 disaster funding and the reduction in incidences of disaster in 1997.

Emergency Management Agency

Program: Emergency Management (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		Emergency Weather/Radio Equipment
\$ -52	—nonrecurring projects.	\$ -335	—nonrecurring projects.
-50	—urban search and rescue team training transferred to a separate appropriation.		Urban Search and Rescue
323	—to continue current program.	\$ 50	—to continue current program.
450	—to reflect expansion of the 911 program involving the review of county plans, training for dispatchers and call takers, performance review, quality assurance programs, Statewide program certification, program audits and a cellular phone study.	\$ -30	April 1997 Storm Disaster
			—nonrecurring National Guard disaster funding.
<u>\$ 671</u>	<i>Appropriation Increase</i>		

Civil Air Patrol is continued at the current level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 4,621	\$ 4,734	\$ 5,405	\$ 5,303	\$ 5,409	\$ 5,516	\$ 5,627
June 1996 Storm Disaster -							
Public Assistance	204	0	0	0	0	0	0
July 1996 Storm Disaster Relief	1,000	0	0	0	0	0	0
July 1996 Storm Disaster -							
Public Assistance	2,900	0	0	0	0	0	0
September 1996 Storm Disaster Relief	500	0	0	0	0	0	0
September 1996 Disaster Relief -							
Public Assistance	861	0	0	0	0	0	0
November 1996 Storm Disaster Relief	125	0	0	0	0	0	0
November 1996 Storm Disaster -							
Public Assistance	572	0	0	0	0	0	0
April 1997 Storm Disaster	0	30	0	0	0	0	0
Emergency Weather Radio/Equipment	0	335	0	0	0	0	0
Civil Air Patrol	100	200	200	200	200	200	200
Urban Search and Rescue	0	0	50	50	50	50	50
TOTAL GENERAL FUND	\$ 10,883	\$ 5,299	\$ 5,655	\$ 5,553	\$ 5,659	\$ 5,766	\$ 5,877

Emergency Management Agency

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining Statewide municipal fire and emergency service capability.

Program: Fire Prevention and Safety

This program provides operating funds for the Fire Commissioner to coordinate and organize State-level fire safety functions, the administration and operation of the Volunteer Loan Assistance Program, and the administration and operation of the State Fire Academy which provides training classes to paid and volunteer fire personnel.

The State Fire Commissioner is responsible for coordinating Federal, State and private fire safety funds; assisting State agencies in the development of plans related to fire safety; reviewing existing or proposed rules and regulations affecting the safety of Commonwealth citizens; and providing a cost-effective fire-loss management system for the Commonwealth.

Through contacts with government agencies, the business community, consumers and the fire service, the Fire Commissioner's Office renders technical assistance; collects, reviews and disseminates pertinent information about fire death data and fire prevention and control techniques; and conducts Statewide fire safety educational programs for the entire fire community.

The State Fire Academy at Lewistown is the catalyst for fire training delivery. The academy provides advanced professional development for fire service officers, command personnel, instructors and other specialists engaged in fire prevention and suppression activities; offers a Firefighter Certification Program based on nationally accepted professional standards; acts as the educational hub for all other fire and emergency

services training in Pennsylvania; and serves as the designated Commonwealth government center for hazardous chemical and radioactive material training, providing training for both first responders and certified county hazardous materials response teams. Fire Academy personnel work closely with the community colleges for local level course development, community college and county fire school instructor certification and delivery of local level fire training courses to over 70,000 students a year.

Another area of assistance to the fire fighting, ambulance and rescue community is the Volunteer Company Loan Assistance Program. The purpose of the program is to improve the capabilities of volunteer fire companies, ambulance services and rescue squads by offering low-interest loans (two percent per annum) for establishing or modernizing facilities to house fire fighting apparatus, purchasing new apparatus or equipment for firefighting, communications and accessory equipment. Priority is given to replacement of outmoded or unsafe equipment and the purchase of additional equipment to meet unusual demand. Under this program, loans of \$15,000 or less are limited to five years, loans between \$15,001 and \$99,000 are limited to 10 years, and loans between \$99,001 up to the maximum of \$200,000 are limited to 15 years. Funding for the loan program is reflected in the financial statement for the Volunteer Companies Loan Fund included in the Special Funds Appendix.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Local fire training graduates	76,591	78,000	79,000	80,000	80,000	80,000	80,000
State Fire Academy graduates	4,234	5,000	5,000	5,000	5,000	5,000	5,000
Volunteer loans granted (in thousands)	\$14,506	\$21,239	\$22,000	\$19,812	\$20,490	\$21,204	\$21,955

The number of local fire training students is higher than the amount shown in the previous budget because of improved reporting due to technology upgrades and increased participation in course offerings.

The number of State Fire Academy graduates increased compared to last year's budget because of increased attendance and use by Federal, State and local agencies.

Training of the Commonwealth's firefighters has been the major factor in a forty percent reduction in civilian deaths from fires in the last two decades.

The value of volunteer loans granted is higher than shown in last year's budget because of the sale of Bond anticipation notes for the program and the impact of the \$20 million in General Fund monies recommended as part of this budget to capitalize the program.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 76 State Fire Commissioner's Office —to continue current program.</p> <p>309 —Initiative — Emergency Services Training Enhancements. To establish a mobile training program for local fire departments, improve staff training and maintain infrastructure at the State Fire Academy.</p> <p>105 —PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision establishes a Fire Incident Management System. See the Program Revision following the Executive Direction program in the Executive Offices for additional information.</p> <p>\$ 490 <i>Appropriation Increase</i></p>	<p>\$ 20,000 Transfer to Volunteer Companies Loan Fund —to capitalize the revolving loan program to maintain the ability to perpetuate the current level of loans.</p>
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Firefighters Memorial Flag is recommended at the current year level.



Emergency Management Agency

Program: Fire Prevention and Safety (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State Fire Commissioner's Office	\$ 1,222	\$ 1,251	\$ 1,741	\$ 1,545	\$ 1,575	\$ 1,605	\$ 1,635
Firefighters Memorial Flag	10	10	10	10	10	10	10
Transfer to Volunteer Companies							
Loan Fund	0	0	20,000	0	0	0	0
TOTAL GENERAL FUND	\$ 1,232	\$ 1,261	\$ 21,751	\$ 1,555	\$ 1,585	\$ 1,615	\$ 1,645



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The Department of Environmental Protection is responsible for enforcing laws and regulations to prevent environmental pollution and degradation and act as a trustee to guarantee the rights of all Pennsylvanians, including future generations, to a clean environment.

The department's presentation includes the Citizens Advisory Council, the Environmental Hearing Board, the Environmental Quality Board, the State Board for Certification of Sewage Enforcement Officers and the State Board for Certification of Sewage Treatment and Waterworks Operators.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds <small>(in thousands)</small>
Improving Water Quality		
	General Government Operations.....	\$ 128
	Environmental Program Management.....	<u>1,000</u>
	Subtotal.....	\$ 1,128

This Program Revision provides funding to conduct assessments of surface and groundwater sources of drinking water; expand drinking water system capacity and operator training; assist community water systems implement surface water protection measures; conduct water quality assessments of streams and lakes; and, establish an environmental laboratory accreditation program. A total of \$8.2 million in State and Federal funds is provided by this Program Revision across two departments.

Department Total.....	\$ 1,128
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Environmental Protection

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 18,239	\$ 19,697	\$ 21,333
(F)Surface Mine Conservation.....	323	451	451
(F)Surface Mine Control and Reclamation - Laboratories.....	814	922	922
(A)Reimbursement - Laboratory Services.....	2,787	2,888	2,888
(A)Reimbursement - EDP Services.....	4,225	5,236	5,236
(A)Department Services.....	43	125	125
(A)Clean Air Fund.....	50	50	50
(A)Clean Water Fund.....	57	57	57
(A)Solid Waste Abatement Fund.....	115	115	115
Subtotal.....	\$ 26,653	\$ 29,541	\$ 31,177
Environmental Hearing Board.....	1,428	1,416	1,487
(A)Reimbursement for Services.....	9	20	20
Subtotal.....	\$ 1,437	\$ 1,436	\$ 1,507
Cleanup of Scrap Tires.....	0	2,000	2,000
Environmental Program Management.....	29,469^a	30,081^b	32,838
(F)Coastal Zone Management.....	1,250	1,532	1,532
(F)Construction Management Assistance Grants - Administration.....	199	250	250
(F)Safe Drinking Water Act - Management.....	2,283	2,500	2,500
(F)Water Pollution Control Grants - Management.....	1,312	1,700	1,600
(F)Air Pollution Control Grants - Management.....	1,674	2,800	2,100
(F)Surface Mine Conservation.....	3,977	4,084	4,084
(F)Delaware Estuary Management Conference.....	9	25	25
(F)Hydroelectric Power Conservation Fund.....	38	51	51
(F)Wetland Protection Fund.....	240	380	380
(F)Training and Education of Underground Coal Miners.....	562	550	550
(F)Radiation Regulation and Monitoring.....	125	130	130
(F)Diagnostic X-Ray Equipment Testing.....	215	330	330
(F)Water Quality Outreach Operator Training.....	70	100	100
(F)Water Quality Management Planning Grants.....	785	1,000	1,000
(F)Small Operators Assistance.....	1,314	2,000	1,800
(F)Clean Lakes Program.....	6	0	0
(F)Wellhead Protection Fund.....	20	110	200
(F)Indoor Radon Abatement.....	396	550	500
(F)Non-Point Source Implementation.....	5,163	6,500	6,800
(F)State Energy Conservation Plan.....	161	0	0
(F)Alternative Fuels.....	0	175	175
(F)Heavy Duty Vehicle Program.....	74	190	200
(F)National Industrial Competitiveness.....	150	877	877
(F)Limestone Demonstration.....	27	30	0
(F)Commercialization Ventures.....	0	3,000	3,000
(F)Survey Studies.....	0	500	500
(F)Bond Forfeiture Reclamation.....	45	55	55
(F)Central Asbestos Notification System.....	50	50	0
(F)Emergency Disaster Relief.....	25	120	120
(F)Abandoned Mine Reclamation.....	29,150	39,203	34,000
(F)Safe Drinking Water Revolving Fund.....	0	0	273
(R)Sewage Facilities Program Administration.....	68	1,135	1,158
(A)Payments - Department Services.....	118	100	100
(A)Vehicle Sales.....	94	20	20
(A)Clean Air Fund.....	814	995	1,715
(A)Clean Water Fund.....	418	85	0
(A)Reimbursement from Water Pollution Control Revolving Fund.....	162	320	320
(A)Safe Drinking Water Account.....	2	100	0
(A)Solid Waste Abatement.....	877	535	0
(A)Reimbursement - Well Plugging.....	61	0	0
(A)Reimbursement - PENNVEST.....	100	138	138

Environmental Protection

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(A)Millmont Sewage Demonstration Project.....	23	0	0
Subtotal.....	\$ 81,526	\$ 102,301	\$ 99,421
Chesapeake Bay Agricultural Source Abatement.....	3,061	3,121	3,121
(F)Chesapeake Bay Pollution Abatement.....	4,326	4,814	5,107
Subtotal.....	\$ 7,387	\$ 7,935	\$ 8,228
Office of Pollution Prevention and Compliance Assistance.....	1,246^c	1,831^c	2,072
(F)State Energy Program.....	688	3,700	3,917
(F)Pollution Prevention.....	127	200	200
(F)Institutional Conservation.....	124	150	100
Subtotal.....	\$ 2,185	\$ 5,881	\$ 6,289
Environmental Protection Operations.....	58,476	64,093	69,997
(F)EPA Planning Grant - Administration.....	4,282	6,400	6,400
(F)Water Pollution Control Grants.....	2,351	2,600	2,600
(F)Air Pollution Control Grants.....	2,254	2,800	2,600
(F)Surface Mine Control and Reclamation.....	6,635	7,336	7,336
(F)Construction Management Assistance Grants.....	202	410	350
(F)Safe Drinking Water.....	1,848	1,850	1,850
(F)Storm Water Permitting Initiative.....	1,462	2,200	2,300
(F)Oil Pollution Spills Removal.....	106	1,000	1,000
(F)Great Lakes National Program.....	0	75	75
(F)January 1996 Storm Disaster - Disaster Assistance (F).....	98	72	0
(F)July 1996 Storm Disaster - Disaster Assistance (F).....	67	58	0
(F)Safe Drinking Water Set Asides.....	0	0	3,689
(F)Safe Drinking Water Revolving Fund.....	0	0	506
(A)Clean Air Fund.....	1,427	2,300	2,300
(A)Clean Water Fund.....	733	190	190
(A)Vehicle Sale.....	591	40	50
(A)Reimbursement from Water Pollution Control Revolving Fund.....	814	715	715
(A)Safe Drinking Water Account.....	3	240	240
(A)Solid Waste Abatement.....	1,537	1,250	250
(A)Reimbursement - Well Plugging.....	107	0	0
(A)Reimbursement - PENNVEST.....	353	288	288
(A)Reimbursement - Department Services.....	70	50	40
(A)PADOT ISTEPA Program.....	150	216	216
Subtotal.....	\$ 83,566	\$ 94,183	\$ 102,992
Black Fly Control and Research.....	2,746	2,799	2,987
(A)County Contributions.....	995	1,200	975
Subtotal.....	\$ 3,741	\$ 3,999	\$ 3,962
Streamgauging.....	0	580^d	0
Subtotal - State Funds.....	\$ 114,665	\$ 125,618	\$ 135,835
Subtotal - Federal Funds.....	75,027	103,830	102,535
Subtotal - Augmentations.....	16,735	17,273	16,048
Subtotal - Restricted Revenues.....	68	1,135	1,158
Total - General Government.....	\$ 206,495	\$ 247,856	\$ 255,576
Grants and Subsidies:			
Low Level Radioactive Waste Control.....	\$ 1,258	\$ 575	\$ 425
Flood Control Projects.....	0	1,766	1,005
Storm Water Management.....	585	595	595
Sewage Facilities Planning Grants.....	1,500	1,500	1,950
Sewage Facilities Enforcement Grants.....	2,500	4,000	4,970
Sewage Treatment Plant Operation Grants.....	40,055	41,700	44,000
Delaware River Master.....	81	84	87
Ohio River Basin Commission.....	12	13	13
Susquehanna River Basin Commission.....	380	380	600

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Interstate Commission on the Potomac River.....	35	37	38
Delaware River Basin Commission.....	978	978	978
Ohio River Valley Water Sanitation Commission.....	144	150	155
Chesapeake Bay Commission.....	265	265	265
Local Soil and Water District Assistance.....	2,750	2,850	2,850
Interstate Mining Commission.....	20	20	21
Appalachian States Low-Level Waste Compact.....	96	96	96
Cresson Correctional Institution Utilities.....	214	0	0
Slippery Rock Utilities.....	200	0	0
Small Water System Regionalization.....	483	500	500
 Total - Grants and Subsidies.....	\$ 51,556	\$ 55,509	\$ 58,548
 STATE FUNDS.....	\$ 166,221	\$ 181,127	\$ 194,383
FEDERAL FUNDS.....	75,027	103,830	102,535
AUGMENTATIONS.....	16,735	17,273	16,048
RESTRICTED REVENUES.....	68	1,135	1,158
 GENERAL FUND TOTAL.....	\$ 258,051	\$ 303,365	\$ 314,124
 MOTOR LICENSE FUND:			
<i>General Government:</i>			
Dirt and Gravel Road.....	\$ 0	\$ 4,000	\$ 4,000
 MOTOR LICENSE FUND TOTAL.....	\$ 0	\$ 4,000	\$ 4,000
 OTHER FUNDS:			
GENERAL FUND:			
Safe Drinking Water Account.....	\$ 864	\$ 1,928	\$ 622
Radiation Protection Fund.....	3,698	4,559	4,806
Clean Water Fund.....	3,883	3,758	2,317
Solid Waste Abatement Fund.....	3,770	3,851	1,534
Well Plugging Account.....	429	273	281
Abandoned Well Plugging.....	2	100	100
Orphan Well Plugging.....	172	300	300
Alternative Fuels Incentive Grants.....	3,378	4,700	4,700
Industrial Land Recycling.....	0	22	22
Used Tire Pile Remediation.....	0	1,000	1,000
 GENERAL FUND TOTAL.....	\$ 16,196	\$ 20,491	\$ 15,682
 ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F).....	\$ 1,699	\$ 6,404	\$ 4,400
 CLEAN AIR FUND:			
General Operations (EA).....	\$ 17,733	\$ 23,122	\$ 25,794
 COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA).....	\$ 1,679	\$ 2,195	\$ 2,059
Claims and Refunds (EA).....	2,000	2,000	2,000
 COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL.....	\$ 3,679	\$ 4,195	\$ 4,059
 ENERGY CONSERVATION AND ASSISTANCE FUND:			
Energy Conservation.....	\$ 1,415	\$ 1,700	\$ 800
 ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 575	\$ 499	\$ 284

Environmental Protection

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA).....	\$ 15,332	\$ 16,129	\$ 16,939
Hazardous Sites Cleanup (EA).....	47,659	60,000	61,185
Host Municipality Grants (EA).....	95	300	300
Transfer to Industrial Sites Cleanup Fund (EA).....	10,000	12,000	12,000
Transfer-Industrial Sites Environmental Assessment Fund(EA).....	2,000	2,000	2,000
Non-Hazardous Material Cleanup-July 1996 Storm Disaster(EA).....	147	0	0
Small Business Pollution Prevention(EA).....	0	2,000	0
Transfer to Small Business First Fund.....	0	0	7,500
HAZARDOUS SITES CLEANUP FUND TOTAL.....	\$ 75,233	\$ 92,429	\$ 99,924
LOW LEVEL WASTE FUND:			
General Operations (EA).....	\$ 1,934	\$ 2,371	\$ 1,830
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 27	\$ 1,000	\$ 800
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance(EA).....	\$ 355	\$ 850	\$ 1,000
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA).....	\$ 1,000	\$ 1,200	\$ 900
Reimbursement for Municipal Inspection (EA).....	173	250	250
Reimburse-Host Municipality Permit Applications Review (EA).....	10	50	50
Administration of Recycling Program (EA).....	1,228	2,119	2,286
County Planning Grants (EA).....	939	1,800	1,800
Municipal Recycling Grants (EA).....	24,062	33,525	34,530
Municipal Recycling Performance Program (EA).....	19,833	26,000	26,000
Public Education/Technical Assistance (EA).....	7,631	9,050	9,521
Waste Tire Reuse (EA).....	998	1,000	1,000
Small Business Pollution Prevention (EA).....	0	0	2,000
Biosolids Monitoring and Education (EA).....	0	2,000	0
Waste Truck Inspectors (EA).....	0	500	500
Tax Credit Transfers (EA).....	0	2,000	2,000
Waste Tire Pile Remediation (EA).....	0	1,000	1,000
RECYCLING FUND TOTAL.....	\$ 55,874	\$ 80,494	\$ 81,837
REGIONAL FACILITY SITING FUND:			
General Operations (EA).....	\$ 2,914	\$ 1,320	\$ 0
REMINING ENVIRONMENTAL ENHANCEMENT FUND:			
Remining and Reclamation Incentives (EA).....	\$ 2	\$ 1,000	\$ 1,000
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA).....	\$ 0	\$ 3,726	\$ 25
STORAGE TANK FUND:			
General Operations (EA).....	\$ 4,778	\$ 6,818	\$ 5,922
Underground Storage Tanks (F).....	210	225	221
Leaking Underground Storage Tanks (F).....	1,702	3,200	2,500
Transfer to Storage Tank Loan Program.....	0 ^e	0 ^e	0 ^e
STORAGE TANK FUND TOTAL.....	\$ 6,690	\$ 10,243	\$ 8,643
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 1,734	\$ 3,532	\$ 1,849



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 166,221	\$ 181,127	\$ 194,383
SPECIAL FUNDS.....	0	4,000	4,000
FEDERAL FUNDS.....	75,027	103,830	102,535
AUGMENTATIONS.....	16,735	17,273	16,048
RESTRICTED.....	68	1,135	1,158
OTHER FUNDS.....	186,060	253,376	247,927
TOTAL ALL FUNDS.....	\$ 444,111	\$ 560,741	\$ 566,051

^a Actually appropriated as \$30,403,000, but excludes \$934,000 transferred to the Office of Pollution Prevention and Compliance Assistance.

^b Actually appropriated as \$31,139,000, but excludes \$1,058,000 transferred to the Office of Pollution Prevention and Compliance Assistance.

^c Actually appropriated as part of the Environmental Program Management appropriation: 1996-97 Actual is \$934,000, 1997-98 Available is \$1,058,000.

^d Represents recommended supplemental appropriation of \$580,000.

^e Although authorized by legislation, no activity is anticipated during the year.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND.....	\$ 19,667	\$ 21,113	\$ 22,820	\$ 23,336	\$ 23,802	\$ 24,279	\$ 24,765
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,137	1,373	1,373	1,373	1,373	1,373	1,373
OTHER FUNDS.....	7,286	8,491	8,491	8,661	8,834	9,010	9,189
SUBCATEGORY TOTAL.....	\$ 28,090	\$ 30,977	\$ 32,684	\$ 33,370	\$ 34,009	\$ 34,662	\$ 35,327
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND.....	\$ 146,554	\$ 160,014	\$ 171,563	\$ 171,770	\$ 174,035	\$ 176,344	\$ 178,698
SPECIAL FUNDS.....	0	4,000	4,000	4,000	4,000	4,000	4,000
FEDERAL FUNDS.....	73,890	102,457	101,162	102,410	102,528	102,649	102,772
OTHER FUNDS.....	195,577	263,293	256,642	253,968	255,282	257,865	259,371
SUBCATEGORY TOTAL.....	\$ 416,021	\$ 529,764	\$ 533,367	\$ 532,148	\$ 535,845	\$ 540,858	\$ 544,841
ALL PROGRAMS:							
GENERAL FUND.....	\$ 166,221	\$ 181,127	\$ 194,383	\$ 195,106	\$ 197,837	\$ 200,623	\$ 203,463
SPECIAL FUNDS.....	0	4,000	4,000	4,000	4,000	4,000	4,000
FEDERAL FUNDS.....	75,027	103,830	102,535	103,783	103,901	104,022	104,145
OTHER FUNDS.....	202,863	271,784	265,133	262,629	264,116	266,875	268,560
DEPARTMENT TOTAL.....	\$ 444,111	\$ 560,741	\$ 566,051	\$ 565,518	\$ 569,854	\$ 575,520	\$ 580,168



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 which direct and support the department's programs. It includes the executive and administrative offices, the Office of Chief Counsel, information and data processing systems, the Citizens Advisory Council, the Environmental Quality Board and the Bureau of Laboratories. The Bureau of Laboratories provides analytical data which 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 for bacteria; and water from homeowners for potability.

The Environmental Hearing Board was separated from the previous Department of Environmental Resources by Act 94 of 1988. The Board's purpose is to safeguard the environmental rights of Pennsylvania's citizens through appeals of actions taken (or instituted) by the Department of Environmental Protection and/or the private sector. It is included here for presentation purposes.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Laboratory Analyses Supporting Programs							
Mining	476,980	477,000	477,000	477,000	477,000	477,000	477,000
Air	22,731	22,800	22,800	22,800	22,800	22,800	22,800
Water	184,770	184,800	184,800	184,800	184,800	184,800	184,800
Waste Management	83,011	83,100	83,100	83,100	83,100	83,100	83,100
Safe Drinking Water	23,625	23,700	23,700	23,700	23,700	23,700	23,700
Radiation Protection	3,551	3,600	3,600	3,600	3,600	3,600	3,600
Other	48,825	49,000	49,000	49,000	49,000	49,000	49,000
Total	843,493	844,000	844,000	844,000	844,000	844,000	844,000

Program measures have been changed from prior budget submissions to more appropriately reflect the environmental programs supported.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 998 —to continue current program.</p> <p>510 —Initiative — Information Technology Enhancements. To provide contracted support to improve Help Desk capabilities, expand web site development and convert additional mainframe applications.</p> <p>128 —PRR — Improving Water Quality. This Program Revision establishes an environmental laboratory accreditation program. See the Program Revision following the Environmental Protection and Management Program for additional information.</p> <p>\$ 1,636 Appropriation Increase</p>	<p>Environmental Hearing Board</p> <p>\$ 71 —to continue current program.</p>
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Appropriations within this Program: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,239	\$ 19,697	\$ 21,333	\$ 21,819	\$ 22,255	\$ 22,701	\$ 23,155
Environmental Hearing Board	1,428	1,416	1,487	1,517	1,547	1,578	1,610
TOTAL GENERAL FUND	\$ 19,667	\$ 21,113	\$ 22,820	\$ 23,336	\$ 23,802	\$ 24,279	\$ 24,765

PROGRAM OBJECTIVE: To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the Commonwealth, to protect the people from dangerous or unnecessary radiation from natural and man-made sources, including occupational and medical exposure and to manage water and mineral resources in a way which insures against their undue destruction and depletion while allowing economic benefits from their use.

Program: Environmental Protection and Management

This program encompasses the major program elements that protect the health and safety of the citizens of the Commonwealth as well as the quality of their environment. While protection of citizens and the environment is the highest priority, the Commonwealth's economic health and development are also major concerns.

Program Element: Air Quality

Emissions of air contaminants from existing and future sources must be closely monitored and controlled by the Department of Environmental Protection in order to improve air quality as mandated by the Federal Clean Air Act. The goal of these activities is to achieve the best air quality and meet State implementation requirements while providing for industrial growth and environmentally sound energy utilization.

Monitoring air quality occurs at two levels. Ambient (outside) monitoring measures overall air quality in an area. Source monitoring, by both operators and mobile teams from the department, is used to check individual sources of emissions. In addition, certain large facilities are required to have instruments installed that continuously monitor emissions, minimizing the risk of accidental release of large amounts of pollutants.

Permits and inspections are the primary regulatory means for ensuring that sources of emissions are designed, constructed and operated within standards. The department must approve plans for new construction or modification of existing facilities before enhancements are made. Inspections are conducted to assure the facility has conformed to approved designs before permits are issued. In addition, on-site inspections are conducted to investigate complaints, initiate enforcement actions and to provide assistance during emergencies. The department uses compliance agreements and abatement orders to correct violations of air emission standards.

A program governing the removal of asbestos from public buildings is also included in air quality. As required by Federal regulations, the department reviews plans for the management of asbestos in schools, regulates companies doing removal work, and oversees the safe disposal of the asbestos.

Program Element: Water Quality Protection

Chronic surface and groundwater pollution problems in Pennsylvania originate from a variety of sources and are classified into two general categories: point and non-point sources. Point sources are those in which the polluting substances are conveyed into a body of water by a pipe or channel, most commonly sewage discharges, industrial waste discharges, and storm or combined sewage drainage. Non-point sources are generally diffused discharges, such as polluted groundwater, drainage from abandoned mines and agricultural runoff.

Through its planning, permitting, surveillance and monitoring, enforcement and grants administration activities, the department carries out its duties and responsibilities for regulating water pollution control facilities and maintaining a Statewide surface and groundwater quality monitoring program. In addition, the National Pollutant Discharge Elimination System (NPDES), a delegated Federal program under the Clean Water Act, has increased the responsibilities of the Commonwealth to permit and monitor beyond the requirements of State law including requirements for permitting stormwater discharges and combined sewer overflows. The program also reviews plans for facilities and assists local governments in accommodating growth and development. Pennsylvania's 66 county conservation districts have been delegated authority for local administration of several of the water quality protection programs such as

erosion and sedimentation control, wetlands and stream encroachments, agricultural application of sewage sludge and dirt and gravel road maintenance. This program provides management, technical, administrative and financial support to the districts in these efforts.

Program Element: Water Supply Management

The major portion of Water Supply Management is concerned with providing the citizens of the Commonwealth with safe, clean drinking water by regulating public water systems. These systems provide drinking water to the majority of citizens of the Commonwealth. There are approximately 2,400 community water supplies in the Commonwealth serving 10 million residents and 8,450 non-community water systems generally serving restaurants, industries, schools and motels which must comply with standards. The department also provides some consultative services and inspections for the 700,000 domestic water supplies (residential wells) in Pennsylvania. Regulatory activities involve permitting and compliance, contaminant investigation and control, public education, and consultative services and inspections.

As a result of the 1996 amendments to the Federal Safe Drinking Water Act, many of the activities of this program will receive increased emphasis. These amendments also created the Safe Drinking Water State Revolving Fund, which will be used to increase State technical assistance and regulation.

The Black Fly Control Program, by treating 1,500 stream miles of the Susquehanna, Delaware and Allegheny rivers and their major tributaries, reduces the black fly population and gives relief to the citizens and visitors of the Commonwealth.

Program Element: Municipal and Residual Waste

The primary focus of the Municipal and Residual Waste program is to encourage reduction in the amount of wastes produced, to maximize recycling and reuse of waste products and to assure the disposal of the remainder. For years, Pennsylvania relied on landfilling for management of 95 percent of its 9 million tons of municipal waste, while incinerating four percent and recycling only one percent. Implementation of Act 101 of 1988, the Municipal Waste Planning and Recycling Act, shifted this balance by requiring mandatory recycling in 408 communities. Under Act 101, counties have adopted waste management plans. Municipalities have implemented recycling programs. Communities in which landfills or waste-to-energy facilities are located have taken an active role in permitting and inspecting landfills and facilities to assure that these are being operated in a proper manner. In addition, host communities receive money from a tipping fee to use in any way they wish. The department regulates new and existing landfills to ensure that they are designed, constructed and operated with minimal risk to nearby residents and to the environment. In 1996, Pennsylvania exceeded the goal set by Act 101 by recycling more than 25 percent of its municipal waste.

Act 93 of 1988 requires the regulation and control of the disposal of infectious (hospital) wastes. To do this, a manifest system tracks this waste from generation until disposal and a system of inspections assures proper handling of infectious waste. Overall management is guided by regulations and a Statewide plan to address present and future needs for incineration and disposal.

Residual waste is non-hazardous material from industrial, mining, commercial and other similar operations. Over 58 million tons are generated annually. A comprehensive set of new regulations for residual waste disposal sites was implemented in July 1992. These regulations required residual



Program: Environmental Protection and Management (continued)

waste facilities to be permitted or re-permitted. Many have chosen to close, requiring the department to approve closure plans and inspections to assure that closures are done in an environmentally sound manner.

Program Element: Hazardous Waste

Hazardous waste management in Pennsylvania consists of regulating the ongoing generation, transportation, treatment, recycling and disposal of hazardous waste plus overseeing the cleanup of improper sites. Generators and transporters of hazardous waste are licensed and all treatment, recycling and disposal operations are permitted. Through a manifest system, the movement of waste is tracked from generation to ultimate treatment or disposal.

The focus of Pennsylvania's cleanup programs has matured from participation in the lengthy and costly Federal Superfund program to the more streamlined State Hazardous Sites cleanup program that actively promotes voluntary cleanups by private entities.

Program Element: Land Recycling Program

Pennsylvania's Land Recycling Program is designed to promote partnerships among local businesses, government, financial institutions, local communities and the Department of Environmental Protection to restore contaminated sites to safe and productive uses. Three statutes were passed in 1995 to make contaminated sites safe, return sites to productive use and preserve farmland and greenspace. Collectively, these statutes are referred to as the Land Recycling Program, and are comprised of: Act 2, the Land Recycling and Environmental Remediation Standards Act; Act 3, the Economic Development Agency, Fiduciary and Lender Environmental Liability Act; and Act 4, the Industrial Sites Environmental Assessment Act. Cleanup standards under Act 2 fall into three broad categories: Background, Statewide Health, and Site-Specific. A Cleanup Standards Science Advisory Board has been established to assist the department in publicizing science-based standards and cleanup regulations.

The land recycling program identifies risk-based standards for cleanup, simplifying the approval process and limiting future liability when cleanup standards are achieved. Grants and loans are available to help finance environmental assessments and site cleanups. The reuse of old industrial sites provides economic and environmental benefits.

Program Element: Regulation of Mining

The purpose of Regulation of Mining is to ensure the wise use of Pennsylvania's mineral resources and to prevent adverse impacts of mining on the public and the environment. This includes active mining for coal and other minerals, oil and gas well drilling, deep mine safety, mine subsidence and reclamation of abandoned mines.

Relating to the coal industry, regulatory activities are designed to ensure proper land reclamation, prevent water and air pollution and protect the health and safety of the public. On July 31, 1982, Pennsylvania was designated as the primary agent for administering the Federal Surface Mining Conservation and Reclamation Act (SMCRA). The SMCRA established a comprehensive set of performance standards for the mining industry. Pennsylvania is required to follow a mandatory enforcement and civil penalty program imposed by SMCRA, and inspect each mining operation violator monthly until reclamation is achieved.

In addition to the environmental regulatory, inspection and compliance activities, the Regulation of Mining is concerned with the safety of mine operations and the safety training of miners. The Bureau of Deep Mine Safety conducts mine safety training programs to minimize the number of accidents. The bureau also directs the certification requirements for underground mine workers thereby influencing the type and degree of expertise of personnel working underground.

The Bureau of Oil and Gas Management is responsible for administering laws and regulations covering the oil and gas industry in Pennsylvania. Through a permitting system for drilling activity, inspecting drilling and storage sites, and monitoring and enforcement actions, the bureau works toward protecting the environment and balancing conflicting interests of the oil, gas and coal industries.

Another aspect of the Regulation of Mining program is to resolve environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. This includes the reclamation of

abandoned mines, abatement and treatment of acid mine drainage, control of underground mine fires and refuse bank fires, and control of surface subsidence from abandoned deep mines.

The mining program also offers mine subsidence insurance to residential and small commercial owners of property and private structures. This insurance program is directed by the Coal and Clay Mine Subsidence Insurance Board. A special fund is administered by the board in which premium and investment income are deposited and from which insurance claims and costs are paid. The growth in the number and value of policies has steadily increased since the beginning of the fund. With increasing property values and public awareness, this trend is expected to continue. A cash flow statement for this fund is included in the Special Funds Appendix.

Program Element: Radiation Protection

Radiation Protection utilizes several means to protect citizens from exposure to dangerous levels of radiation. One is the regulation, licensing and inspection of radiation source users. This involves registration of radiation producing equipment, licensing of users of radioactive materials and inspection of facilities to assure compliance with regulations.

The department also monitors the environment for radiation. This is done primarily in the vicinity of major users of radioactive materials, such as nuclear power plants. Ambient air, milk produced on local farms, surface waters, vegetation, fish and silt samples are collected and tested at regular intervals. The radon surveillance and action program is also part of this activity, measuring levels in private dwellings, advising owners on remedial actions they can take, and conducting research for effective solutions. The department certifies radon testing and mitigation firms to protect the public from inaccurate test results and ineffective construction or remedial techniques.

Another protection activity is the routine inspection and oversight of nuclear power generating facilities in the Commonwealth. These are: Beaver Valley Power Station, Limerick Generating Station, Peach Bottom Atomic Power Station, Susquehanna Steam Electric Station and Three Mile Island Nuclear Station. An agreement with the U.S. Nuclear Regulatory Commission (NRC) allows State nuclear engineers to review and evaluate plant design and operations, participate in any NRC hearings and participate in routine NRC inspections.

Radiation Protection is also involved in protecting the citizens of Pennsylvania in the event of accidents involving radioactive materials at power plants and other facilities utilizing radioactive materials.

Safe disposal of low-level radioactive waste, including contaminated filters, gloves and clothing from hospitals, industries and university research centers, is also a part of the radiation protection program. (Spent nuclear fuel and similar highly radioactive materials are not included.) Since the Commonwealth is a major generator of these materials, a disposal site will be established within its borders. The Appalachian Low-Level Radioactive Waste Compact (Act 120 of 1985) committed Pennsylvania to establish a low-level radioactive waste disposal site for the four states in the compact—Delaware, Maryland, West Virginia and Pennsylvania. The Low-Level Radioactive Waste Disposal Act (Act 12 of 1988) establishes the criteria for the selection of a site, operation of a facility and transportation of wastes to the site.

Program Element: Waterways Engineering

The objective of the Waterways Engineering program is to investigate, determine feasibility, design and construct flood protection and stream improvement projects in Pennsylvania and to ensure the safety of major dams.

The Dam Safety and Encroachments Act (Act 325 of 1979) authorizes the department's regulation of dams and reservoirs to protect life, property and the environment. This involves the review of plans and specifications which accompany an application for a dam permit, the field inspection of construction of new dams, and inspection of existing dams to determine their general condition. There are approximately 3,200 dams under active permits in the Commonwealth. In addition, the department regulates the construction and maintenance of any obstructions, encroachments and changes to the course and current of streams, as well as the related flood plains.

Program: Environmental Protection and Management (continued)

This program, in existence for over 50 years, involves the tangible efforts of flood protection through the construction of physical structures such as dams, levees, walls, channels, culverts, etc. that eliminate imminent threats to habitable structures and rehabilitate flood damaged stream channels. The program provides long term relief through projects requiring extensive and permanent protective works and short term relief by the removal of channel blockage, bedload debris and streambank stabilization.

Program Element: Watershed Conservation

The objective of Watershed Conservation is to maintain and enhance the quality of Pennsylvania's water resources through comprehensive watershed management so that public health and safety is protected and natural aquatic systems are sustained. Specific activities designed to achieve these objectives include: monitoring and assessing surface water quality; developing water quality standards; managing nonpoint pollution source problems; improving citizen volunteer monitoring programs; planning water resources use; regulating allocation of surface waters; managing excess stormwater runoff; protecting coastal zone resources; and regulating above and below ground storage tanks.

Program Element: Pollution Prevention and Compliance Assistance

The Office of Pollution Prevention and Compliance Assistance was established in 1996 to encourage firms, other State agencies, and local governments to integrate environmental management practices and pollution prevention/energy efficiency strategies into their management decisions for the purpose of reducing costs and lessening environmental impacts. Combining energy efficiency with pollution prevention programs is a key component in enhancing Pennsylvania's new approach to "go beyond

compliance" with environmental regulations and focus more on pollution abatement and energy conservation.

This program also focuses on cultivating the use of green technologies in the Commonwealth and marketing these Pennsylvania technologies nationwide and abroad. Pennsylvania's environmental industry generates approximately \$7 billion in annual sales, making it a leader in the United States' estimated \$134 billion environmental industry.

Act 122 of 1986 established the Energy Conservation and Assistance Fund (ECAF) as a repository for all oil overcharge settlements. The act, as amended in 1987, provides a framework for determining allowable expenditures from the fund in accordance with the requirements of the terms and conditions of oil overcharge settlement agreements.

The Pennsylvania Supplemental Low-Income Energy Assistance Program offers energy assistance to low-income Pennsylvanians. The act states that at least 75 percent of the total appropriations are to be spent for this type of supplemental program. The remaining 25 percent of the funds is used to supplement the Federal energy programs and other energy conservation and development projects.

Act 166 of 1992 provided for an alternative fuels grant program to be funded by a portion of the Utilities Gross Receipts Tax. The grants to school districts, municipal authorities, political subdivisions and other nonprofit entities are to fund a portion of the expenses incurred to retrofit vehicles to operate using alternative fuels or the additional costs incurred in purchasing vehicles manufactured specifically to operate on fuels other than gasoline. In addition, grants are to partially fund the cost to install equipment necessary to refuel the modified vehicles.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Air Quality							
Air emission operating permits in effect	5,000	4,000	3,000	2,500	2,500	2,500	2,500
Air emission inspections performed	13,200	13,000	13,000	13,000	13,000	13,000	13,000

The decrease in the number of air emission operating permits in effect compared to last year's budget is due to the issuance of permits which provide company-wide coverage. The previous permits were issued for individual units within a company.

Water Quality Protection

Sewage and industrial waste discharge							
inspections	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Permits issued for water pollution							5,000
control facilities	1,650	1,200	1,200	1,200	1,200	1,200	1,200
Enforcement actions	150	150	150	150	150	150	150

The number of permits issued for water pollution control facilities increased from last year's budget due to the implementation of the "money-back guarantee" program.

Water Supply Management

Residents of areas in Black Fly							
Suppression Program	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Inspections of public drinking water supplies	3,095	3,000	3,000	3,000	3,000	3,000	3,000
Community water systems complying with drinking water standards *	74%	75%	75%	75%	75%	75%	75%
Percent compliance for non-community water systems *	79%	75%	75%	75%	75%	75%	75%

Inspections of public drinking water supplies has increased from last year's budget as compliance assistance surveys have been included.

Municipal and Residual Waste

Municipal and residual waste facilities							
permitted	500	500	500	500	500	500	500
Percent of municipal waste disposal by methods other than landfills	44%	48%	50%	51%	51%	51%	51%

*New program measure added this year.



Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Hazardous Waste							
Hazardous waste inspections performed ...	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Hazardous waste sites permitted and licensed under Act 108	150	150	150	150	150	150	150
The program measure for hazardous waste sites permitted and licensed under Act 108 represents hazardous waste facilities permitted and transporters licensed.							
Land Recycling Program							
Industrial sites participating in the program *	264	550	850	1,200	1,400	1,500	1,550
Industrial sites remediated *	106	225	350	500	600	700	750
Regulation of Mining							
Mine permit actions:							
Coal	1,580	1,550	1,530	1,500	1,500	1,500	1,500
Non-coal	369	370	370	370	370	370	370
Inspections:							
Complete coal inspections	9,583	9,500	9,400	9,300	9,200	9,100	9,100
Partial coal inspections	14,821	14,800	14,700	14,600	14,500	14,400	14,300
Non-coal inspections	4,628	4,650	4,650	4,650	4,650	4,650	4,650
Oil and gas field inspections	9,765	9,000	9,000	9,000	9,000	9,000	9,000
Mining compliance orders issued	1,258	1,000	900	900	800	800	700
Mine substance insurance policies in effect	43,589	44,075	46,500	48,000	52,000	56,000	60,000
Employees trained in mine safety	9,224	7,500	7,500	7,500	7,500	7,500	7,500
Abandoned mine sites designated as potential safety problems	1,475	1,439	1,399	1,359	1,319	1,279	1,239
Acres of coal mining lands reclaimed *	11,625	11,600	11,500	11,000	10,500	10,500	10,000
Acres of coal mining lands declared forfeited *	627	800	800	800	800	800	800

The program measure for coal and non-coal mine permit actions are demand driven and may vary from year to year.

The program measures showing coal inspections have been decreased from last year's budget due to a reduction in the number of mine sites required to be inspected.

Radiation Protection

Radiation user inspections performed	2,800	2,000	2,150	2,300	2,300	2,300	2,300
Users brought into compliance through inspections	220	300	300	350	350	350	350
Nuclear plant off-site samples	3,500	3,300	3,300	3,300	3,300	3,300	3,300
Cubic feet of low-level radioactive waste generated in Pennsylvania	35,000	50,000	50,000	50,000	50,000	50,000	50,000

The number of radiation user inspections decreases in 1997-98 as new Federal inspection requirements are being instituted.

The decrease in the users brought into compliance as compared to last year's budget reflects the emphasis on assistance.

Waterways Engineering

Stormwater construction permits issued	1,090	1,500	1,500	1,500	1,500	1,500	1,500
Dam inspections	1,186	1,268	1,268	1,270	1,280	1,290	1,290
Cumulative assessed stream miles attaining designated uses*	20,400	20,650	20,900	21,150	21,400	21,650	21,900

*New program measure added this year.



Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Pollution Prevention and Compliance Assistance							
Alternative Fuels Incentive Grant Program:							
Refueling stations	29	7	5	4	1	1	1
Vehicle conversions/new alternative fuel vehicles	241	250	150	150	150	150	150
Companies introduced to pollution prevention and energy efficiency strategies	15	75	110	135	150	160	180
Businesses and local governments provided with new informational tools for use in reducing the source of pollution	30	80	115	210	270	375	500

The program measure showing vehicle conversions/new alternative fuel vehicles has decreased from last year's budget to reflect most recent estimates of program implementation.

The program measure showing businesses and local governments provided with new informational tools for use in reducing source pollution has decreased from last year's budget projections as information was supplied to distributors and less direct contact was made with individual businesses or local governments.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Environmental Program Management</p> <p>\$ 1,782 —to continue current programs.</p> <p>288 —replacement of commercial vehicles.</p> <p>-273 —savings from redirecting administrative resources for safe drinking water programs.</p> <p>1,000 —PRR—Improving Water Quality. This Program Revision implements local watershed improvements and conducts water quality assessments. See the Program Revision following this program for additional information.</p> <p>-40 —Initiative—Grants for Stream Improvements. Savings from restructuring program for local stream improvements.</p> <hr/> <p>\$ 2,757 <i>Appropriation Increase</i></p>	<p>Black Fly Control and Research</p> <p>\$ 188 —to continue current program.</p> <p>Low-Level Radioactive Waste Control</p> <p>\$ -150 —to continue current program.</p> <p>Flood Control Projects</p> <p>\$ -761 —nonrecurring flood control projects.</p> <p>Sewage Facilities Planning Grants</p> <p>\$ 450 —to continue current program.</p> <p>Sewage Facilities Enforcement Grants</p> <p>\$ 970 —to continue current program.</p> <p>Sewage Treatment Plant Operations Grants</p> <p>\$ 2,300 —to fund anticipated increase in grant applications.</p> <p>Delaware River Master</p> <p>\$ 3 —to continue current level of participation.</p> <p>Susquehanna River Basin Commission</p> <p>\$ 220 —to provide funding for Pennsylvania's portion of the drainage area of the Susquehanna basin.</p>
<p>Office of Pollution Protection and Compliance Assistance</p> <p>\$ -85 —nonrecurring pollution prevention projects</p> <p>326 —Initiative—Expanding Pollution Prevention Outreach. To expand program development in the areas of the PA Environmental Assistance Network, the Governor's Green Government Council and energy efficiency and conservation.</p> <hr/> <p>\$ 241 <i>Appropriation Increase</i></p>	<p>Interstate Commission on the Potomac River</p> <p>\$ 1 —to continue current level of participation.</p> <p>Ohio River Valley Sanitation Commission</p> <p>\$ 5 —to continue current level of participation.</p> <p>Interstate Mining Commission</p> <p>\$ 1 —to continue current level of participation.</p>
<p>Environmental Protection Operations</p> <p>\$ -1,150 —nonrecurring equipment purchases.</p> <p>5,235 —to continue current programs.</p> <p>1,150 —replacement of commercial vehicles.</p> <p>-506 —savings from redirecting administrative resources for safe drinking water programs.</p> <p>1,175 —Initiative—Relocation of Field Offices. To provide resources for the relocation of several regional field offices to enhance service delivery.</p> <hr/> <p>\$ 5,904 <i>Appropriation Increase</i></p>	



Environmental Protection

Program: Environmental Protection and Management (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

This budget also recommends:

- \$411,000 from the Recycling Fund to implement a new biosolids program to develop public outreach, public education materials and operator training courses.
- \$150,000 in Recycling Funds to provide additional resources to increase the responsiveness of recycling programs.
- \$217,000 in Federal funds to provide additional resources for expanded pollution prevention program development.
- \$7,500,000 transfer from the Hazardous Sites Cleanup Fund to the Small Business First Fund to assist in the provision of general loans and pollution prevention loans to small businesses.

In addition, the Improving Water Quality Program Revision following this program, recommends nearly \$4.5 million in federal funds to provide assistance to public water systems to conduct quality assessments and develop source protection efforts and to provide administrative support for these efforts.

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



Includes PRIME recommendation to continue work by the Department of Environmental Protection on an Interstate Environmental Technology cooperation agreement. This will provide a guidance document promoting environmental businesses and "green technologies."

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Cleanup of Scrap Tires	0	2,000	2,000	0	0	0	0
Environmental Program Management	29,469	30,081	32,838	33,804	34,480	35,169	35,872
Chesapeake Bay Agricultural Source Abatement	3,061	3,121	3,121	3,183	3,247	3,312	3,378
Office of Pollution Prevention and Compliance Assistance	1,246	1,831	2,072	2,030	2,071	2,112	2,154
Environmental Protection Operations	58,476	64,093	69,997	71,158	72,581	74,033	75,513
Black Fly Control and Research	2,746	2,799	2,987	3,047	3,108	3,170	3,233
Streamgauging	0	580	0	0	0	0	0
Low Level Radioactive Waste Control	1,258	575	425	425	425	425	425
Flood Control Projects	0	1,766	1,005	1,005	1,005	1,005	1,005
Storm Water Management	585	595	595	595	595	595	595
Sewage Facilities Planning Grants	1,500	1,500	1,950	1,950	1,950	1,950	1,950
Sewage Facilities Enforcement Grants	2,500	4,000	4,970	4,970	4,970	4,970	4,970
Sewage Treatment Plant Operation Grants	40,055	41,700	44,000	44,000	44,000	44,000	44,000
Delaware River Master	81	84	87	87	87	87	87
Ohio River Basin Commission	12	13	13	13	13	13	13
Susquehanna River Basin Commission	380	380	600	600	600	600	600
Interstate Commission on the Potomac River	35	37	38	38	38	38	38
Delaware River Basin Commission	978	978	978	978	978	978	978
Ohio River Valley Water Sanitation Commission	144	150	155	155	155	155	155
Chesapeake Bay Commission	265	265	265	265	265	265	265
Local Soil and Water District Assistance ..	2,750	2,850	2,850	2,850	2,850	2,850	2,850
Interstate Mining Commission	20	20	21	21	21	21	21
Appalachian States Low-Level Waste Compact	96	96	96	96	96	96	96
Cresson Correctional Institution Utilities	214	0	0	0	0	0	0
Slippery Rock Utilities	200	0	0	0	0	0	0
Small Water System Regionalization	483	500	500	500	500	500	500
TOTAL GENERAL FUND	\$ 146,554	\$ 160,014	\$ 171,563	\$ 171,770	\$ 174,035	\$ 176,344	\$ 178,698
MOTOR LICENSE FUND:							
Dirt and Gravel Road	\$ 0	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000



Program Revision: Improving Water Quality

Pennsylvania has formed a new environmental partnership with its citizens, businesses and the community to preserve and protect our natural resources through a reliance upon pollution prevention and compliance assistance. The Commonwealth is committed to prevent the introduction of pollutants into our air, land and water rather than to manage pollution after the fact. By reducing pollution, particularly water pollution, through a coordinated and participatory approach and by preventing the introduction of water pollutants into our environment, the Commonwealth is pursuing a more cost effective and results-oriented strategy to protect our natural resources. In particular, our environmental partnership strategies will continue to improve and ensure the quality of our drinking water as well as to protect our watersheds from contamination from nonpoint, or runoff pollution.

Assuring Safe Drinking Water

Pollution prevention and compliance assistance efforts have been undertaken to improve drinking water quality throughout the Commonwealth. Large capital investments have been made at the State and local level to modernize and improve the delivery of safe drinking water to our homes and communities. Environmental water quality laws and regulations have been streamlined and have taken a practical approach to achieving water pollution prevention and the reduction of contaminants. Additionally, changes at the Federal level, specifically the 1996 Federal Safe Drinking Water Act, assigned new duties and responsibilities to states to ensure safe, clean drinking water.

The Commonwealth proposes to adopt State-level strategies to implement the Federal Safe Drinking Water Act and to continue to ensure the protection of our water resources. The principal components of the changes in Federal legislation involve the establishment of Drinking Water State Revolving Loans in which Pennsylvania may receive more than \$220 million in Federal funds over the next seven Federal fiscal years to provide low-interest financing to public water suppliers to make improvements in their water delivery systems. Federal legislation also permits states to set aside a portion of the revolving loan funds to implement drinking water protection strategies. These strategies will include assessments of surface water and underground sources of drinking water, expansion of drinking water system capacity and operator training, and provide assistance to community water systems to implement surface water protection measures.

This Program Revision proposes nearly \$4.5 million in Federal funds to implement strategies to ensure safe drinking water in all of Pennsylvania's

communities. Multi-year efforts will initially focus on source water protection by conducting assessments of drinking water sources, both surface and underground, for public water systems and by assisting local drinking water delivery systems to develop local source protection efforts. Additional utilization of available Federal funding will be targeted at protecting drinking water sources from pathogenic protozoan contamination.

The Commonwealth is committed to a watershed approach to protecting water quality. Locally managed and monitored watershed improvement projects that focus on pollution prevention and control are essential to enhancing, maintaining, and reclaiming the Commonwealth's water resources. In addition to targeting pollution prevention efforts at drinking water sources, this Program Revision also provides \$1 million to encourage locally generated and voluntarily implemented watershed improvement plans. Funds can also be used to conduct water quality assessments of streams and lakes that may not directly impact drinking water sources but do contribute to the overall condition of the Commonwealth's watersheds. Pennsylvania will conduct water quality assessments of specified streams and lakes and implement management strategies on a watershed scale for impaired waters.

In addition to addressing water source system delivery improvements and field-level strategies to protect water quality, efforts will be undertaken to improve the level of service and accuracy of water quality data collected and analyzed throughout the State. This Program Revision provides \$128,000 to develop a comprehensive Environmental Laboratory Accreditation Program to evaluate and certify all laboratories submitting data to the Department of Environmental Protection.

Nutrient Management

Pennsylvania is committed to protecting our water quality from agricultural nutrient runoff and providing support for the agricultural community in abating non-point source pollutants. This Program Revision provides \$2.63 million to enhance Pennsylvania's commitment to improving water quality. Of this amount, \$560,000 is provided to the agricultural community for planning grants to determine the structures necessary for the management of agricultural nutrients, \$2 million is provided for grants or loans to farmers to implement their nutrient management plans and \$100,000 is provided for technical support, engineering support and program promotion with the agricultural community.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Community Ground Water Systems Assessed							
Current	5	5	5	5	5	15	15
Program Revision	0	0	40	150	230	230	230
Community Surface Water Systems Assessed							
Current	3	3	3	3	3	3	3
Program Revision	0	0	31	86	86	86	86
Percent of Population Covered by Source Protection Programs							
Current	5	5	10	15	20	23	25
Program Revision	0	0	15	30	45	65	75
State Conducted Filter Plant Performance Evaluations							
Current	40	40	60	74	74	74	74
Program Revision	0	0	74	120	180	180	180
Watershed Remediation Plans Developed							
Program Revision	0	0	6	12	18	12	12



Environmental Protection

Program Revision: Improving Water Quality (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Watershed Workshops and Conferences Conducted							
Program Revision	0	0	4	4	4	4	4
Environmental Laboratories Accredited							
Current	125	125	125	125	125	125	125
Program Revision	0	0	225	225	225	225	225
Farmers Receiving Funding for Implementation of Best Management Practices							
Program Revision	0	0	75	100	100	100	100
Agriculture Review of Management Plans							
Current	0	25	50	75	75	75	75
Program Revision	0	0	75	100	100	100	100

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	ENVIRONMENTAL PROTECTION				
	General Government Operations				
\$ 128	—to establish an Environmental Laboratory Accreditation Program.			\$ 3,689	Safe Drinking Water Set-Asides —to provide assistance to public water systems to conduct quality assessments and develop source protection efforts.
	Environmental Program Management				
\$ 1,000	—to implement local watershed improvements and conduct water quality assessments.			\$ 779	Safe Drinking Water Revolving Fund —to provide administrative support, via Federal funding, for assistance to public water systems to conduct quality assessments and develop source protection efforts.
	AGRICULTURE				
	Nutrient Management				
\$ 100	—to provide administrative support for the development and implementation of Nutrient Management Plans.				
	Transfer to the Nutrient Management Fund				
\$ 2,530	—to provide planning and implementation assistance to the agriculture community for nutrient pollution abatement.				
<u>\$ 3,758</u>	Program Revision Total				

Recommended Program Revision Costs by Appropriation: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Environmental Protection							
General Government Operations	\$ 0	\$ 0	\$ 128	\$ 190	\$ 194	\$ 198	\$ 202
Environmental Program Management	0	0	1,000	1,329	1,356	1,383	1,411
Agriculture							
Nutrient Management	0	0	100	199	203	207	211
Transfer to the Nutrient Management Fund	0	0	2,530	2,530	2,530	2,530	2,530
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,758</u>	<u>\$ 4,248</u>	<u>\$ 4,283</u>	<u>\$ 4,318</u>	<u>\$ 4,354</u>



COMMONWEALTH OF PENNSYLVANIA

FISH AND BOAT COMMISSION

The Fish and Boat Commission administers and enforces the fishing and boating laws of the Commonwealth and provides for the protection and propagation of aquatic life.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Fish and Boat Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Repayment for Free Fishing Licenses.....	\$ 0	\$ 0	\$ 798
<i>Grants and Subsidies:</i>			
Atlantic States Marine Fisheries Commission.....	\$ 9	\$ 9	\$ 10
GENERAL FUND TOTAL.....	\$ 9	\$ 9	\$ 808
BOAT FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 7,467	\$ 8,277	\$ 7,982
(F)US Coast Guard Grant - Boating Safety.....	1,058	1,344	1,200
(F)Sport Fish Restoration.....	531	841	458
(F)Clean Vessels.....	58	95	40
(F)Coastal Zone Management.....	25	0	0
(A)Sale of Vehicles.....	26	15	20
Subtotal - State Funds.....	\$ 7,467	\$ 8,277	\$ 7,982
Subtotal - Federal Funds.....	1,672	2,280	1,698
Subtotal - Augmentations.....	26	15	20
Total - General Government.....	\$ 9,165	\$ 10,572	\$ 9,700
STATE FUNDS.....	\$ 7,467	\$ 8,277	\$ 7,982
FEDERAL FUNDS.....	1,672	2,280	1,698
AUGMENTATIONS.....	26	15	20
BOAT FUND TOTAL.....	\$ 9,165	\$ 10,572	\$ 9,700
FISH FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 20,689	\$ 22,621	\$ 22,436
(F)Sport Fish Restoration.....	4,963	5,380	4,655
(F)Clean Vessels.....	0	7	0
(F)Mid-Atlantic Management Council.....	10	0	0
(F)Endangered Species.....	4	5	0
(F)Surface Mine Regulation.....	40	40	40
(F)NOAA.....	245	373	293
(F)Emergency and Disaster Relief - 1996 Flood.....	106	0	0
(A)Sale of Vehicles.....	50	50	50
(A)Reimbursement for Services - Boat Fund.....	0 ^a	0 ^a	0 ^a
(A)Reimbursement - DEP/EPA Projects.....	81	83	45
(A)Reimbursement for Services - PennDOT.....	55	52	52
(A)Reimbursement - Wild Resource Conservation Fund.....	25	38	0
(A)Reimbursement - Shad Restoration.....	205	215	229
(A)Reimbursement - Texas Eastern.....	0	4	0
Subtotal - State Funds.....	\$ 20,689	\$ 22,621	\$ 22,436
Subtotal - Federal Funds.....	5,368	5,805	4,988
Subtotal - Augmentations.....	416	442	376
Total - General Government.....	\$ 26,473	\$ 28,868	\$ 27,800
STATE FUNDS.....	\$ 20,689	\$ 22,621	\$ 22,436
FEDERAL FUNDS.....	5,368	5,805	4,988
AUGMENTATIONS.....	416	442	376
FISH FUND TOTAL.....	\$ 26,473	\$ 28,868	\$ 27,800

Fish and Boat Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>General Government:</i>			
Fishing and Boating Access Areas(EA).....	\$ 243	\$ 765	\$ 1
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 243	\$ 765	\$ 1
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 9	\$ 9	\$ 808
SPECIAL FUNDS.....	28,399	31,663	30,419
FEDERAL FUNDS.....	7,040	8,085	6,686
AUGMENTATIONS.....	442	457	396
TOTAL ALL FUNDS.....	\$ 35,890	\$ 40,214	\$ 38,309

^a Not added to the total to avoid double counting: 1996-97 Actual is \$9,165,000, 1997-98 Available is \$10,572,000, and 1998-99 Budget is \$9,700,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND.....	\$ 9	\$ 9	\$ 808	\$ 10	\$ 10	\$ 10	\$ 10
SPECIAL FUNDS.....	28,399	31,663	30,419	31,027	31,648	32,281	32,926
FEDERAL FUNDS.....	7,040	8,085	6,686	5,792	5,897	6,002	6,107
OTHER FUNDS.....	442	457	396	124	130	132	133
SUBCATEGORY TOTAL.....	\$ 35,890	\$ 40,214	\$ 38,309	\$ 36,953	\$ 37,685	\$ 38,425	\$ 39,176
ALL PROGRAMS:							
GENERAL FUND.....	\$ 9	\$ 9	\$ 808	\$ 10	\$ 10	\$ 10	\$ 10
SPECIAL FUNDS.....	28,399	31,663	30,419	31,027	31,648	32,281	32,926
FEDERAL FUNDS.....	7,040	8,085	6,686	5,792	5,897	6,002	6,107
OTHER FUNDS.....	442	457	396	124	130	132	133
DEPARTMENT TOTAL.....	\$ 35,890	\$ 40,214	\$ 38,309	\$ 36,953	\$ 37,685	\$ 38,425	\$ 39,176

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 responds to the need for environmental safeguards and closely monitors the water quality of many streams, lakes and rivers in the Commonwealth.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Fishing licenses sold	974,179	1,027,550	989,258	1,005,092	1,025,933	1,047,156	1,068,843
Pounds of fish stocked in Commonwealth streams and lakes	2,726,627	2,680,000	2,680,000	2,680,000	2,680,000	2,680,000	2,680,000
Boats registered	340,637	347,000	352,000	357,000	362,000	368,000	373,000
Warnings issued for violations of fishing and boating laws*	38,310	38,500	39,000	39,000	39,000	39,000	39,000
Convictions for violations of fishing and boating laws*	10,886	10,900	11,000	11,000	11,000	11,000	11,000

The program measure for fishing licenses sold has been decreased from last year's budget based on actual sales during 1996-97.

*New program measure added this year.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				BOAT FUND
	Free Fishing License Repayment				General Operations
\$	798	—to reimburse the commission for 117,879 free fishing licenses issued between January 1, 1968 and July 5, 1995.	\$	-295	—to continue current program.
	Atlantic States Marine Fisheries Commission		\$	-185	FISH FUND
\$	1	—to continue current program.			General Operations
					—to continue current program.

Fishing and Boating Access Area development funded by the Keystone Recreation, Park and Conservation Fund will continue until the amount allotted by law is completely committed.



Fish and Boat Commission

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries							
Commission	\$ 9	\$ 9	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Free Fishing License Repayment	0	0	798	0	0	0	0
TOTAL GENERAL FUND	\$ 9	\$ 9	\$ 808	\$ 10	\$ 10	\$ 10	\$ 10
BOAT FUND:							
General Operations	\$ 7,467	\$ 8,277	\$ 7,982	\$ 8,142	\$ 8,305	\$ 8,471	\$ 8,640
FISH FUND:							
General Operations	\$ 20,689	\$ 22,621	\$ 22,436	\$ 22,885	\$ 23,343	\$ 23,810	\$ 24,286
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Fishing and Boating Access Areas	\$ 243	\$ 765	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0





COMMONWEALTH OF PENNSYLVANIA

GAME COMMISSION

The Game Commission administers and enforces the game laws of the Commonwealth and provides for the protection and propagation of wildlife.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GAME FUND:			
<i>General Government:</i>			
General Operations(EA).....	\$ 42,794	\$ 54,189	\$ 47,524
(F)Pittman-Robinson Act Reimbursements.....	7,523	8,000	8,000
(F)Endangered Species.....	26	14	14
(F)Surface Mine Regulatory Program.....	46	46	46
(F)1996 Flood Reimbursement.....	360	0	0
(F)Wild Action Grant Program.....	1	0	0
(A)Sale of Vehicles.....	220	250	250
(A)Pennsylvania Conservation Corps.....	139	204	100
(A)Donations.....	104	10	10
(A)Youth Shooting Sports.....	9	10	10
(A)Stream Bank Fencing.....	60	100	100
(A)Becoming an Outdoors Woman.....	13	15	15
(R)Resident License Fee-Natural Propagation of Wildlife.....	1,237	1,230	1,230
(R)Antlerless Deer License-Natural Propagation of Wildlife.....	1,651	1,644	1,644
(R)Pennsylvania Wildlife Data Base.....	1	0	0
Subtotal.....	\$ 54,184	\$ 65,712	\$ 58,943
Land Acquisition and Development(EA).....	207	500	100
(F)Federal Land and Water Development Fund.....	91	0	0
Subtotal.....	\$ 298	\$ 500	\$ 100
Subtotal - State Funds.....	\$ 43,001	\$ 54,689	\$ 47,624
Subtotal - Federal Funds.....	8,047	8,060	8,060
Subtotal - Augmentations.....	545	589	485
Subtotal - Restricted Revenues.....	2,889	2,874	2,874
Total - General Government.....	\$ 54,482	\$ 66,212	\$ 59,043
STATE FUNDS.....	\$ 43,001	\$ 54,689	\$ 47,624
FEDERAL FUNDS.....	8,047	8,060	8,060
AUGMENTATIONS.....	545	589	485
RESTRICTED REVENUES.....	2,889	2,874	2,874
GAME FUND TOTAL.....	\$ 54,482	\$ 66,212	\$ 59,043
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>General Government:</i>			
Land Acquisition and Development - Bond Proceeds(EA).....	\$ 50	\$ 117	\$ 1
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 50	\$ 117	\$ 1
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	43,051	54,806	47,625
FEDERAL FUNDS.....	8,047	8,060	8,060
AUGMENTATIONS.....	545	589	485
RESTRICTED.....	2,889	2,874	2,874
TOTAL ALL FUNDS.....	\$ 54,532	\$ 66,329	\$ 59,044



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	43,051	54,806	47,625	46,839	39,820	39,820	39,820
FEDERAL FUNDS.....	8,047	8,060	8,060	7,059	7,059	7,059	7,059
OTHER FUNDS.....	3,434	3,463	3,359	3,433	3,433	3,433	3,433
SUBCATEGORY TOTAL.....	\$ 54,532	\$ 66,329	\$ 59,044	\$ 57,331	\$ 50,312	\$ 50,312	\$ 50,312
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	43,051	54,806	47,625	46,839	39,820	39,820	39,820
FEDERAL FUNDS.....	8,047	8,060	8,060	7,059	7,059	7,059	7,059
OTHER FUNDS.....	3,434	3,463	3,359	3,433	3,433	3,433	3,433
DEPARTMENT TOTAL.....	\$ 54,532	\$ 66,329	\$ 59,044	\$ 57,331	\$ 50,312	\$ 50,312	\$ 50,312



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 management of game habitat, operation of programs for endangered and threatened species, and enforcement of the Game and Wildlife Code.

The primary means of ensuring the propagation and preservation of wildlife is properly managed land and game habitat. The commission currently administers over 1.3 million acres of State Game Lands, and is judiciously acquiring additional lands, focusing on critically important wetlands. The commission also operates cooperative programs to encourage good land use management and habitat improvement by private landowners.

All species receive mandated protection. However, those species considered game animals, such as deer, turkey and bear, receive the most attention. The number of licenses available for sale is based on the doe population. The optimal number of deer is based on acres of forested land in the Commonwealth. Hunting, while recreational in nature, is a management tool as well. Future year projection numbers indicate the number of deer needed to be harvested to sustain the population. Also protected by the commission are endangered and threatened species such as river otters, osprey, peregrine falcons, and bald and golden eagles.

Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the Commonwealth's wildlife population.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Hunting licenses sold	1,088,733	1,089,000	1,089,000	1,089,000	1,089,000	1,089,000	1,089,000
Deer taken	350,997	300,000	300,000	300,000	300,000	300,000	300,000
Arrests for violation of game laws	9,549	9,000	9,000	9,000	9,000	9,000	9,000

The program measure for deer taken reflects lower numbers than estimated in last year's budget primarily due to the decrease in the antlerless deer license allocation.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Operations</p> <p>\$ -5,000 —nonrecurring Statewide radio system project.</p> <p>-1,728 —to continue current program.</p> <p>63 —wildlife conservation officers training class (total cost is \$723,000).</p> <hr/> <p>\$ -6,665 <i>Executive Authorization Decrease</i></p>	<p>Land Acquisition and Development</p> <p>\$ -400 —nonrecurring projects.</p>
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Land acquisitions funded by the Keystone Recreation, Park and Conservation Fund will continue until the amount allotted by law is completely committed.

Appropriations within this Program: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GAME FUND:							
General Operations	\$ 42,794	\$ 54,189	\$ 47,524	\$ 46,839	\$ 39,820	\$ 39,820	\$ 39,820
Land Acquisition and Development	207	500	100	0	0	0	0
TOTAL GAME FUND	\$ 43,001	\$ 54,689	\$ 47,624	\$ 46,839	\$ 39,820	\$ 39,820	\$ 39,820
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Land Acquisition and Development	\$ 50	\$ 117	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF GENERAL SERVICES

The Department of General Services administers the leasing, purchasing, transportation, construction, repair and maintenance services for all agencies of the Commonwealth.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 52,001	\$ 53,184	\$ 57,236
(F) January 1996 Floods - Public Assistance.....	2	0	0
(F) January 1996 Blizzard - Public Assistance.....	41	0	0
(A) Employees Group Life Insurance.....	60	60	60
(A) Federal Surplus Property.....	1,151	1,262	1,252
(A) State Buildings Use.....	1,576	1,853	1,659
(A) Sound Equipment.....	37	25	25
(A) Employee Liability Self Insurance Program.....	138	70	70
(A) Newsroom Services.....	13	12	12
(A) Computer Services.....	35	100	100
(A) Plans Forefeiture.....	58	57	57
(A) Media Center Reimbursements.....	984	1,200	1,700
(A) GSA Fiscal Function.....	49	0	0
(A) Recycling Program.....	400	400	400
(A) Services Provided Other Agencies.....	89	100	100
(A) PA Drug Reduction Property Program.....	17	0	0
(A) Purchasing Seminar.....	146	0	0
Subtotal.....	\$ 56,797	\$ 58,323	\$ 62,671
Capitol Police Operations.....	6,290	6,483	6,651
(A) Capitol Police Services.....	24	26	26
Harristown Rental Charges.....	6,581	6,581	6,580
Utility Costs.....	12,666	12,840	12,970
Harristown Utility and Municipal Charges.....	9,605	9,797	9,790
Printing the Pennsylvania Manual.....	185	0	191
Asbestos Response.....	450	450	450
Excess Insurance Coverage.....	1,865	1,802	1,725
Capitol Annex Renovation.....	0	9,660	0
Capital Project Leasing.....	0	393 ^a	739
Subtotal - State Funds.....	\$ 89,643	\$ 101,190	\$ 96,332
Subtotal - Federal Funds.....	43	0	0
Subtotal - Augmentations.....	4,777	5,165	5,461
Total - General Government.....	\$ 94,463	\$ 106,355	\$ 101,793
<i>Grants and Subsidies:</i>			
Capitol Fire Protection.....	\$ 694	\$ 750	\$ 900
STATE FUNDS.....	\$ 90,337	\$ 101,940	\$ 97,232
FEDERAL FUNDS.....	43	0	0
AUGMENTATIONS.....	4,777	5,165	5,461
GENERAL FUND TOTAL.....	\$ 95,157	\$ 107,105	\$ 102,693
BANKING DEPARTMENT FUND:			
<i>General Government:</i>			
Harristown Rental Charges.....	\$ 139	\$ 139	\$ 139
Harristown Utility And Municipal Charges.....	175	171	184
Total - General Government.....	\$ 314	\$ 310	\$ 323
BANKING DEPARTMENT FUND TOTAL.....	\$ 314	\$ 310	\$ 323
LOTTERY FUND:			
<i>General Government:</i>			
Harristown Rental Charges.....	\$ 80	\$ 77	\$ 75

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Harristown Utility And Municipal Charges.....	139	128	121
Total - General Government.....	\$ 219	\$ 205	\$ 196
LOTTERY FUND TOTAL.....	\$ 219	\$ 205	\$ 196
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Harristown Rental Charges.....	\$ 93	\$ 96	\$ 101
Harristown Utility and Municipal Charges.....	160	161	163
Total - General Government.....	\$ 253	\$ 257	\$ 264
<i>Grants and Subsidies:</i>			
Tort Claims Payments.....	\$ 27,000	\$ 27,000	\$ 20,000
MOTOR LICENSE FUND TOTAL.....	\$ 27,253	\$ 27,257	\$ 20,264
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 90,337	\$ 101,940	\$ 97,232
SPECIAL FUNDS.....	27,786	27,772	20,783
FEDERAL FUNDS.....	43	0	0
AUGMENTATIONS.....	4,777	5,165	5,461
TOTAL ALL FUNDS.....	\$ 122,943	\$ 134,877	\$ 123,476

a Includes recommended supplemental appropriation of \$393,000.



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND.....	\$ 90,337	\$ 101,940	\$ 97,232	\$ 96,704	\$ 98,657	\$ 100,262	\$ 102,285
SPECIAL FUNDS.....	27,786	27,772	20,783	23,799	25,815	25,832	25,849
FEDERAL FUNDS.....	43	0	0	0	0	0	0
OTHER FUNDS.....	4,777	5,165	5,461	5,556	5,654	5,753	5,854
SUBCATEGORY TOTAL.....	\$ 122,943	\$ 134,877	\$ 123,476	\$ 126,059	\$ 130,126	\$ 131,847	\$ 133,988
ALL PROGRAMS:							
GENERAL FUND.....	\$ 90,337	\$ 101,940	\$ 97,232	\$ 96,704	\$ 98,657	\$ 100,262	\$ 102,285
SPECIAL FUNDS.....	27,786	27,772	20,783	23,799	25,815	25,832	25,849
FEDERAL FUNDS.....	43	0	0	0	0	0	0
OTHER FUNDS.....	4,777	5,165	5,461	5,556	5,654	5,753	5,854
DEPARTMENT TOTAL.....	\$ 122,943	\$ 134,877	\$ 123,476	\$ 126,059	\$ 130,126	\$ 131,847	\$ 133,988

PROGRAM OBJECTIVE: *To maintain the Commonwealth's real property and facilities; to provide Commonwealth agencies with quality commodities in a timely manner; and to settle tort claims in an equitable manner while reducing risks.*

Program: Facility, Property and Commodity Management

This program provides for management of the 25 state-owned buildings of the Capitol complex and Harrisstown; 5 regional State office buildings in Pittsburgh, Philadelphia, Scranton and Reading and two executive residences. These facilities contain nearly 5.9 million square feet of office space, with 115 acres of related grounds, parking areas and roadways. The department also manages the acquisition and utilization of space and facilities by State agencies totaling 1.6 million square feet for 1,500 leases, with annual rental costs exceeding \$100 million and provides agencies with commodities that conform to accepted standards of quality.

Police and security services are provided within the Capitol Complex and related buildings as well as for the regional State office buildings. During 1996, 1,214 incident reports and 374 crime reports were completed in Harrisburg; 6,100 parking tickets and 1,071 traffic citations were also issued. This program is responsible for preparing plans, designs, surveys and specifications for all State construction projects. All projects are closely monitored to ensure compliance with State laws and building codes.

The department handles tort claims, in conjunction with the Attorney General's Office, brought against the Commonwealth, its officials and employees. Act 151 of 1986 reaffirmed the Commonwealth's use of sovereign immunity as a defense against tort claims, but established criteria for limited amounts of liability in nine specific areas: vehicle liability; medical professional liability; personal property; Commonwealth real estate; potholes and other dangerous conditions; care, custody and control of domestic animals; liquor store sales; National Guard activities; and toxoids and vaccines. The department investigates claims in the prelitigation stage, while the Office of Attorney General defends those claims in litigation. This program is responsible for the Commonwealth's Liability Self-Insurance Programs. Claims are a result of damages incurred because of a willful act or an act of negligence by employees of departments, boards or commissions. Coverage is provided for 23,380 Commonwealth vehicles (including construction trucks and trailers) which travel 271 million miles annually. Excess liability coverage is extended for employees using personal vehicles on Commonwealth business.

This program funds the ongoing assessment of the asbestos danger in Commonwealth-owned buildings. In locations where asbestos is

present, the assessment allows the hazard potential to be calculated and abatement costs estimated.

This program provides funding to purchase catastrophic property insurance on Commonwealth-owned buildings.

Included within this program is the Commonwealth Agency Recycling Office, which assists agencies in collecting more than 4,142 tons of paper, generating \$189,664 in revenue and saving \$207,000 in disposal costs during 1997-98. Collection of other types of recyclable materials generated additional income of \$447,000. The Bureau of Purchases establishes and administers 260 statewide contracts and processes more than 2,000 purchase requisitions annually.

Commonwealth Media Services is within this program and provides high quality, cost-effective, creative audio-video, photographic and media services required by state agencies. Services are available on a continuous basis in the event of emergencies. News conferencing facilities are maintained for more than 150 events at the Capitol Media Center. The Bureau processes 7,000 rolls of film annually in the production of 500,000 still photos and slides. In addition, a full range of creative audio-video services are incorporated into the production of 200 documentary, educational, promotional, training and public service programs.

This program administers the Federal and State surplus property programs. The Bureau of Supplies and Surplus Operations locates and obtains surplus property from the military and other Federal installations at no cost other than screening and transportation. The property is sold to State agencies, local municipalities, not-for-profit organizations and law enforcement entities for a nominal service charge. During 1996-97, property originally valued at \$41 million was distributed to eligible organizations. Through the Shelter Share Program, the Bureau donated \$1 million in clothing, beds, blankets, and medical equipment and supplies to needy citizens. Surplus Commonwealth property is managed to ensure maximum utilization through a system of transferring items to requesting agencies, sale of property to the general public, or disposal in trade on the procurement of new goods. Disposal of unneeded items generated nearly \$2 million in revenue in 1996-97.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Surplus property distributed (in thousands):	\$41,453	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Capital facilities projects in design and/or construction	422	400	400	400	400	400	400
Value (in thousands)	\$1,708,801	\$1,794,241	\$1,848,068	\$1,903,510	\$1,960,615	\$2,019,434	\$2,078,253
Tort claims filed	8,469	8,808	9,316	8,850	9,204	9,572	9,955
Tort claims closed (includes settlements, judgements and denials)	9,224	9,547	9,738	9,881	10,178	10,483	10,797
Tort claims pending	12,140	11,401	10,979	9,948	8,974	8,064	7,222
Amount of claims pending (in thousands)	\$233,275	\$239,105	\$247,228	\$254,059	\$260,641	\$267,398	\$286,116

The increase in the number of capital facilities projects in design and/or construction from those shown in the previous budget is due to the release of additional projects. This also affected the measure for the dollar value of capital facilities projects in design and/or construction.

Measures affecting tort claims decreased from those shown in the previous budget. Under the statute of limitations, a claim must be resolved within two years of the suit being filed to preserve eligibility. The mild winter of 1996-97 resulted in fewer claims than originally anticipated. Related reductions are also expected in the number of claims pending and closed.



General Services

Program: Facility, Property and Commodity Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND				
	General Government Operations			Capitol Annex Renovation
\$ -234	—nonrecurring costs for equipment.	\$ -9,660		—nonrecurring project to renovate the Capitol Annex.
1,981	—to continue current program.			Capitol Project Leasing
1,100	—to provide digital equipment and technology to improve productivity and enhance services of Commonwealth Media Services.	\$ 346		—to continue current program.
355	—transfer of custodial supervisory functions from the Department of Labor and Industry.			Capitol Fire Protection
760	—to replace the Procurement Processing System.	\$ 150		—to continue current program.
90	—transfer of the Right-to-Know program from the Office of Administration.			BANKING DEPARTMENT FUND
				Harristown Utility and Municipal Charges
\$ 4,052	<i>Appropriation Increase</i>	\$ 13		—to provide prorata share of charges.
	Capitol Police Operations			LOTTERY FUND
\$ 168	—to continue current program.			Harristown Rental Charges
	Harristown Rental Charges	\$ -2		—to provide prorata share of charges.
\$ -1	—to provide prorata share of charges.			Harristown Utility and Municipal Charges
	Utility Costs	\$ -7		—to provide prorata share of charges.
\$ 130	—to continue current program.			MOTOR LICENSE FUND
	Harristown Utility and Municipal Charges	\$ 5		Harristown Rental Charges
\$ -7	—to provide pro rata share of charges.			—to provide prorata share of charges.
	Printing the Pennsylvania Manual	\$ 2		Harristown Utility and Municipal Charges
\$ 191	—biennial printing costs.			—to provide prorata share of charges.
	Excess Insurance Coverage	\$ -7,000		Tort Claim Payments
\$ -77	—to continue current program.			—to continue current program using revised claim projections.

The Asbestos Response Program is recommended at the current year funding level.



Includes Prime recommendation to streamline the Statewide mailing of various packages and documents by centralizing the mailing contract by the Department of General Services. By eliminating the individual mailing contracts for each of the agencies and using a centralized contract the savings to the Commonwealth is estimated to be over \$600,000.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 52,001	\$ 53,184	\$ 57,236	\$ 56,276	\$ 57,402	\$ 58,550	\$ 59,721
Capitol Police Operations	6,290	6,483	6,651	6,784	6,920	7,058	7,199
Harristown Rental Charges	6,581	6,581	6,580	6,580	6,580	6,580	6,580
Utility Costs	12,666	12,840	12,970	13,229	13,494	13,764	14,039
Harristown Utility and Municipal Charges ..	9,605	9,797	9,790	9,986	10,186	10,390	10,598
Printing the Pennsylvania Manual	185	0	191	0	191	0	191
Asbestos Response Program	450	450	450	450	450	450	450
Excess Insurance Coverage	1,865	1,802	1,725	1,760	1,795	1,831	1,868
Capitol Annex Renovation	0	9,660	0	0	0	0	0
Capitol Project Leasing	0	393	739	739	739	739	739
Capitol Fire Protection	694	750	900	900	900	900	900
TOTAL GENERAL FUND	\$ 90,337	\$ 101,940	\$ 97,232	\$ 96,704	\$ 98,657	\$ 100,262	\$ 102,285

Program: Facility, Property and Commodity Management (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
BANKING DEPARTMENT FUND:							
Harristown Rental Charges	\$ 139	\$ 139	\$ 139	\$ 142	\$ 145	\$ 148	\$ 151
Harristown Utility and Municipal Charges .	175	171	184	188	192	196	200
TOTAL BANKING DEPARTMENT FUND	\$ 314	\$ 310	\$ 323	\$ 330	\$ 337	\$ 344	\$ 351
LOTTERY FUND:							
Harristown Rental Charges	\$ 80	\$ 77	\$ 75	\$ 77	\$ 79	\$ 81	\$ 83
Harristown Utility and Municipal Charges .	139	128	121	123	125	128	131
TOTAL STATE LOTTERY FUND	\$ 219	\$ 205	\$ 196	\$ 200	\$ 204	\$ 209	\$ 214
MOTOR LICENSE FUND:							
Harristown Rental Charges	\$ 93	\$ 96	\$ 101	\$ 103	\$ 105	\$ 107	\$ 109
Harristown Utility and Municipal Charges .	160	161	163	166	169	172	175
Tort Claim Payments	27,000	27,000	20,000	23,000	25,000	25,000	25,000
TOTAL MOTOR LICENSE FUND	\$ 27,253	\$ 27,257	\$ 20,264	\$ 23,269	\$ 25,274	\$ 25,279	\$ 25,284





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF HEALTH

The Department of Health protects and enhances the health of all Pennsylvanians by identifying significant health threats and providing leadership in the development and implementation of health policy.

The Department works in active partnership with other 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; and assure the quality and availability of health care services.

The Secretary of Health receives assistance and information from approximately fifty advisory groups including the Advisory Health Board, the Drug, Device and Cosmetic Board, the Advisory Committee for Clinical Laboratories, the Health Policy Board, the Hearing Aid Advisory Council and the Advisory Council on Drug and Alcohol Abuse.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Promoting Independence for Persons with Disabilities		
	General Government Operations.....	\$ 100
<p>This Program Revision establishes a recreation information and referral network for persons with disabilities. This is part of the \$13.3 million Promoting Independence for Persons with Disabilities Program Revision. Please see the Program Revision following the Human Services Program in the Department of Public Welfare for additional information on this Program Revision.</p>		
	Department Total.....	\$ 100



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

1996-97 1997-98 1998-99
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 18,604^a	\$ 18,954	\$ 20,086
(F)WIC Administration and Operation.....	6,979	9,658	9,411
(F)Categorical Grant Administration.....	759	0	0
(F)Health Assessment.....	352	484	484
(F)PHHSBG - Administration and Operation.....	1,662	3,356	3,678
(F)SABG - Administration and Operation.....	3,861	4,688	4,650
(F)MCHSBG - Administration and Operation.....	11,747	12,645	13,028
(F)Center for Disease Control Conferences.....	12	63	63
(F)Pediatric Prehospital Emergency Care.....	322	400	0
(F)TB - Administration and Operation.....	0	495	651
(F)Lead - Administration and Operation.....	0	650	906
(F)AIDS Health Education - Administration and Operation.....	0	2,269	2,402
(F)Community Migrant Health.....	162	262	273
(F)Tobacco Control.....	334	750 ^b	750
(F)Breast and Cervical Cancer - Administration and Operation.....	0	695	722
(F)HIV Care - Administration and Operation.....	0	916	916
(F)Emergency Medical Services Bystander Care.....	15	46	0
(F)Tobacco Regulation Enforcement.....	0	1,000	1,000
(A)Data Center Services.....	2,866	2,909	2,720
(A)Departmental Services.....	15	13	21
(A)Robert Wood Johnson Foundation Grant.....	0	201	210
Subtotal.....	\$ 47,690	\$ 60,454	\$ 61,971
Organ Donation.....	140	120	120
Renal Dialysis Management.....	0^c	0	0
Diabetes Programs.....	425	461	461
(F)PHHSBG - Diabetes.....	431	0	0
(F)Diabetes Control.....	264	280	514
Subtotal.....	\$ 1,120	\$ 741	\$ 975
Quality Assurance.....	6,777	7,387	7,421
(F)Medicare - Health Service Agency Certification.....	4,705	5,280	5,895
(F)Medicaid Certification.....	5,003	5,423	5,955
(A)Publication Fees.....	17	10	10
Subtotal.....	\$ 16,502	\$ 18,100	\$ 19,281
Vital Statistics.....	5,261	5,404	5,607
(F)Cooperative Health Statistics.....	1,532	1,300 ^d	1,995
(F)Traumatic Brain Injury.....	0	800	0
(A)Reimbursement for Microfilming.....	64	50	50
(A)Vital-Chek Surcharge.....	0	145	145
Subtotal.....	\$ 6,857	\$ 7,699	\$ 7,797
State Laboratory.....	3,027	3,088	3,253
(F)Clinical Laboratory Improvement.....	740	800	800
(F)Epidemiology and Laboratory Surveillance and Response.....	67	323	323
(F)Emerging Infections Program.....	0	484	0
(A)Blood Lead Testing.....	11	10	10
(A)Blood Lead Specimen Testing.....	25	43	43
(A)Erythrocyte Protoporphyrin Testing.....	9	9	9
(A)Reproduction and Search Fees.....	3	1	1
(A)Alcohol Proficiency Testing.....	63	63	63
(A)Drug Abuse Proficiency.....	104	104	104
(A)Licensure for Clinical Laboratories.....	341	375	375
(A)Low Volume Proficiency Testing.....	56	18	18
(A)Training Course Fees.....	1	1	1
(A)AIDS Special Pharmaceutical Services.....	0	0	180

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Subtotal.....	\$ 4,447	\$ 5,319	\$ 5,180
State Health Care Centers.....	14,931	16,180	16,364
(F)Indo-Chinese Refugees.....	41	60	70
(F)Disease Control Immunization.....	7,147	11,489 ^e	12,649
(F)Chronic Disease Prevention and Control.....	63	160	670
(F)PHHSBG - Block Program Services.....	5,762	7,198	6,543
(A)Departmental Services.....	7	8	7
Subtotal.....	\$ 27,951	\$ 35,095	\$ 36,303
Coal Workers Pneumoconiosis Services.....	200	200	200
(F)Black Lung Clinic.....	508	751	750
Subtotal.....	\$ 708	\$ 951	\$ 950
VD Screening and Treatment.....	1,108	1,108	1,127
(F)Survey and Follow-Up - Venereal Diseases.....	2,152	3,297	3,503
Subtotal.....	\$ 3,260	\$ 4,405	\$ 4,630
Subtotal - State Funds.....	\$ 50,473	\$ 52,902	\$ 54,639
Subtotal - Federal Funds.....	54,620	76,022	78,601
Subtotal - Augmentations.....	3,582	3,960	3,967
Total - General Government.....	\$ 108,675	\$ 132,884	\$ 137,207
Grants and Subsidies:			
Primary Health Care Practitioner.....	\$ 3,863^g	\$ 3,088	\$ 3,160
(F)Loan Repayment Program.....	220	242	301
(A)Robert Wood Johnson Foundation Grant.....	171	0	0
Subtotal.....	\$ 4,254	\$ 3,330	\$ 3,461
Cancer Programs.....	3,543^h	3,595	3,595
(F)Breast and Cervical Cancer Program.....	2,707	2,580	3,192
Subtotal.....	\$ 6,250	\$ 6,175	\$ 6,787
AIDS Programs.....	6,279ⁱ	6,528	6,528
(F)AIDS Health Education.....	4,450	2,698 ^j	3,168
(F)HIV Care.....	6,597	13,666	7,806 ^k
(F)Housing Opportunities for People with AIDS.....	820	948 ^l	1,400
Subtotal.....	\$ 18,146	\$ 23,840	\$ 18,902
Regional Cancer Institutes.....	1,350	1,550	1,550
School District Health Services.....	39,065	39,279	39,867
Local Health Departments.....	24,350	26,247	26,313
Local Health - Environmental.....	7,294	7,294	7,398
WIC - State Supplement.....	1,400	0	0
Maternal and Child Health.....	2,000	3,150	3,465
(F)Women, Infants and Children (WIC).....	140,692	156,093	160,387
(F)MCH Lead Poisoning Prevention and Abatement.....	1,470	4,332	4,540 ^m
(F)MCHSBG - Program Services.....	13,589	13,964 ⁿ	14,187
(F)Abstinence Education.....	0	1,400	2,161
(F)Child Lead Poison/Environmental Lead Assessment.....	127	104	0
(F)Environmental Assessment - Child Lead Poisoning.....	0	0	86
(F)Newborn Screening.....	95	106	0
(F)Screening Newborns.....	0	0	106
(F)MCH Outreach.....	46	0	0
(F)Birth Defects Registry.....	0	175	199
(A)Environmental Assessments.....	27	363	392
(A)Departmental Services.....	127	210	210
Subtotal.....	\$ 158,173	\$ 179,897	\$ 185,733
Assistance to Drug and Alcohol Programs.....	37,400	37,160	37,410



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(F)SABG - Drug and Alcohol Services.....	52,366	55,739 _o	51,656 _p
(F)Substance Abuse Program Support Service Grants.....	3,268	3,300	1,091
(F)Substance Abuse Special Project Grants.....	623	1,197	760
(F)DFSC - Special Programs for Student Assistance.....	900	900	1,125
(F)DCSI - Adult Offender Treatment.....	0	375	250
(A)State Stores Fund Transfer.....	994	1,117	1,118
(A)Adult Offender Treatment.....	0	125	0
Subtotal.....	<u>\$ 95,551</u>	<u>\$ 99,913</u>	<u>\$ 93,410</u>
Epilepsy Support Services.....	0	150	150
Tuberculosis Screening and Treatment.....	1,010	1,013	1,009
(F)Tuberculosis Control Program.....	165	189	220
(F)PHHSBG - Tuberculosis.....	523	0	0
Subtotal.....	<u>\$ 1,698</u>	<u>\$ 1,202</u>	<u>\$ 1,229</u>
Renal Dialysis.....	10,173	10,255	9,255
Services for Children with Special Needs.....	1,732	1,732	1,732
Adult Cystic Fibrosis.....	391	391	391
Coolley's Anemia.....	195	198	198
Hemophilia.....	1,594	1,594	1,594
Sickle Cell.....	1,202	1,203	1,203
Regional Poison Control Centers.....	1,000	1,250	1,250
Keystone State Games.....	220 _q	220 _q	220
Trauma Programs Coordination.....	150	200	200
Trauma Systems.....	0	50	50
Tourette Syndrome.....	0	100	100
Emergency Care Research.....	0	200	0
Bio-Technology Research.....	1,500	1,500	1,500
Fox Chase Institute for Cancer Research.....	860	860	860
The Wistar Institute - Research: Operation and Maintenance.....	237	237	237
The Wistar Institute - Research: AIDS Research.....	102	102	102
Central Penn Oncology Group.....	143	143	143
Cardiovascular Studies - University of Pennsylvania.....	132	132	132
Cardiovascular Studies - St. Francis Hospital.....	132	132	132
St. Christopher's Hospital: Cerebral Palsy.....	791	791	791
St. Christopher's Hospital: Disabled Children's Clinic.....	166	166	166
Lancaster - Cleft Palate Clinic.....	56	56	56
Pittsburgh - Cleft Palate Clinic.....	56	56	56
Tay Sachs Disease - Jefferson Medical College.....	56	56	56
Burn Foundation.....	462	462	462
Rehabilitation Institute of Pittsburgh.....	770	770	770
Subtotal - State Funds.....	<u>\$ 149,674</u>	<u>\$ 151,910</u>	<u>\$ 152,101</u>
Subtotal - Federal Funds.....	<u>228,658</u>	<u>258,008</u>	<u>252,635</u>
Subtotal - Augmentations.....	<u>1,319</u>	<u>1,815</u>	<u>1,720</u>
Total - Grants and Subsidies.....	<u>\$ 379,651</u>	<u>\$ 411,733</u>	<u>\$ 406,456</u>
STATE FUNDS.....	<u>\$ 200,147</u>	<u>\$ 204,812</u>	<u>\$ 206,740</u>
FEDERAL FUNDS.....	<u>283,278</u>	<u>334,030</u>	<u>331,236</u>
AUGMENTATIONS.....	<u>4,901</u>	<u>5,775</u>	<u>5,687</u>
GENERAL FUND TOTAL.....	<u>\$ 488,326</u>	<u>\$ 544,617</u>	<u>\$ 543,663</u>
OTHER FUNDS:			
EMERGENCY MEDICAL OPERATING SERVICES FUND:			
Emergency Medical Services.....	\$ 8,641	\$ 8,800	\$ 8,800
Catastrophic Medical and Rehabilitation.....	4,000	4,000	3,400
EMERGENCY MEDICAL OPERATING SERVICES FUND TOTAL.....	<u>\$ 12,641</u>	<u>\$ 12,800</u>	<u>\$ 12,200</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
ORGAN DONATION AWARENESS TRUST FUND:			
Implementation Costs.....	\$ 18	\$ 105	\$ 105
Hospital and Other Medical Costs.....	0	15	60
Grants to Certified Procurement Organizations.....	0	183	192
Project Make-A-Choice.....	0	35	78
ORGAN DONATION AWARENESS TRUST FUND TOTAL.....	\$ 18	\$ 338	\$ 435
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 200,147	\$ 204,812	\$ 206,740
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	283,278	334,030	331,236
AUGMENTATIONS.....	4,901	5,775	5,687
OTHER FUNDS.....	12,659	13,138	12,635
TOTAL ALL FUNDS.....	\$ 500,985	\$ 557,755	\$ 556,298

^a Actually appropriated as \$13,289,000 for General Government Operations, \$1,015,000 as a part of Renal Dialysis Management, \$842,000 as a part of Primary Health Care Practitioner, \$2,157,000 as a part of Cancer Programs appropriations and \$1,301,000 as a part of AIDS Programs.

^b Includes recommended supplemental appropriation of \$395,000.

^c Actually appropriated as \$1,015,000 but excludes \$1,015,000 transferred to General Government Operations.

^d Actually appropriated as \$2,452,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^e Actually appropriated as \$12,489,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^f Excludes Federal funds of \$1,000,000 formerly subgranted that are now shown as direct appropriations to the Department of Public Welfare.

^g Actually appropriated as \$4,705,000 but excludes \$842,000 transferred to General Government Operations.

^h Actually appropriated as \$5,700,000 but excludes \$2,157,000 transferred to General Government Operations.

ⁱ Actually appropriated as \$7,580,000 but excludes \$1,301,000 transferred to General Government Operations.

^j Actually appropriated as \$4,480,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^k Excludes Federal funds of \$9,074,000 formerly subgranted that are now shown as direct appropriations to the Department of Public Welfare.

^l Actually appropriated as \$2,000,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^m Excludes Federal funds of \$164,000 formerly subgranted that are now shown as direct appropriation to the Department of Public Welfare.

ⁿ Actually appropriated as \$15,364,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^o Actually appropriated as \$57,206,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^p Excludes Federal funds of \$2,100,000 formerly subgranted that are now shown as direct appropriations to the Department of Corrections and excludes Federal funds of \$1,983,000 formerly subgranted that are now shown as direct appropriations to the Department of Public Welfare.

^q Actually appropriated in the Department of Education.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND.....	\$ 28,408	\$ 29,429	\$ 30,760	\$ 31,365	\$ 31,986	\$ 32,620	\$ 33,266
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	36,720	50,687	51,907	51,874	51,872	51,869	51,867
OTHER FUNDS.....	3,511	3,757	3,765	3,765	3,765	3,765	3,765
SUBCATEGORY TOTAL.....	\$ 68,639	\$ 83,873	\$ 86,432	\$ 87,004	\$ 87,623	\$ 88,254	\$ 88,898
HEALTH RESEARCH							
GENERAL FUND.....	\$ 8,642	\$ 9,021	\$ 9,224	\$ 9,268	\$ 9,381	\$ 9,496	\$ 9,614
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,227	2,380	2,509	2,509	2,509	2,509	2,509
OTHER FUNDS.....	64	195	195	195	195	195	195
SUBCATEGORY TOTAL.....	\$ 10,933	\$ 11,596	\$ 11,928	\$ 11,972	\$ 12,085	\$ 12,200	\$ 12,318
PREVENTIVE HEALTH							
GENERAL FUND.....	\$ 105,119	\$ 107,908	\$ 109,252	\$ 109,576	\$ 109,910	\$ 110,250	\$ 110,597
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	186,666	218,701	221,188	221,188	221,188	221,188	221,188
OTHER FUNDS.....	332	581	609	609	609	609	609
SUBCATEGORY TOTAL.....	\$ 292,117	\$ 327,190	\$ 331,049	\$ 331,373	\$ 331,707	\$ 332,047	\$ 332,394
HEALTH TREATMENT SERVICES							
GENERAL FUND.....	\$ 20,578	\$ 21,294	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	508	751	750	750	750	750	750
OTHER FUNDS.....	12,659	13,138	12,635	12,635	12,635	12,635	12,635
SUBCATEGORY TOTAL.....	\$ 33,745	\$ 35,183	\$ 33,479	\$ 33,479	\$ 33,479	\$ 33,479	\$ 33,479
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND.....	\$ 37,400	\$ 37,160	\$ 37,410	\$ 37,535	\$ 37,660	\$ 37,660	\$ 37,660
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	57,157	61,511	54,882	54,757	54,632	54,632	54,632
OTHER FUNDS.....	994	1,242	1,118	1,118	1,118	1,118	1,118
SUBCATEGORY TOTAL.....	\$ 95,551	\$ 99,913	\$ 93,410	\$ 93,410	\$ 93,410	\$ 93,410	\$ 93,410
ALL PROGRAMS:							
GENERAL FUND.....	\$ 200,147	\$ 204,812	\$ 206,740	\$ 207,838	\$ 209,031	\$ 210,120	\$ 211,231
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	283,278	334,030	331,236	331,078	330,951	330,948	330,946
OTHER FUNDS.....	17,560	18,913	18,322	18,322	18,322	18,322	18,322
DEPARTMENT TOTAL.....	\$ 500,985	\$ 557,755	\$ 556,298	\$ 557,238	\$ 558,304	\$ 559,390	\$ 560,499

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 State Center for Health Statistics and Research serves as the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. The center maintains statistical information on the health status of the population including leading causes of death, life expectancy and infant mortality. The center handles about 3,500 requests for services each year. The data center 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 Department of Health 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 medical facilities to determine compliance with State and Federal standards and regulations as a condition of receiving Federal Medicare and Medicaid financial support. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. If deficiencies are noted, a plan for correction is required. Facilities unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties.

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. Inpatient acute care facilities and nursing homes are subject to annual inspections. Home Health agencies are inspected on a biannual basis. Fifteen percent of other outpatient facilities or services such as primary care and physical, speech and occupational

therapy providers, ambulatory/surgical facilities, and rural health clinics are inspected annually. More frequent inspections are made in response to complaints or life-threatening situations.

The Bureau of Health Care Financing is responsible for consumer protection for health care provided through managed care plans including health maintenance organizations (HMOs), 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. The bureau also establishes rules for consumer grievances and hears appeals from dissatisfied members. It reviews and approves provider contracts and reimbursement methods. It establishes rules and monitors delegation of essential managed care functions. The bureau develops policies and guidelines for licensure and regulation of new developments in managed care such as physician-hospital organizations (PHOs), integrated delivery systems and medical service organizations, and collects and analyzes managed care data to identify trends. It licenses and oversees capitated dental plans (dental HMOs), traditional PPOs, nonprofit medical-surgical, vision, and dental plans (including Pennsylvania Blue Shield), and coordinated care organizations (CCOs) under the Workers' Compensation Act. Finally, it monitors, researches and develops policy for general health financing and reimbursement issues, health cost-containment initiatives and health reform proposals.

The department operates the Public Health Laboratory which maintains a state of readiness to support the investigation of disease outbreaks or threats to the public health. The State Laboratory performs approximately 130,000 tests each year for diseases including HIV, rabies, hypothyroidism, blood lead, phenylketonuria, tuberculosis and maple syrup urine disease. The State Laboratory supports disease prevention through the provision of investigatory, diagnostic and confirmatory testing for both infectious and noninfectious diseases. It establishes and monitors the performance standards for 6,400 clinical and physician office laboratories in the Commonwealth. The State Laboratory also certifies clinical laboratories under the requirements of the Federal Clinical Laboratory Act.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Health care facilities in Pennsylvania with required surveys completed:							
Hospitals (biennially)	90%	90%	90%	90%	90%	90%	90%
Skilled and intermediate care nursing homes	100%	100%	100%	100%	100%	100%	100%
Intermediate care facilities/MR	100%	100%	100%	100%	100%	100%	100%
Home health agencies	100%	100%	100%	100%	100%	100%	100%
Psychiatric hospitals	100%	100%	100%	100%	100%	100%	100%

The percentage of hospitals surveyed biennially is higher than last year's budget because Federal survey requirements changed from 40% to 90% and the department began to accept the Joint Commission for Accreditation of Health Care Organizations (JCAHO) accreditation in lieu of individual surveys.



Program: Health Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Quality Assurance	
\$ 436	—to continue current program.	\$ 193	—to continue current program.
181	—to replace nonrecurring augmentations.	-163	—nonrecurring time sheet projects.
100	—to conduct public awareness campaigns for the cancer program.	4	—Initiative — Year 2000 Conversion Efforts. To continue converting agency computer applications to accommodate the year 2000.
150	—Initiative — Women's Health Campaign. To expand the women's health campaign.		<i>Appropriation Increase</i>
35	—Initiative — Governor's Council on Physical Fitness and Sports. To provide administrative support to the Governor's Council on Physical Fitness and Sports.	\$ 34	
27	—Initiative — Year 2000 Conversion Efforts. To continue converting agency computer applications to accommodate the year 2000.	\$ 157	State Laboratory
103	—Initiative — Administrative Information Technology Enhancements. To enhance administrative flexibility to address the delivery of information technology services.	8	—to continue current program.
100	—PRR — Promoting Independence for Persons with Disabilities. This Program Revision establishes a recreation information and referral network for persons with disabilities. See the Program Revision following the Human Services program in the Department of Public Welfare for additional information.	\$ 165	—Initiative — Year 2000 Conversion Efforts. To continue converting agency computer applications to accommodate the year 2000.
			<i>Appropriation Increase</i>
\$ 1,132	<i>Appropriation Increase</i>		

This budget also recommends \$50,000 in Federal funds for the Governor's Council on Physical Fitness and Sports and \$32,000 in Federal funds to support Year 2000 conversion efforts.



Includes PRIME recommendation to streamline the licensure of health care organizations.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,604	\$ 18,954	\$ 20,086	\$ 20,490	\$ 20,894	\$ 21,306	\$ 21,726
Quality Assurance	6,777	7,387	7,421	7,565	7,716	7,870	8,027
State Laboratory	3,027	3,088	3,253	3,310	3,376	3,444	3,513
TOTAL GENERAL FUND	\$ 28,408	\$ 29,429	\$ 30,760	\$ 31,365	\$ 31,986	\$ 32,620	\$ 33,266

PROGRAM OBJECTIVE: To develop better basic scientific knowledge of the nature of disease, illness and the environment which will improve the use of existing and new health resources.

Program: Health Research

The Division of Vital Records is the repository for over 29 million records of births, deaths, fetal deaths, marriages and divorces which occur in the Commonwealth. Through automation of this operation, all Pennsylvania birth records from 1923 to the present are available through

the department's computer system at all branch offices. This system assists in the detection of fraudulent record usage and the report of missing children. Birth and death records are also available on microfilm for preservation and retrieval if required.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Vital events (births, deaths, fetal deaths, marriages and divorces):							
Registered and processed	388,470	386,200	386,100	384,100	382,000	381,000	379,900
Percent registered and processed within 30 days	64%	72%	75%	80%	85%	85%	85%
Applications for certified copies of birth and death records filled	591,600	590,100	593,000	595,000	598,000	602,000	605,000

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 56	Vital Statistics	—to continue current program.
60		—to replace voice mail request system.
20		—Welfare Reform printing requirements.
67		—Initiative — Year 2000 Conversion Efforts.
		To continue converting agency computer applications to accommodate the year 2000.
<hr/>		
\$ 203	<i>Appropriation Increase</i>	

All other appropriations are included at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Diabetes Programs	\$ 425	\$ 461	\$ 461	\$ 461	\$ 461	\$ 461	\$ 461
Vital Statistics	5,261	5,404	5,607	5,651	5,764	5,879	5,997
Regional Cancer Institutes	1,350	1,550	1,550	1,550	1,550	1,550	1,550
Fox Chase Institute for Cancer							
Research	860	860	860	860	860	860	860
The Wistar Institute — Research:							
Operation and Maintenance	237	237	237	237	237	237	237
The Wistar Institute — Research:							
AIDS Research	102	102	102	102	102	102	102
Central Penn Oncology Group	143	143	143	143	143	143	143
Cardiovascular Studies — University of							
Pennsylvania	132	132	132	132	132	132	132
Cardiovascular Studies — St. Francis							
Hospital	132	132	132	132	132	132	132
TOTAL GENERAL FUND	\$ 8,642	\$ 9,021	\$ 9,224	\$ 9,268	\$ 9,381	\$ 9,496	\$ 9,614



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. This includes a number of outreach and education services facilitated by the department, which are fundamental elements to make people aware of the importance of proper health practices and the availability of services to meet their needs.

The department, through its network of six district offices, 57 State health centers, and three local pilot community health projects, provides a limited range of public health services. These programs include communicable disease tracking, investigation, intervention and control services, family health and chronic disease assessment and intervention services, and special environmental health services. There are also six counties and three municipalities that generally provide this same range of 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 various grant programs which enhance the recruitment and retention of primary health care physicians and other health professionals. These grants include awards to medical schools to increase the supply of general practitioners, student intern programs to provide clinic services, and educational loan forgiveness to professionals practicing in targeted areas.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Woman and Infant Programs

The department funds special initiatives in selected high prevalence areas to reduce the incidence of unintended pregnancy among teens. The department has begun a five year comprehensive, Statewide plan to promote community-directed, abstinence education programs to postpone sexual activity and avoid pregnancy among young adolescents. This Abstinence Education and Related Services initiative is part of the Governor's Project for Community Building.

The department has developed a maternal and child health outreach program called "Love 'em with a Checkup" to address the problems of infant mortality and low birth weight. This outreach campaign alerts women to the importance of early prenatal care and primary care for children. It also provides information on access and appropriate use of health services. The department also developed a similar information and referral program for parents of children with special health care needs, called the "Special Kids Network."

The 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 support for education and services to underserved populations and areas of the State.

The Women, Infants, and Children (WIC) Program is a Federal program administered by the department. It serves pregnant, breast-feeding, and postpartum women, infants, and children up to five years of age who are at nutritional risk due to poor health, inadequate diet, and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of members of this target population. The program ensures that WIC participants receive routine health care, and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health, and social services. Program benefits promote optimal pregnancy outcome, improve participant use of pediatric and obstetrical services and enhance early interventions into potential health problems.

In order to minimize severe health risks to infants, the department conducts a Newborn Screening Program that includes testing for

Phenylketonuria (PKU), Hypothyroidism, Sickle Cell Disease and Maple Syrup Urine Disease (MSUD). 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 required for children and pregnant women with PKU or MSUD to lessen the adverse effects of those conditions.

The Sudden Infant Death Syndrome (SIDS) Program provides supportive services to families following a sudden infant death. Education regarding SIDS is provided to health professionals and others who normally interact with families following such a death.

The department facilitates a number of programs designed to help improve the health status of women. These programs range from a Statewide breast and cervical cancer early detection program, an HIV and pregnancy initiative, and a sexually transmitted disease program targeted to chlamydia and gonorrhea, to the development of a "Gift Giving Guide" to help promote and protect women's health.

The department supports a special smoking cessation program for pregnant women. This includes a promotional campaign advising health care and child care providers of the availability of self help materials and training opportunities to help women quit smoking. Through a "train the trainers" mechanism, the department is developing Statewide smoking cessation programs.

Program Element: Children's Programs

The department's Immunization Program provides immunizations to infants, children, and youth to reduce the incidence of vaccine-preventable diseases in the Commonwealth. While vaccinations are encouraged for all ages, special emphasis is placed on reaching children less than two years old. The program also coordinates the surveillance of vaccine-preventable diseases, controls disease outbreaks, assesses immunization levels, conducts professional and public education programs, and initiates, processes, and evaluates the school immunization reporting system. In addition, the program provides vaccine and guidance to school districts for the provision of hepatitis B immunizations for 7th grade students. The department also promotes appropriate adult immunization services. These services range from assuring that senior citizens and others with chronic illnesses have access to annual influenza immunizations to providing assistance to volunteer fire companies, school districts, ambulance corps, correction officials, State Police, and other organizations to purchase hepatitis B vaccine via Federal contracts, which allows them to protect their at-risk staffs at greatly reduced rates.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention Program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation, and reduction of lead hazards in order to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational, medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health Program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 501 school districts and nine vocational technical schools for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease Prevention Programs

The department ensures that all residents of the Commonwealth are served through a communicable disease epidemiological surveillance, investigation and control system. Reported cases of communicable diseases



Program: Preventive Health: (continued)

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.

The department has also stepped up chronic disease control and injury prevention program activities. This is in light of the fact that chronic diseases and injuries and their associated risk factors are the leading causes of preventable morbidity and mortality within the Commonwealth.

The department's Cardiovascular Risk Reduction program implements risk-reduction measures that address premature morbidity and mortality from cardiovascular disease (the leading cause of death in Pennsylvania). The program focuses on modification of primary risk factors such as uncontrolled high blood pressure, high blood cholesterol, tobacco use, improper dietary practices, physical inactivity, and stress.

Similarly, the department's Diabetes Control Program helps reduce the risk of complications resulting from this chronic disease. This is accomplished by facilitating community and hospital-based diabetes patient and professional education programs.

The Tobacco Control Program is designed to reduce the use of tobacco products by residents and control the epidemic of tobacco-related disease, disability and death. The key focus is to reach children, adolescents, and retailers with a "no-tobacco use" message to prevent addiction to nicotine in cigarettes and other tobacco products. The program also collects and analyzes intervention and prevention data, promotes public awareness and oversees the Clean Indoor Air Law.

The department conducts an Injury Prevention Program to lessen the effect of injuries on the Commonwealth's residents. The goal is to reduce the incidence of predictable and preventable injuries through the development of surveillance systems, programs for at-risk populations and training for health professionals. The department supports injury prevention programs like the SafeKIDS coalition to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children, and provide programs on fire safety, poisoning and drowning.

The department's Acquired Immune Deficiency Syndrome (AIDS)

programs are a coordinated strategy to prevent and change high-risk behaviors and provide resources and direction for sustaining preventive behavior and avoiding infection with the Human Immunodeficiency Virus (HIV). Emphasis is placed on enhancing local decision-making processes and targeting activities to local needs through seven regional planning coalitions. The educational program includes on-site training of diverse groups, both print and electronic public information service, consultation with small businesses and community intervention projects. Confidential HIV testing and partner notification services are also provided.

The Sexually Transmitted Disease (STD) program is designed to reduce the incidence of syphilis, gonorrhea, chlamydia, and herpes through diagnosis and treatment of people infected with the disease. Counseling and follow-up of infected patients helps identify sex partners who may be at risk of developing a sexually transmitted disease and refer them for appropriate health care. Special attention is provided for pregnant women with chlamydia and gonorrhea to prevent complications among newborns.

The Tuberculosis Control Program provides outpatient examination, diagnosis and appropriate treatment for persons infected with tuberculosis. Key to preventing the spread of the disease is contact examination and preventive therapy to close contacts of infectious cases or other high-risk people.

The Oral Health Program provides oral and dental health educational material primarily in schools and county health offices that are designed to encourage the prevention of tooth decay, periodontal (gum) disease, and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The department maintains a Statewide cancer registry of incidence and mortality data, along with relevant demographic and geographic information on each case. Over 250 hospitals report all diagnoses of malignant conditions to the registry. Staff conducts quality assessment reviews on this data at approximately 115 reporting hospitals each fiscal year. The data base provides important information for planning, implementation, research, and evaluation. The department has developed and implemented a number of cancer prevention and early detection programs. This includes a breast and cervical cancer education and early detection program.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Women and children's programs:							
Percent low birth weight live births	7.5%	7.5%	7.5%	7.5%	7.5%	7.6%	7.6%
Average number of persons participating in women, infants and children (WIC) programs each month	259,552	267,377	270,350	270,350	270,350	270,350	270,350
Other communicable disease programs:							
HIV tests at publicly-funded sites	44,085	47,000	49,000	51,000	53,000	55,000	55,000
Percentage of persons screened found with gonorrhea	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Communicable disease incidences reported:							
Gonorrhea	10,520	11,500	11,500	11,500	11,500	11,500	11,500
Infectious Syphilis	123	250	250	250	250	250	250
AIDS	2,159	3,000	3,400	3,800	4,200	4,600	5,000
Primary care physicians receiving loan repayment forgiveness	83	112	121	138	130	130	130
Cancer Abstracts Received	110,865	130,000	135,000	140,000	145,000	150,000	155,000

The actual number of reported gonorrhea cases decreased from last year's budget projection due to improved treatment methods. In the future, cases are expected to increase due to improved testing methods which identify more cases.

Reported infectious syphilis cases decreased from last year's budget due to the sporadic nature of outbreaks in this disease.

Reported AIDS cases decreased from the amounts listed in last year's budget due to the introduction of new treatments which restrain HIV diagnosis from becoming full AIDS cases.

Primary care physicians receiving loans decreased from last year's budget due to a decrease in the number of applicants.



Program: Preventive Health: (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -265 —nonrecurring projects. 446 —to continue current program. 3 —Initiative — Year 2000 Conversion Efforts. To continue converting agency computer applications to accommodate the year 2000.</p> <hr/> <p>\$ 184 <i>Appropriation Increase</i></p>	<p>State Health Care Centers</p> <p>VD Screening and Treatment —to provide increased clinical care. 6 —to replace computer equipment. -3 —to reflect decreased drug costs.</p> <hr/> <p>\$ 19 <i>Appropriation Increase</i></p> <p>Primary Health Care Practitioner —to continue the Bridging the Gap project which allows students to participate in community medical programs.</p>	<p>\$ 588 —to continue current program.</p> <p>School District Health Services</p> <p>Local Health Departments —to continue current program including support for new local health departments in State College and Wilkes-Barre.</p> <p>Local Health — Environmental —to continue current program including support for new local health departments in State College and Wilkes-Barre.</p> <p>Maternal and Child Health —to provide match requirements for abstinence education.</p> <p>Tuberculosis Screening and Treatment —decreased clinician costs.</p>
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All other appropriations are included at the current year level.

This budget also recommends \$50,000 in Federal funds for the Governor's Council on Physical Fitness and Sports.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State Health Care Centers	\$ 14,931	\$ 16,180	\$ 16,364	\$ 16,688	\$ 17,022	\$ 17,362	\$ 17,709
VD Screening and Treatment	1,108	1,108	1,127	1,127	1,127	1,127	1,127
Primary Health Care Practitioner.....	3,863	3,088	3,160	3,160	3,160	3,160	3,160
Cancer Programs	3,543	3,595	3,595	3,595	3,595	3,595	3,595
AIDS Programs	6,279	6,528	6,528	6,528	6,528	6,528	6,528
School District Health Services.....	39,065	39,279	39,867	39,867	39,867	39,867	39,867
Local Health Departments	24,350	26,247	26,313	26,313	26,313	26,313	26,313
Local Health — Environmental.....	7,294	7,294	7,398	7,398	7,398	7,398	7,398
WIC — State Supplement	1,400	0	0	0	0	0	0
Maternal and Child Health	2,000	3,150	3,465	3,465	3,465	3,465	3,465
Epilepsy Support Services.....	0	150	150	150	150	150	150
Tuberculosis Screening and Treatment	1,010	1,013	1,009	1,009	1,009	1,009	1,009
Keystone State Games	220	220	220	220	220	220	220
Tay Sachs Disease — Jefferson Medical College	56	56	56	56	56	56	56
TOTAL GENERAL FUND.....	\$ 105,119	\$ 107,908	\$ 109,252	\$ 109,576	\$ 109,910	\$ 110,250	\$ 110,597

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

Program Element: Inpatient Services

One of the principal concerns of patient management is to provide treatment services at the least expensive level of care while remaining consistent with standards of good medical practice. Inpatient hospital and nursing care is provided for only the most acute medical conditions that require the facilities and services available in an inpatient setting. Because inpatient care is very expensive, programs providing this type of care have imposed strict controls on admissions and, where possible, are using outpatient services in lieu of hospital admissions. Inpatient care is provided for the treatment of tuberculosis, cleft palate, cystic fibrosis, spina bifida, children's cardiac conditions, and orthopedic, speech, and hearing problems.

Program Element: Outpatient Services

Outpatient treatment services are more economical and cost-effective than inpatient care and are utilized whenever possible to provide needed treatment services for chronic diseases (including respiratory), physical rehabilitation and reconstruction, catastrophic blood disorders and acute conditions.

Clinical services are offered in a variety of settings, including State and community health centers, family planning clinics and practicing physicians' offices. This also allows minors to seek and receive care under the treatment of minors provisions of the Disease Prevention and Control Law.

The Division of Children's Special Health Care Needs (CSHCN) provides a system of information and referral which is coordinated by one Statewide contractor and implemented by six regional contractors (Regional Resource Centers) located in the department's six health districts. Through the Family Focus Early Intervention System, grants are made for family support and community development activities related to CSHCN. A family consultant is located in each tertiary children's hospital to assist and advocate for families as they access services for CSHCN. This consultant links families back to the Regional Resource Center for information and referral to local services.

The Services for Children with Special Needs Program provides Statewide case management and support services to children with chronic respiratory failure who are ventilator dependent, allowing them to receive life-support equipment and nursing care in their homes. The program also assists individuals with spina bifida who have health care costs which are not covered by insurance or third party resources. In a joint effort to improve utilization of State funds, as many children as possible who are eligible for Medical Assistance receive all medically necessary services through the Medical Assistance Program in the Department of Public Welfare.

Children's rehabilitative services are provided through outpatient clinics to children from newborn to age 21 with cardiac, orthopedic, cystic fibrosis, cleft palate, and craniofacial anomalies and hearing and speech disorders. Services for these patients include case management, evaluation, diagnosis, medical and rehabilitative services and follow-up treatments.

The Hemophilia Program utilizes eight specialized centers to provide comprehensive evaluation, rehabilitation services and blood products for outpatient or home use. Patients must be registered with a center to receive these benefits and must ensure that third party resources are used before State program funds are expended.

Sickle Cell Anemia is a genetically determined red blood cell disorder which affects approximately two percent of the African-American population in Pennsylvania. Patients receive medical and psychosocial services at 15 different service sites.

The Cooley's Anemia Program identifies children and adults with this chronic blood disorder and provides comprehensive care including social services, vocational planning, family screening and counseling.

The Adult Cystic Fibrosis Program provides comprehensive treatment and care coordination to an increasing number of adults who survive this chronic childhood condition.

The department provides extensive outpatient support services to persons with chronic respiratory diseases. The Coal Miners' Chronic Respiratory Disease Program provides screening, diagnostic, rehabilitative, educational, referral and follow-up care to all miners with pulmonary disease within the Commonwealth.

The Chronic Renal Disease Program provides dialysis, renal transplant, drugs, certain physician fees, medical supplies and transportation services to persons with chronic renal failure. The department's Health Promotion Program conducts a public information and education program to encourage organ and tissue donation as one means of eliminating this disease and prolonging life.

The department also administers a program for planning, developing and upgrading Emergency Medical Services (EMS) Systems throughout the Commonwealth. This includes the licensing of ambulance services. The Head Injury Program provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injury. Services are provided through contractual agreements with regional case managers and head injury rehabilitation providers in the Commonwealth. Funding is made available through the Emergency Medical Services Operating Fund included in the Special Fund Appendix.



Program: Health Treatment Services (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Inpatient Services							
Persons receiving inpatient hospital care from department programs	84	48	45	40	40	35	30
Outpatient Services							
Children and adults receiving outpatient treatment through department supported programs:							
Hemophilia	1,106	1,106	1,106	1,100	1,100	1,100	1,100
Phenylketonuria	577	597	612	632	645	660	670
Renal disease	7,337	7,500	7,500	7,500	7,500	7,500	7,500
Cooley's Anemia	42	43	44	45	46	47	47
Sickle Cell Anemia	1,642	1,722	1,792	1,870	1,950	2,030	2,110
Spina Bifida	1,057	1,161	1,161	1,160	1,160	1,160	1,160
Home Ventilators	139	148	148	150	150	150	150
Chronic respiratory disease	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Children's rehabilitative services	3,435	3,500	3,500	3,500	3,500	3,500	3,500

Persons receiving outpatient care for renal disease decreases from last year's budget due to updated records of active patients.

Persons receiving outpatient care for hemophilia, sickle cell anemia and children's rehabilitative services decreases from last year's budget due to improved data collection methods.

Persons receiving outpatient care for home ventilator services increases in the current year from last year's budget based on actual data to date.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Renal Dialysis \$ -1,000 —to reflect pharmaceutical rebates of 17 percent of manufacturer's price as authorized by Act 134 of 1997.</p>	<p>Emergency Care Research \$ -200 —nonrecurring projects.</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)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Organ Donation	\$ 140	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120
Coal Workers Pneumoconiosis Services.....	200	200	200	200	200	200	200
Renal Dialysis	10,173	10,255	9,255	9,255	9,255	9,255	9,255
Services for Children with Special Needs	1,732	1,732	1,732	1,732	1,732	1,732	1,732
Adult Cystic Fibrosis	391	391	391	391	391	391	391
Cooley's Anemia	195	198	198	198	198	198	198
Hemophilia	1,594	1,594	1,594	1,594	1,594	1,594	1,594
Sickle Cell	1,202	1,203	1,203	1,203	1,203	1,203	1,203
Regional Poison Control Centers	1,000	1,250	1,250	1,250	1,250	1,250	1,250
Trauma Programs Coordination	150	200	200	200	200	200	200
Trauma Systems	0	50	50	50	50	50	50
Tourette Syndrome	0	100	100	100	100	100	100
Emergency Care Research	0	200	0	0	0	0	0
Bio-Technology Research	1,500	1,500	1,500	1,500	1,500	1,500	1,500
St. Christopher's Hospital: Cerebral Palsy ..	791	791	791	791	791	791	791
St. Christopher's Hospital: Disabled Children's Clinic	166	166	166	166	166	166	166
Lancaster — Cleft Palate Clinic	56	56	56	56	56	56	56
Pittsburgh — Cleft Palate Clinic	56	56	56	56	56	56	56
Burn Foundation	462	462	462	462	462	462	462
Rehabilitation Institute of Pittsburgh	770	770	770	770	770	770	770
TOTAL GENERAL FUND	\$ 20,578	\$ 21,294	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094



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 purchase 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 program based on those findings.

The prevention program provides current information on the effects of drugs and alcohol and assists individuals in developing or improving skills that will enable them to choose a lifestyle free of substance abuse. This is done through educational sessions, workshops, media presentations and an information clearinghouse operated by the department. Primary emphasis has been given to youth, and a special curriculum is now used in all school districts to address drug and alcohol problems.

Intervention services provide support to those individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and occupational programs. The Student Assistance Program (SAP), which encompasses all 501 Commonwealth school districts, provides school personnel with the knowledge and skills needed to identify students using alcohol or drugs. Students are referred

to professional evaluators and, if needed, receive treatment services. Special services are designed to divert certain criminal offenders into rehabilitation programs.

Treatment services are funded in hospitals, prisons, shelters, residential units and outpatient programs. Treatment often consists of short-term detoxification followed by a longer term rehabilitation. Most inpatient services are rendered in a nonhospital setting. Outpatient services may follow discharge from a residential program, however, many persons receive their initial treatment in an outpatient setting. Typically, admissions to treatment are approximately 46 percent drug related and 54 percent alcohol related. Males represent 72 percent of all treatment admissions. After alcohol, the second most predominant drug abuse problem is cocaine 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.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Prevention Services:							
School personnel trained by Student Assistance Program.....	11,100	11,100	11,100	11,100	11,100	11,100	11,100
Students referred for assistance by Student Assistance Program.....	16,732	16,899	17,068	17,238	17,410	17,584	17,759
Treatment Services:							
Residential programs licensed/approved.....	187	190	190	190	190	190	190
Outpatient programs licensed/approved.....	595	595	595	595	595	595	595
Patients enrolled in treatment:							
Male.....	46,321	46,331	46,794	47,000	47,700	48,200	48,700
Female.....	20,178	20,380	20,584	21,000	21,200	21,400	21,600
Admissions with primary diagnosis:							
Drug abuse.....	32,720	33,000	33,000	33,000	33,000	33,000	33,000
Alcohol abuse.....	31,271	32,000	32,000	32,000	32,000	32,000	32,000
Percent of admissions completing treatment.	41%	42%	43%	44%	45%	46%	47%

Students referred for assistance increased from last year's budget due to improved training provided to school personnel, improved access to program services, and increased substance abuse by students.

Residential programs licensed/approved decreased from last year's budget to reflect a revision to show non-hospital and rehabilitation facilities exclusively to more accurately depict this measurement.

Outpatient programs licensed/approved increased from last year's budget due to increased enrollment in managed care organizations.

Patients enrolled in treatment-female increased from last year's budget due to increased outreach for pregnant women.

Admissions with primary diagnosis: alcohol abuse decreased from last year's budget due to expansion of managed care which reduced the use of inpatient care.

The percent of admissions completing treatment increases from last year's budget due to improved placement methods which better match clients with appropriate treatments.

Program: Drug and Alcohol Abuse Prevention and Treatment (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 250 **Assistance to Drug and Alcohol Programs**
 —to match Federal funds for a Drug Control
 and System Improvement (DCSI) project.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Assistance to Drug and Alcohol Programs	\$ 37,400	\$ 37,160	\$ 37,410	\$ 37,535	\$ 37,660	\$ 37,660	\$ 37,660





COMMONWEALTH OF PENNSYLVANIA

HIGHER EDUCATION ASSISTANCE AGENCY

The Higher Education Assistance Agency provides 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 grant program.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Higher Education Assistance Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Grants to Students.....	\$ 233,091	\$ 249,407	\$ 266,866
(F)Byrd Scholarships.....	0	1,224	1,224
Matching Payments for Student Aid Funds.....	6,736	8,397	8,397
Institutional Assistance Grants.....	35,675	36,745	37,939
Equal Opportunity Professional Education.....	750	750	750
Loan Forgiveness.....	4,214	2,340	402
Agricultural Loan Forgiveness.....	264	177	0
Child Care Loan Forgiveness.....	100	100	0
Subtotal - State Funds.....	\$ 280,830	\$ 297,916	\$ 314,354
Subtotal - Federal Funds.....	0	1,224	1,224
Total - Grants and Subsidies.....	\$ 280,830	\$ 299,140	\$ 315,578
STATE FUNDS.....	\$ 280,830	\$ 297,916	\$ 314,354
FEDERAL FUNDS.....	0	1,224	1,224
GENERAL FUND TOTAL.....	\$ 280,830	\$ 299,140	\$ 315,578
OTHER FUNDS:			
HIGHER EDUCATION ASSISTANCE FUND:			
Guaranteed Loan Loss Reserve.....	\$ 174,177	\$ 165,537	\$ 159,154
State/Federal Education Loan Programs.....	145,931	154,520	163,639
Contract Servicing.....	87,509	96,904	102,289
Robert Byrd Scholarships.....	1,245	1,256	1,256
State Student Incentive Grant.....	1,402	1,378	0
Transfers Augmenting Appropriations.....	1,048	1,041	1,047
Primary Health Care.....	819	1,115	1,230
Administration Augmentations.....	2,363	810	805
Miscellaneous.....	1,256	1,235	1,251
Christa McAuliffe Scholarship.....	39	83	41
HIGHER EDUCATION ASSISTANCE FUND TOTAL.....	\$ 415,789	\$ 423,879	\$ 430,712
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 280,830	\$ 297,916	\$ 314,354
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	0	1,224	1,224
OTHER FUNDS.....	415,789	423,879	430,712
TOTAL ALL FUNDS.....	\$ 696,619	\$ 723,019	\$ 746,290

Higher Education Assistance Agency

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND.....	\$ 245,155	\$ 261,171	\$ 276,415	\$ 276,415	\$ 276,415	\$ 276,415	\$ 276,415
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	1,224	1,224	1,224	1,224	1,224	1,224
OTHER FUNDS.....	415,789	423,879	430,712	430,712	430,712	430,712	430,712
SUBCATEGORY TOTAL.....	\$ 660,944	\$ 686,274	\$ 708,351	\$ 708,351	\$ 708,351	\$ 708,351	\$ 708,351
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND.....	\$ 35,675	\$ 36,745	\$ 37,939	\$ 37,939	\$ 37,939	\$ 37,939	\$ 37,939
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.....	\$ 35,675	\$ 36,745	\$ 37,939	\$ 37,939	\$ 37,939	\$ 37,939	\$ 37,939
ALL PROGRAMS:							
GENERAL FUND.....	\$ 280,830	\$ 297,916	\$ 314,354	\$ 314,354	\$ 314,354	\$ 314,354	\$ 314,354
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	1,224	1,224	1,224	1,224	1,224	1,224
OTHER FUNDS.....	415,789	423,879	430,712	430,712	430,712	430,712	430,712
DEPARTMENT TOTAL.....	\$ 696,619	\$ 723,019	\$ 746,290	\$ 746,290	\$ 746,290	\$ 746,290	\$ 746,290

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To provide financial assistance to Commonwealth residents in order to promote access to institutions of higher education.

Program: Financial Assistance to Students

The Pennsylvania Higher Education Assistance Agency (PHEAA) offers three financial assistance programs to students in the form of grants, work study awards and guaranteed student loans. Funds for the various financial assistance programs flow through the Higher Education Assistance Fund. The Higher Education Assistance Fund is shown in the Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund and interest earnings from the deposit of that appropriation in the PHEAA Fund and Federal State Student Incentive Grant funds. The PHEAA Board annually determines by regulation the distribution of funds to applicants on criteria including family income, family size and the cost of the institution the student will be attending.

The objective of the program is to reduce financial barriers and thereby provide access to higher education for all Commonwealth residents and, within the limits of the resources available, help to provide freedom of choice between public colleges and universities and private universities, colleges and postsecondary schools.

The Federal Family Education Loan Program (FFELP), established by the Federal Government and administered by PHEAA, enables

students to secure long-term loans from lending institutions. A supplemental student loan program funded by the issuance of tax-exempt loans was authorized by Act 330 of 1982, amended by Act 5 of 1985. Under this program tax-exempt bonds are issued to fund a loan program for students who need additional assistance. PHEAA includes in this program funds for parents to obtain loans for the education of their children and a special loan program for students in the health professions.

The Matching Funds Program provides funds to match Federal and other funds for Perkins Loans, Match Grants and Work-Study awards which students earn through several on-campus and off-campus job opportunities and for activities related to the professional development of financial aid personnel. The On-Campus Jobs Program generally provides employment in campus services; off-campus jobs place students in career and course of study related work in local communities.

The Equal Opportunity Professional Education Program provides grants to minority graduates of Lincoln and Cheyney Universities to enter graduate programs of the Commonwealth Universities.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Grants to Students:							
Applications for grants	365,292	369,191	376,570	384,100	391,780	399,620	407,610
Applications complete and needs tested for eligibility	245,856	235,437	242,500	249,780	257,270	264,990	272,830
Eligible applicants—meeting qualifications ...	159,315	157,508	163,050	168,840	174,830	181,030	187,460
Eligible applicants not enrolled at a college/university	17,186	17,370	17,990	18,630	19,290	19,970	20,680
Eligible applicants enrolled and accepting grants	142,129	140,138	145,060	150,210	155,540	161,060	166,780
Grant amount as percent of applicants total educational cost	13.5%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Work Study:							
Students assisted by Federal, State and private funds	81,769	89,099	89,099	89,099	89,099	89,099	89,099
Student work study earnings (in millions)	\$8.868	\$9.134	\$9.134	\$9.134	\$9.134	\$9.134	\$9.134
Student Loans:							
Federally guaranteed loans	558,993	570,173	581,576	593,208	605,072	617,173	629,516

Higher Education Assistance Agency

Program: Financial Assistance to Students (continued)

Program Recommendations:

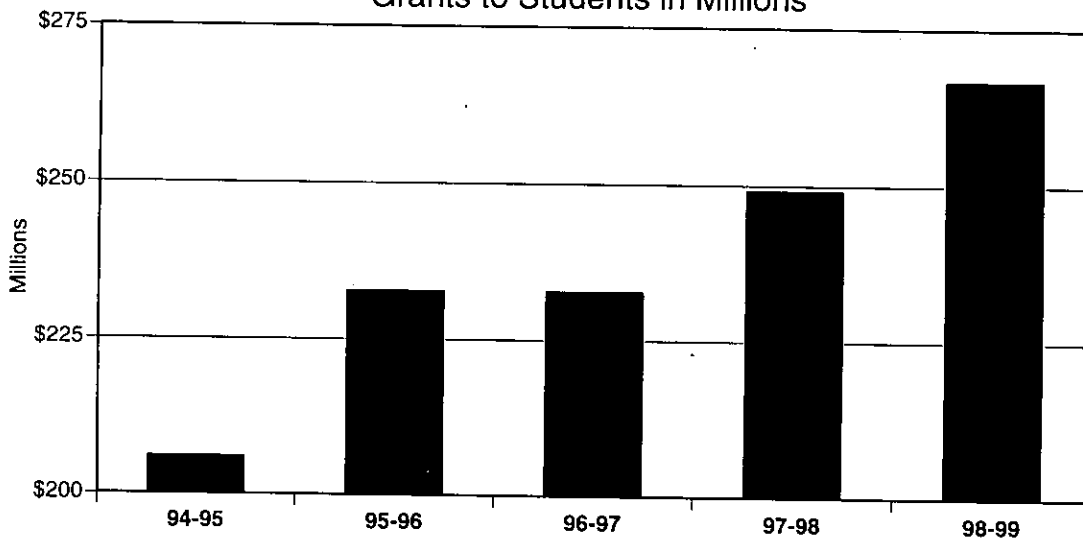
This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Grants to Students \$ 17,459 —Initiative — Enhancements to the Student Grant Program. To increase the number of grant recipients by 1,710 to over 131,000 full-time equivalent students and to increase the average award by \$87, from \$1,939 to \$2,026.</p>	<p>Loan Forgiveness \$ -1,938 —to provide for renewal applicants only.</p> <p>Agricultural Loan Forgiveness \$ -177 —this budget recommends elimination of this program.</p> <p>Child Care Loan Forgiveness \$ -100 —this budget recommends elimination of this program.</p>
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The Matching Payments for Student Aid Funds and the Equal Opportunity Professional Education Loan Forgiveness appropriations are recommended at the current year funding level.

Student Aid Higher Education Assistance Agency

Grants to Students in Millions



This table shows that State funding for student aid has increased over \$60 million or nearly 30 percent since 1994-95.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Grants to Students	\$ 233,091	\$ 249,407	\$ 266,866	\$ 266,866	\$ 266,866	\$ 266,866	\$ 266,866
Matching Payments for Student Aid Funds	6,736	8,397	8,397	8,397	8,397	8,397	8,397
Equal Opportunity Professional Education	750	750	750	750	750	750	750
Loan Forgiveness	4,214	2,340	402	402	402	402	402
Agricultural Loan Forgiveness	264	177	0	0	0	0	0
Child Care Loan Forgiveness	100	100	0	0	0	0	0
TOTAL GENERAL FUND	\$ 245,155	\$ 261,171	\$ 276,415	\$ 276,415	\$ 276,415	\$ 276,415	\$ 276,415

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 which are nonprofit, nondenominational and nonrecipients of direct State appropriations.

The appropriated funds provide equal per capita grants to the schools based on the number of student grant recipients enrolled during the academic year. Eighty five institutions have participated in the grant program in previous years, and the same number are expected to participate in the 1998-99 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 independent colleges and universities.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Eligible grant recipients enrolled at eligible independent institutions	38,747	37,396	37,396	37,396	37,396	37,396	37,396
Per capita grant	\$924	\$984	\$1,019	\$1,019	\$1,019	\$1,019	\$1,019

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Institutional Assistance Grants
 \$ 1,194 —to provide a 3.25% increase.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Institutional Assistance Grants	\$ 35,675	\$ 36,745	\$ 37,939	\$ 37,939	\$ 37,939	\$ 37,939	\$ 37,939





COMMONWEALTH OF PENNSYLVANIA

HISTORICAL AND MUSEUM COMMISSION

The Historical and Museum Commission is the official agency for the conservation and presentation of Pennsylvania's historic heritage. In executing its responsibilities, the commission provides educational and recreational facilities to the public through historical, archeological and museum research, administration of public records, museum exhibition and interpretation, and historic site development.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Historical and Museum Commission

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Enhancing Information Technology to Better Serve Pennsylvania		
	General Government Operations.....	\$ 381

This Program Revision provides \$381,000 in State funds and \$200,000 from the Historical Preservation Fund for the development of local area networks, a geographic information system and an on-line library to improve the administration and management of historical information. This is part of the \$95.8 million Enhancing Information Technology to Better Serve Pennsylvania Program Revision. Please see the Program Revision following the Executive Direction Program in the Executive Offices for additional information on this Program Revision.

Department Total.....	\$ 381
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Historical and Museum Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 15,804 ^a	\$ 17,238 ^b	\$ 18,850
(F)Historic Preservation.....	1,059	1,100	1,000
(F)Pa. Historical Records Advisory Board.....	0	50	0
(F)January 1996 Storm Disaster.....	40	26	0
(F)January 1996 Storm Disaster - Public Assistance.....	24	12	0
(F)Intermodal Surface Transportation Safety Act.....	52	47	0
(F)Surface Mining Review.....	41	45	55
(F)Railroad Museum Improvement.....	312	1,312	0
(F)Environmental Review.....	92	90	95
(F)Erie Maritime Center.....	50	50	10
(F)Community Service Internship.....	6	6	0
(A)Historic Preservation Fund.....	435	465 ^c	400
(A)PA Turnpike Commission.....	25	31	31
(A)Lackawanna Heritage Authority.....	11	0	0
(A)Archives and State Records Services.....	1	0	0
(A)Architectural Services.....	7	0	0
(A)Keystone Recreation, Park & Conservation Fund.....	0	230	232
Subtotal.....	\$ 17,959	\$ 20,702	\$ 20,673
Maintenance Program.....	944	1,000	1,000
Subtotal.....	\$ 944	\$ 1,000	\$ 1,000
Subtotal - State Funds.....	\$ 16,748	\$ 18,238	\$ 19,850
Subtotal - Federal Funds.....	1,676	2,738	1,160
Subtotal - Augmentations.....	479	726	663
Total - General Government.....	\$ 18,903	\$ 21,702	\$ 21,673
<i>Grants and Subsidies:</i>			
Museum Assistance Grants.....	\$ 4,930	\$ 5,400	\$ 4,000
Regional History Centers.....	0	1,000	0
University of Pennsylvania Museum.....	181	181	181
Carnegie Museum of Natural History.....	181	181	181
Franklin Institute Science Museum.....	547	547	547
Academy of Natural Sciences.....	335	335	335
Carnegie Science Center.....	181	181	181
Museum of Philadelphia Civic Center.....	20	0	0
Afro-American Historical and Cultural Museum.....	256	256	256
Everhart Museum.....	33	33	33
Mercer Museum.....	139	139	139
Museum of Scientific Discovery.....	100	100	100
Total - Grants and Subsidies.....	\$ 6,903	\$ 8,353	\$ 5,953
STATE FUNDS.....	\$ 23,651	\$ 26,591	\$ 25,803
FEDERAL FUNDS.....	1,676	2,738	1,160
AUGMENTATIONS.....	479	726	663
GENERAL FUND TOTAL.....	\$ 25,806	\$ 30,055	\$ 27,626
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Historic Site Development - Bond Proceeds.....	\$ 3,404	\$ 1,935	\$ 0
Historic Site Development - Realty Transfer Tax.....	6,341	7,658	5,240
Total - Grants and Subsidies.....	\$ 9,745	\$ 9,593	\$ 5,240

Historical and Museum Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 9,745	\$ 9,593	\$ 5,240
OTHER FUNDS:			
GENERAL FUND:			
Preservation of Historic Sites and Properties.....	\$ 30	\$ 0	\$ 0
Hope Lodge Fund.....	69	0	0
Historical Preservation Act of 1966.....	930	80	80
GENERAL FUND TOTAL.....	\$ 1,029	\$ 80	\$ 80
CONRAD WEISER MEMORIAL PARK TRUST FUND:			
Conrad Weiser Memorial Trust Fund.....	\$ 4	\$ 23	\$ 0
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund.....	\$ 4,301	\$ 6,500	\$ 5,700
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 23,651	\$ 26,591	\$ 25,803
SPECIAL FUNDS.....	9,745	9,593	5,240
FEDERAL FUNDS.....	1,676	2,738	1,160
AUGMENTATIONS.....	479	726	663
OTHER FUNDS.....	5,334	6,603	5,780
TOTAL ALL FUNDS.....	\$ 40,885	\$ 46,251	\$ 38,646

^a Actually appropriated as \$15,354,000 for General Government Operations and \$450,000 for Records and Management Information.

^b Actually appropriated as \$16,794,000 for General Government Operations and \$444,000 for Records and Management Information.

^c Actually estimated as \$400,000 for General Government Operations and \$65,000 for Records and Management Information.



Historical and Museum Commission

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND.....	\$ 16,748	\$ 18,238	\$ 19,850	\$ 20,163	\$ 20,077	\$ 20,477	20,884
SPECIAL FUNDS.....	9,745	9,593	5,240	5,097	5,423	6,200	6,666
FEDERAL FUNDS.....	1,676	2,738	1,160	1,160	1,160	1,160	1,160
OTHER FUNDS.....	5,813	7,329	6,443	6,298	6,271	6,285	6,299
SUBCATEGORY TOTAL.....	\$ 33,982	\$ 37,898	\$ 32,693	\$ 32,718	\$ 32,931	\$ 34,122	35,009
MUSEUM ASSISTANCE							
GENERAL FUND.....	\$ 6,903	\$ 8,353	\$ 5,953	\$ 5,953	\$ 5,953	\$ 5,953	5,953
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.....	\$ 6,903	\$ 8,353	\$ 5,953	\$ 5,953	\$ 5,953	\$ 5,953	5,953
ALL PROGRAMS:							
GENERAL FUND.....	\$ 23,651	\$ 26,591	\$ 25,803	\$ 26,116	\$ 26,030	\$ 26,430	26,837
SPECIAL FUNDS.....	9,745	9,593	5,240	5,097	5,423	6,200	6,666
FEDERAL FUNDS.....	1,676	2,738	1,160	1,160	1,160	1,160	1,160
OTHER FUNDS.....	5,813	7,329	6,443	6,298	6,271	6,285	6,299
DEPARTMENT TOTAL.....	\$ 40,885	\$ 46,251	\$ 38,646	\$ 38,671	\$ 38,884	\$ 40,075	40,962

Historical and Museum Commission

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate and to interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

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

Program Element: State and Local Records

This element is supported by the State Archives, the Land Office, the Computer Output Microfilm Program and the State Records Center. The State Archives is responsible for evaluating State and political subdivision records of the Commonwealth to determine administrative, legal or historical value; processing records disposition requests; developing appropriate records management and archival programs; and providing public access of records, manuscripts and materials deemed appropriate for placement in the State Archives. The commission's archival program also provides information, microfilm, photographs and other materials, and makes available finding aids and guides for researchers and the general public. The Land Office maintains and preserves the records of the first titles acquired by the proprietaries and the Commonwealth to all the lands within Pennsylvania's boundaries, the conveyances and purchasers of the land; papers relating to the surveys of the State boundary lines; and maps and other papers pertaining to the colonial history of Pennsylvania.

The State Archives, the Computer Output Microfilm Program and the State Records Center offers Pennsylvania and its political subdivisions

opportunities for solving the serious problem of managing paper and electronic records. Planning efforts have already been initiated in cooperation with the Office of Administration to insure that short and long-range strategies are developed for records management that will guide Pennsylvania into the 21st century.

Program Element: Historic Site and Museum Operations

This element supports the operation of 28 historic sites and museums throughout the Commonwealth including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs for interpreting Pennsylvania history, cooperative initiatives with associate organizations on educational and public events and programs presenting rural and urban life along with lectures and seminars, curatorial methods and ethnic studies to bring history to the public. This program element provides a variety of support services including architectural and design activities in support of a preservation maintenance program; administration of the Keystone Recreation, Park and Conservation Fund program for commission properties; collections management and conservation; marketing, and other historic site and museum activities and services. The State Museum administers the Mobile Museum Program which brings Pennsylvania history to the people.

Program Element: Historic Preservation

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

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	186,000	192,000	198,000	204,000	210,000	216,000	225,000
Service request responses (History, Archives and Land Records)	79,867	81,000	82,000	83,000	84,000	85,000	86,000
Historic Site and Museum Operations							
Annual visits to commission historical sites and museums (in thousands)	1,591	1,700	1,700	1,700	1,700	1,700	1,700
Historic markers	1,730	1,760	1,790	1,820	1,850	1,880	2,000
Historic Preservation							
Evaluations for the National Register of Historic Properties	529	550	550	600	600	650	650

The number of pages of archives and historical manuscripts increased over last year's budget due to a transfer of documents from the Records Center to the State Archives earlier than expected.

The number of evaluations for the National Register of Historic Properties reflects the actual number of applications submitted to the commission.

Historical and Museum Commission

Program: State Historic Preservation (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
<i>Professional History and Museum Support Services</i>							
Objects maintained and conserved (in thousands)	1,996	2,000	2,000	2,000	2,000	2,001	2,001
Commission buildings undergoing improvement	91	80	80	75	75	75	75

The number of commission buildings undergoing improvement has increased over the data shown in last year's budget because more funds are available through the Keystone Recreation, Park and Conservation Fund than previously anticipated.

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		
\$ 771	—to continue current program.		KEYSTONE RECREATION, PARK AND CONSERVATION FUND
460	—Initiative — Security Upgrades at Historic Sites. To upgrade fire and security systems at 15 State historic sites.	\$ -1,935	Historic Site Development — Bond Proceeds
381	—PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision provides administrative support and resources for the development of local area networks, a geographic information system, and an on-line library. See the Program Revision following the Executive Direction program in the Executive Offices for additional information.	\$ -2,418	Historic Site Development — Realty Transfer Tax
			—nonrecurring projects.
			—nonrecurring projects.
<u>\$ 1,612</u>	<i>Appropriation Increase</i>		

The Maintenance Program appropriation is recommended at the current year funding level.

In addition, the Enhancing Information Technology to Better Serve Pennsylvania Program Revision following the Executive Direction Program in the Executive Offices provides \$200,000 from the Historical Preservation Fund for the development of local area networks, a geographic information system, and an on-line library.

Appropriations within this Program:

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 15,804	\$ 17,238	\$ 18,850	\$ 19,143	\$ 19,037	\$ 19,416	\$ 19,802
Maintenance Program	944	1,000	1,000	1,020	1,040	1,061	1,082
TOTAL GENERAL FUND	<u>\$ 16,748</u>	<u>18,238</u>	<u>19,850</u>	<u>20,163</u>	<u>20,077</u>	<u>20,477</u>	<u>20,884</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development —							
Bond Proceeds	\$ 3,404	\$ 1,935	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Historic Site Development —							
Realty Transfer Tax	6,341	7,658	5,240	5,097	5,423	6,200	6,666
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND	<u>\$ 9,745</u>	<u>\$ 9,593</u>	<u>\$ 5,240</u>	<u>\$ 5,097</u>	<u>\$ 5,423</u>	<u>\$ 6,200</u>	<u>\$ 6,666</u>

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 Program, Museum Assistance General Operating Support and the Keystone Recreation, Park and Conservation Fund. The three programs provide financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Museum Assistance and Local History Grant Program, established in 1985, is a competitive financial assistance process available to all qualified history related institutions within Pennsylvania. Through the established grant categories (Special Project Support, Technical Assistance, Local History, Local History General Operating and others) organizations may apply to the Historical and Museum Commission for projects ranging from the research of an historic event to a comprehensive exhibit plan and program having significant Statewide impact. Special Project Support Grants and Local History General Operating Grants, the largest of the financial award categories, require the successful grantee to

provide dollar-for-dollar matching funds. All other categories are non-matching, but grantees are encouraged to provide in-kind support where possible.

The Museum Assistance General Operating Program provides support to qualified history and cultural related institutions in the Commonwealth. Financial assistance to these institutions supports a portion of their general operating budgets.

The Keystone Recreation, Park and Conservation Fund grant program is a competitive grants process created by Act 1993-50. Funding is available to Pennsylvania non-profit organizations and public agencies that operate a publicly accessible historic property listed in, or eligible for, the National Register of Historic Places, or that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in the areas of redevelopment, preservation, and rehabilitation, restoration and other related projects.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Museum assistance competitive grants awarded	169	190	190	200	200	200	200
Museum assistance general operating support grants	82	100	100	120	120	125	125

Funding level does not always affect program measure data because grant funding and the number of grants are not necessarily proportionate.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Museum Assistance Grants \$ -2,225 —nonrecurring projects.</p>	<p>Regional History Centers \$ -1,000 —nonrecurring appropriation.</p>
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All other appropriations are recommended at the current year funding levels.



Historical and Museum Commission

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Museum Assistance Grants	\$ 4,930	\$ 5,400	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Regional History Centers	0	1,000	0	0	0	0	0
University of Pennsylvania Museum	181	181	181	181	181	181	181
Carnegie Museum of Natural History	181	181	181	181	181	181	181
Franklin Institute Science Museum	547	547	547	547	547	547	547
Academy of Natural Sciences	335	335	335	335	335	335	335
Carnegie Science Center	181	181	181	181	181	181	181
Museum of Philadelphia Civic Center	20	0	0	0	0	0	0
Afro-American Historical and Cultural Museum	256	256	256	256	256	256	256
Everhart Museum	33	33	33	33	33	33	33
Mercer Museum	139	139	139	139	139	139	139
Museum of Scientific Discovery	100	100	100	100	100	100	100
TOTAL GENERAL FUND	\$ 6,903	\$ 8,353	\$ 5,953	\$ 5,953	\$ 5,953	\$ 5,953	\$ 5,953



COMMONWEALTH OF PENNSYLVANIA

HOUSING FINANCE AGENCY

The Housing Finance Agency provides funding for construction and substantial rehabilitation of multi-family housing and purchase, rehabilitation, home improvement and energy conservation for single family homes.

A Homeowner's Emergency Assistance Program also provides assistance through the provision of temporary mortgage assistance payments to those threatened with loss of their home due to financial hardship.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Homeowners Emergency Mortgage Assistance.....	\$ 3,000	\$ 10,000	\$ 0
GENERAL FUND TOTAL.....	\$ 3,000	\$ 10,000	\$ 0



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
COMMUNITY DEVELOPMENT AND CONSERVATION							
GENERAL FUND.....	\$ 3,000	\$ 10,000	\$ 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.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 3,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	0
ALL PROGRAMS:							
GENERAL FUND.....	\$ 3,000	\$ 10,000	\$ 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.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 3,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	0

PROGRAM OBJECTIVE: To provide and maintain adequate, affordable and safe housing for Commonwealth citizens.

Program: Community Development and Conservation

The Pennsylvania Housing Finance Agency (PHFA) operates programs to increase and protect the supply of decent, safe and affordable multi-family rental and single family homeownership housing. These programs are financed with proceeds from the sale of securities to private investors. The PHFA also operates the Homeowners Emergency Mortgage Assistance Program (HEMAP), a program to protect distressed homeowners from foreclosure.

The Single Family Homeownership Program is the PHFA home buyer assistance program, which offers below market rate mortgage loans to first time buyers of single family houses. Loans are available in all counties of the Commonwealth. Funds to operate the program come from the sale of mortgage revenue bonds. In 1996-97, \$375 million in taxable and tax-exempt bonds were sold to provide approximately 6,500 mortgages to first time home buyers throughout Pennsylvania.

Since its creation in 1972, PHFA has financed approximately 8,000 rental units for the homeless and other low-income people. PHFA's funds are combined with a wide variety of public and private sources to make the low-income projects feasible.

HEMAP was established by Act 91 of 1983, and was designed to protect citizens who, through no fault of their own, are in danger of losing their homes to foreclosure. In accomplishing this mandate, the program achieves the added benefit of preventing homelessness. Eligible

applicants receive assistance in an amount sufficient to bring mortgage payments current and may also receive continuing assistance for up to 36 months. HEMAP payments are loans upon which repayment begins and interest starts to accrue when the recipient is financially able to pay. Current law requires HEMAP loan recipients to repay their loans only so long as the recipient's housing expense (mortgage, taxes, utilities and insurance) does not exceed 35 percent of net household income (gross income minus federal, state and local income taxes).

Act 91 originally had a three year life, with an expiration date of December 23, 1986. The program has been extended twice. Act 182 of 1992 extended the program permanently.

Since inception, PHFA has committed financing to more than 38,000 apartment units and more than 62,000 single family homes through the sale of over \$170 billion of tax-exempt and taxable bonds. It has channeled over \$177 million of General Fund monies into HEMAP to save more than 22,000 homes from foreclosure. General Fund monies are not included for HEMAP beginning in 1998-99. Rather, HEMAP will focus on the collection and use of repayments on outstanding loans to maintain the current program.

This budget proposes funding and legislation to effectuate this program change to begin to achieve self-sufficiency during 1998-99.

Program Measures:	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2002-03
Approved mortgage assistance loans	1,979	2,000	1,500	1,350	1,250	1,200	1,200
Annual value of assistance loans recorded (in thousands)	\$18,802	\$19,000	\$14,500	\$12,000	\$10,500	\$9,000	\$9,000
Average mortgage assistance loan	\$9,660	\$9,500	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Mortgage assistance loans qualifying for repayment	3,769	5,000	5,500	6,000	6,000	6,000	6,000
Outstanding principal balance of mortgage assistance loans qualifying for repayment (in thousands)	\$51,368	\$47,500	\$49,500	\$54,000	\$54,000	\$54,000	\$54,000

The changes in program measures from those shown in last year's budget reflect the transition from General Fund support to a self-sustaining program and the impact of the \$10 million in General Fund monies appropriated to the Housing Finance Agency for 1997-98.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

**GENERAL FUND:
Homeowners Emergency Mortgage
Assistance**

\$ -10,000 —this program will become self-sustaining in 1998-99 with the passage of pending legislation.

Housing Finance Agency

Program: Community Development and Conservation (continued)

Appropriations within this Program

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Homeowners Emergency Mortgage Assistance	\$ 3,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0





COMMONWEALTH OF PENNSYLVANIA

INFRASTRUCTURE INVESTMENT AUTHORITY

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized in Act 16 of 1988. This program provides financial assistance in the form of loans and grants to municipal authorities and private owners for improving community drinking water supply systems, sewage treatment facilities and stormwater control systems.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Infrastructure Investment Authority

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
PENNVEST.....	\$ 0 ^a	\$ 0	\$ 0
(F)Sewage Projects Revolving Loan Fund.....	0	45,392	65,000
(F)Drinking Water Projects Revolving Loan Fund.....	0	35,800	25,550
(F)Rural Communities Wastewater Treatment.....	0	2,084	1,044
Subtotal - Federal Funds.....	0	83,276	91,594
Total - Grants and Subsidies.....	\$ 0	\$ 83,276	\$ 91,594
FEDERAL FUNDS.....	0	83,276	91,594
GENERAL FUND TOTAL.....	\$ 0	\$ 83,276	\$ 91,594
OTHER FUNDS:			
PENNVEST FUND:			
PENNVEST Operations (EA).....	\$ 2,518	\$ 2,723	\$ 2,772
Grants - Other Revenue Sources (EA).....	3,191	2,125	2,125
Revenue Bond Loan Pool (EA).....	0	10	10
Public Revolving Loans and Administration.....	31,053	32,040	33,820
Private Revolving Loans.....	3,661	3,960	4,180
PENNVEST FUND TOTAL.....	\$ 40,423	\$ 40,858	\$ 42,907
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund.....	\$ 13,757	\$ 11,052	\$ 13,052
Additional Sewage Projects Revolving Loans (EA).....	45	10,000	32,000
Sewage Projects Revolving Loan Fund.....	84,254	0 ^b	0 ^b
On-lot Sewage Disposal Systems.....	1,000	0 ^c	0 ^c
Rural Communities Wastewater Treatment.....	0	0	0 ^d
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL.....	\$ 99,056	\$ 21,052	\$ 45,052
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund.....	\$ 0	\$ 5,900	\$ 5,900
Drinking Water Projects Revolving Loan Fund.....	0	0 ^e	0 ^e
Loan Program Administration.....	0	0 ^f	0 ^f
PENNVEST DRINKING WATER REVOLVING FUND TOTAL.....	\$ 0	\$ 5,900	\$ 5,900
PENNVEST REVOLVING FUND:			
PENNVEST Revolving Fund.....	\$ 20,492	\$ 4,000	\$ 4,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	0	83,276	91,594
OTHER FUNDS.....	159,971	71,810	97,859
TOTAL ALL FUNDS.....	\$ 159,971	\$ 155,086	\$ 189,453

^a Actual expenditures are shown in the PENNVEST Water Pollution Control Revolving Fund.

^b Not added to the total to avoid double counting Federal funds: 1997-98 Available is \$44,700,000 and 1998-99 Budget is \$64,000,000.

^c Not added to the total to avoid double counting Federal funds: 1997-98 Available is \$500,000 and 1998-99 Budget is \$1,000,000.

^d Not added to the total to avoid double counting Federal funds: 1997-98 Available is \$2,084,000 and 1998-99 Budget is \$1,044,000.

^e Not added to the total to avoid double counting Federal funds: 1997-98 Available is \$35,200,000 and 1998-99 Budget is \$15,355,000.

^f Not added to the total to avoid double counting Federal funds: 1997-98 Available is \$100,000 and 1998-99 Budget is \$100,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
PENNVEST							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	83,276	91,594	101,144	101,144	101,144	101,144
OTHER FUNDS.....	159,971	71,810	97,859	120,214	120,871	121,529	122,188
SUBCATEGORY TOTAL.....	\$ 159,971	\$ 155,086	\$ 189,453	\$ 221,358	\$ 222,015	\$ 222,673	\$ 223,332
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	83,276	91,594	101,144	101,144	101,144	101,144
OTHER FUNDS.....	159,971	71,810	97,859	120,214	120,871	121,529	122,188
DEPARTMENT TOTAL.....	\$ 159,971	\$ 155,086	\$ 189,453	\$ 221,358	\$ 222,015	\$ 222,673	\$ 223,332



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. In addition, 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 additional funding. Added to this are interest earnings on the fund's cash flow, and interest and principal payments made on loans.

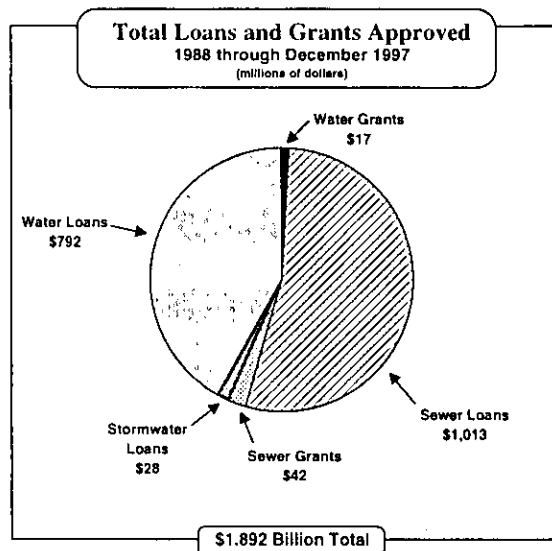
PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and

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 Water Pollution Control Revolving Fund combines the Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Fund combines Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund and the PENNVEST Non-Revolving Equity Fund receive the proceeds from the sale of bonds mentioned above. The PENNVEST Revenue Bond Pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST Revenue Bonds.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
PENNVEST projects implemented	73	63	110	120	115	115	115
PENNVEST awards (in millions):							
Loans	\$ 123	\$ 180	\$ 180	\$ 180	\$ 180	\$ 180	\$ 175
Grants	1	3	4	2	2	2	2
	<u>1</u>	<u>3</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>\$ 124</u>	<u>\$ 183</u>	<u>\$ 184</u>	<u>\$ 182</u>	<u>\$ 182</u>	<u>\$ 182</u>	<u>\$ 177</u>

The number of projects and awards has been changed from projections in last year's budget to show revised estimates based on actual activity.



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Grant disbursements totalling \$2.125 million and administrative costs are to be funded from existing non-General Fund sources.



COMMONWEALTH OF PENNSYLVANIA

INSURANCE DEPARTMENT

The Insurance Department executes the insurance laws of the Commonwealth, examines and supervises domestic insurance companies, settles complaints and regulates insurance rates. The department also licenses Pennsylvania and out-of-state companies, makes investigations of alleged violations of the law and supervises the dissolution of insurance companies.

The Insurance Department also manages the Children's Health Insurance Program (CHIP), which provides free or subsidized health care insurance for children of low-income working parents.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Children's Health Insurance Program Expansion		
	Children's Health Insurance Administration.....	\$ 450
	Children's Health Insurance.....	<u>15,000</u>
	Subtotal.....	\$ 15,450

This Program Revision provides \$15.5 million in State funds, \$80.3 million in Federal funds and \$33 million in existing cigarette tax revenue to implement changes to the Children's Health Insurance Program (CHIP). This Program Revision proposes to increase the age eligibility limit for the free component of CHIP from through age sixteen to through age eighteen and to increase the income eligibility limit for the free component of CHIP from 185 percent of the Federal poverty level to 200 percent of the Federal poverty level. This Program Revision also proposes to increase the age eligibility limit for the subsidized component of CHIP from through age five to through age eighteen. Approximately 122,000 additional children would receive free and subsidized health care coverage through CHIP as a result of these changes. The Program Revision also provides administrative support to implement the expanded CHIP, including contract procurement, compliance reviews, quality assurance, outreach and enrollment, and financial management. A total of \$43.2 million in State and Federal funds is provided by this Program Revision across two agencies.

Department Total.....	\$ <u>15,450</u>
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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 15,475	\$ 16,377	\$ 16,524
(A)Companies in Liquidation.....	1,463	1,337	1,210
(A)Duplicating and Mailing Services.....	48	20	20
(A)Workers' Compensation Security Services.....	235	257	327
(A)Reimbursements - Examination Travel.....	579	500	500
(A)Reimbursements - Market Conduct Travel.....	102	75	75
(A)Underground Storage Tank Indemnification Fund Expense.....	21	25	22
(A)Reimbursement - Catastrophic Loss Benefits Continuation Fund.....	20	22	23
(A)Insurance Fraud Prevention Authority.....	0	500	0
Children's Health Insurance Administration.....	78	98 ^a	450
Children's Health Insurance.....	0	0	15,000
(F)Children's Health Insurance Program.....	0	50,161 ^b	80,316
Subtotal - State Funds.....	\$ 15,553	\$ 16,475	\$ 31,974
Subtotal - Federal Funds.....	0	50,161	80,316
Subtotal - Augmentations.....	2,468	2,736	2,177
Total - General Government.....	\$ 18,021	\$ 69,372	\$ 114,467
STATE FUNDS.....	\$ 15,553	\$ 16,475	\$ 31,974
FEDERAL FUNDS.....	0	50,161	80,316
AUGMENTATIONS.....	2,468	2,736	2,177
GENERAL FUND TOTAL.....	\$ 18,021	\$ 69,372	\$ 114,467
OTHER FUNDS:			
GENERAL FUND:			
Children's Health Insurance Program.....	\$ 30,148	\$ 32,607	\$ 33,000
Single Licensing Conversion.....	35	0	0
GENERAL FUND TOTAL.....	\$ 30,183	\$ 32,607	\$ 33,000
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
Administration (EA).....	\$ 1,361	\$ 1,290	\$ 1,305
Claims (EA).....	16,600	16,200	15,300
Loan Repayment.....	0	13,454	12,000
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL.....	\$ 17,961	\$ 30,944	\$ 28,605
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA).....	\$ 2,964	\$ 5,556	\$ 3,581
Claims (EA).....	12,580	31,500	31,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 15,544	\$ 37,056	\$ 35,081
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 15,553	\$ 16,475	\$ 31,974
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	0	50,161	80,316
AUGMENTATIONS.....	2,468	2,736	2,177
OTHER FUNDS.....	63,688	100,607	96,686
TOTAL ALL FUNDS.....	\$ 81,709	\$ 169,979	\$ 211,153

^a Actually appropriated as part of the \$16,475,000 for General Government Operations.

^b Actually appropriated as \$87,750,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.



Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND.....	\$ 15,553	\$ 16,475	\$ 31,974	\$ 50,282	\$ 50,628	\$ 50,981	\$ 51,341
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	50,161	80,316	118,000	118,000	118,000	118,000
OTHER FUNDS.....	66,156	103,343	98,863	98,961	99,061	99,163	97,808
SUBCATEGORY TOTAL.....	\$ 81,709	\$ 169,979	\$ 211,153	\$ 267,243	\$ 267,689	\$ 268,144	\$ 267,149
ALL PROGRAMS:							
GENERAL FUND.....	\$ 15,553	\$ 16,475	\$ 31,974	\$ 50,282	\$ 50,628	\$ 50,981	\$ 51,341
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	50,161	80,316	118,000	118,000	118,000	118,000
OTHER FUNDS.....	66,156	103,343	98,863	98,961	99,061	99,163	97,808
DEPARTMENT TOTAL.....	\$ 81,709	\$ 169,979	\$ 211,153	\$ 267,243	\$ 267,689	\$ 268,144	\$ 267,149

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 companies and consumers by providing adequate safeguards, to ensure that products are available at an affordable price, and to provide a fair regulatory climate that will encourage insurance companies to conduct business in the Commonwealth.

The Insurance Department regulates all aspects of the insurance industry in Pennsylvania. It supervises the operation of 1,600 insurance companies; authorizes the admission of new insurers to the State; tests and licenses insurance agents, brokers and bondsmen; reviews and pre-approves over 45,000 rate and policy form filings each year; examines the financial solvency of 90 insurance companies annually; conducts adjudicatory hearings; and handles nearly 300,000 consumer 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 has committed additional resources to improvements in solvency regulation. An automated solvency surveillance system designed to permit earlier identification of potentially troubled insurers has been implemented, and resources continue to be focused on improving the effectiveness of regulatory actions taken to require insurers to correct problems before they lead to insolvency. These actions, together with statutory reforms, brought Pennsylvania into compliance with minimum standards for state regulation of insurer solvency developed by the National Association of Insurance Commissioners, and led to that organization affirming, in December 1994, the department's five-year accreditation.

The Insurance Department's four regional offices provide the public with insurance information, education and complaint resolution services.

The department also conducts field investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company operations.

The Insurance Commissioner by law serves as Statutory Liquidator/Receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court and for unlicensed insurance entities.

The department also manages several special programs. The Children's Health Insurance Program (CHIP), established in Act 113 of 1992, makes available to working parents a comprehensive, low-cost health insurance plan for eligible children. The coverage is funded from a portion of cigarette tax receipts as well as from payments by participating working families in accordance with a sliding fee scale. Act 111 of 1996 authorized a one-time transfer from the State Stores Fund to help maintain coverage for currently served children and to provide coverage to additional children. Act 7 of 1997 increased by one cent, the amount of cigarette tax revenue dedicated to CHIP, bringing the total to three cents of the thirty-one cent cigarette tax. As of December 31, 1997, about 54,900 children were being provided health insurance through CHIP. A new Federal program under Title XXI of the Social Security Act, will provide funds to expand CHIP to serve a greater number of uninsured children.

The Catastrophic Loss Benefits Continuation Fund, funded through certain motor vehicle violation surcharge fees, provides benefits to Pennsylvanians who were catastrophically injured in motor vehicle accidents prior to January 1, 1990, and incurred medical expenses in excess of \$100,000 up to a lifetime aggregate of \$1 million.

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.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Consumer savings from departmental intervention in insurance claim disputes (in thousands)	\$9,500	\$9,600	\$9,700	\$9,800	\$9,900	\$10,000	\$10,000
Companies in liquidation	2	20	15	10	10	5	3
Rate filings reviewed	15,234	15,000	15,000	15,000	15,000	15,000	15,000
Administrative hearings held	235	220	220	220	220	220	220
Policy/form filings reviewed	31,529	30,000	30,000	30,000	30,000	30,000	30,000
Continuing care providers regulated	104	106	106	106	106	106	106
Enforcement investigations completed*	335	300	300	300	300	300	300
Insurer market conduct examinations completed*	44	50	50	50	50	50	50

The increase in consumer savings from departmental intervention, compared to the estimate in last year's budget, is the result of increased and ongoing settlements concerning improper sales and marketing activities in the life insurance industry.

The decline in the number of insurance companies in liquidation compared to the estimate in last year's budget is due, in part, to more aggressive efforts on behalf of the department to discharge estates in liquidation.

The decrease in administrative hearings held in 1996-97 was not as great as estimated in last year's budget, but still reflects a decrease from prior years due to a reduction in the number of auto insurance hearings being held.

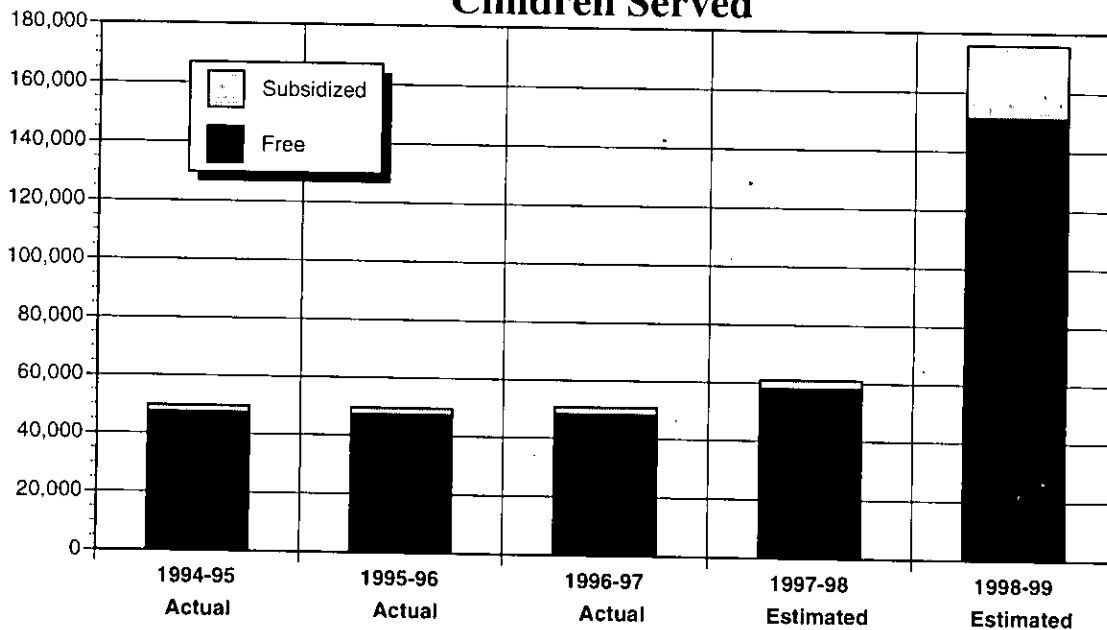
The decrease in the number of policy/form filings reviewed, compared to the estimate in last year's budget, is due to the deregulation of certain property and casualty, accident, health, and life insurance lines. The deregulation resulted in a change in the types and number of products which need to be approved. This deregulation is consistent with the Governor's goal of creating economic opportunity through improving the regulatory climate in the Commonwealth.

*New program measure added this year.



Program: Insurance Industry Regulation (continued)

Children's Health Insurance Program Children Served



Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ 422 —to continue current program.</p> <p>-275 —nonrecurring costs for the Producer Licensing System.</p> <hr/> <p>\$ 147 <i>Appropriation Increase</i></p>	<p>Children's Health Insurance Administration</p> <p>\$ 352 —PRR — Children's Health Insurance Program Expansion. This amount is included in the \$450,000 administrative component. This Program Revision provides administrative support to implement the proposed changes to the Children's Health Insurance Program. See the Program Revision following this program for additional information.</p>	<p>Children's Health Insurance</p> <p>\$ 15,000 —PRR — Children's Health Insurance Program Expansion. This Program Revision expands the income and age eligibility limits for the free component of the Children's Health Insurance Program and increases the age eligibility limit for the subsidized component of the Children's Health Insurance Program. See the Program Revision following this program for additional information.</p>
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In addition, the Children's Health Insurance Program Expansion Program Revision following this program provides \$80.3 million in Federal funds and \$33 million in existing cigarette tax revenue to revise the age and income eligibility limits for the Children's Health Insurance Program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 15,475	\$ 16,377	\$ 16,524	\$ 16,854	\$ 17,191	\$ 17,535	\$ 17,886
Children's Health Insurance Administration	78	98	450	428	437	446	455
Children's Health Insurance	0	0	15,000	33,000	33,000	33,000	33,000
TOTAL GENERAL FUND	\$ 15,553	\$ 16,475	\$ 31,974	\$ 50,282	\$ 50,628	\$ 50,981	\$ 51,341

Program Revision: Children's Health Insurance Program Expansion

Since 1993, the Commonwealth has been administering the Children's Health Insurance Program (CHIP) which provides free or subsidized health care insurance for children in low-income working families who are not eligible for Medical Assistance or are not otherwise insured through private or employer-based insurance. The intent of CHIP is to provide timely and appropriate primary and preventive care for children, reducing the risk of developing more severe medical conditions. CHIP offers a comprehensive package of benefits, including well and sick child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services and hearing, vision and dental services. Approximately 56,000 children currently receive coverage through CHIP.

The Federal Balanced Budget Act of 1997 established the State Children's Health Insurance Program under Title XXI of the Social Security Act and recognized Pennsylvania's CHIP as a model program for the nation. This new Federal program provides funding for states to extend health insurance coverage for eligible uninsured children through a variety of options. As a result, for every eligible dollar expended on CHIP, the Federal government will now reimburse Pennsylvania \$.67, up to a total of \$118 million for Federal Fiscal Year 1998. In response to the availability of Federal funds, this Program Revision recommends several eligibility changes to the free and subsidized components of CHIP and provides an additional \$15.45 million in State funds. This Program Revision also provides \$12.9 million in State funds to serve additional children who may enroll in the Medical Assistance Program as a result of expanded CHIP outreach activities.

This Program Revision proposes to increase the age eligibility limit for the Free Program component of CHIP from through age sixteen to through age eighteen. In addition, this Program Revision proposes to increase the income eligibility limit for the Free Program from 185 percent of the Federal poverty level to 200 percent of the Federal poverty level. As a result, the maximum annual income for a family of four for the Free Program would increase from \$29,693 to \$32,100. With these two eligibility changes, approximately 100,000 additional children would receive free health care insurance coverage. This represents the number of uninsured children

estimated to be eligible within the recommended age and income limits for the Free Program.

Through the Subsidized Program component of CHIP, the State pays 50 percent of the insurance premium for eligible children while the family is responsible for paying the remaining 50 percent. This Program Revision also proposes to increase the age eligibility limit for the Subsidized Program from through age five to through age eighteen. The income eligibility limits for the Subsidized Program would change from between 185 percent through 235 percent of the Federal poverty level to 200 percent through 235 percent of the Federal poverty level as a result of the income eligibility limit for the Free Program increasing to 200 percent of the Federal poverty level. The maximum annual income for a family of four at 235 percent of poverty is \$37,718. With these two eligibility changes, an additional 21,800 children would receive subsidized health insurance coverage. This represents the number of uninsured children estimated to be eligible within the recommended age and income limits for the Subsidized Program.

To identify and enroll children eligible for CHIP, this Program Revision proposes \$2.3 million in State funds and \$4.7 million in Federal funds for an extensive outreach and enrollment effort. This effort would coordinate CHIP with other public and private health insurance programs to ensure that children receive coverage through the most appropriate sources. Children identified through the enhanced CHIP outreach activities as potentially eligible for Medical Assistance would be referred to that program. As a result, an estimated 18,000 additional children are projected to enroll in the Medical Assistance Program at a cost of approximately \$12.9 million in State funds.

To implement the CHIP enhancements proposed in this Program Revision, an expanded administrative structure is recommended for the Insurance Department. Administrative activities would include contract procurement, compliance reviews, quality assurance, outreach and enrollment, and financial management. This Program Revision includes \$450,000 in State funds to support the expanded CHIP administrative structure in the Insurance Department.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Additional children served through CHIP							
Program Revision							
Free Program.....	0	0	100,000	140,000	140,000	140,000	140,000
Subsidized Program.....	0	0	21,827	34,000	34,000	34,000	34,000
Additional children served through Medical Assistance							
Program Revision	0	0	18,274	26,100	26,100	26,100	26,100

Given the uncertainty about the rate of growth in CHIP and Medical Assistance due to enhanced CHIP outreach efforts over the next several years, future year enrollment and the corresponding funding assumptions may need to be revised based on program experience.

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

INSURANCE		Children's Health Insurance	
\$	450	\$	4,622
	—to provide administrative support to implement the proposed changes to CHIP.		—to increase the age and income limits of the free component of CHIP.
			8,110
			—to increase the age limit and revise the income limits for the subsidized component of CHIP.
			2,268
			—to provide CHIP outreach, enrollment and coordination with other public and private health insurance programs.
		\$	15,000
			Appropriation Total



Program Revision: Children's Health Insurance Program Expansion (continued)

Program Revision Recommendations: (continued)

This budget recommends the following changes:
(Dollar Amounts in Thousands)

	PUBLIC WELFARE		
	Medical Assistance — Outpatient	\$	7,224
\$ 3,612	—to provide outpatient services for an additional 7,549 children as a result of enhanced CHIP outreach activities.		
	Medical Assistance — Inpatient	\$	28,350
\$ 2,064	—to provide inpatient services for an additional 7,549 children as a result of enhanced CHIP outreach activities.		
			Program Revision Total

This Program Revision is also supported by \$80.3 million in Federal Title XXI funding and \$33 million in existing cigarette tax revenue dedicated to CHIP.

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Insurance							
Children's Health Insurance Administration	\$ 0	\$ 0	\$ 450	\$ 428	\$ 437	\$ 446	\$ 455
Children's Health Insurance	0	0	15,000	33,000	33,000	33,000	33,000
Public Welfare							
Medical Assistance — Outpatient	0	0	3,612	5,300	5,512	5,732	5,961
Medical Assistance — Inpatient	0	0	2,064	2,970	3,029	3,090	3,152
Medical Assistance — Capitation	0	0	7,224	10,600	11,024	11,465	11,924
Total	\$ 0	\$ 0	\$ 28,350	\$ 52,298	\$ 53,002	\$ 53,733	\$ 54,492



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF LABOR AND INDUSTRY

The Department of Labor and Industry serves the labor and industrial interests of the Commonwealth by promoting the health, welfare and safety of employes; maintaining continuous production and employment by acting to reduce industrial strife; providing employment services to persons with disabilities; stabilizing the income of employes who become victims of certain occupational diseases or who sustain work related injuries; promoting apprenticeship training programs and assisting displaced workers in retraining and/or relocation.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Promoting Independence for Persons with Disabilities		
	Vocational Rehabilitation Services.....	\$ 2,000
<p>This Program Revision provides resources for an additional 750 individuals not able to receive services under the existing Vocational Rehabilitation Program. This is part of the \$13.3 million Promoting Independence for Persons with Disabilities Program Revision. Please see the Program Revision following the Human Services Program in the Department of Public Welfare for additional information on this Program Revision.</p>		
	Department Total.....	<u>\$ 2,000</u>



Labor and Industry

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 7,339	\$ 14,567 ^a	\$ 10,481
(F)Disability Determination.....	57,562	64,102	66,872
(F)JTPA - Administration.....	3,766	5,500	5,900
(F)Community Service and Corps.....	5,754	10,000	10,000
(F)National Occupational Information Coordinating Committee.....	191	311	311
(F)New Hires (EA).....	0	1,822	0
(F)New Hires.....	0	0	1,585
(A)Federal Indirect Cost Reimbursement.....	1,760	1,760	1,260
Subtotal.....	\$ 76,372	\$ 98,062	\$ 96,409
Occupational and Industrial Safety.....	8,556	8,720	10,052
(F)Asbestos Certification.....	142	227	160
(A)Federal Indirect Cost Reimbursements.....	1,700	1,700	1,200
PENNSAFE.....	1,083	1,099	1,132
(F)Pipeline Safety.....	0	15	0
(A)PENNSAFE.....	0	150	150
(R)Asbestos and Lead Certification (EA).....	1,118	1,407	1,339
Pennsylvania Conservation Corps.....	5,904	5,899	6,076
(F)Urban Youth Corps.....	153	226	150
Vocational Rehabilitation Services.....	0	0	2,000
Subtotal - State Funds.....	\$ 22,882	\$ 30,285	\$ 29,741
Subtotal - Federal Funds.....	67,568	82,203	84,978
Subtotal - Augmentations.....	3,460	3,610	2,610
Subtotal - Restricted Revenues.....	1,118	1,407	1,339
Total - General Government.....	\$ 95,028	\$ 117,505	\$ 118,668
<i>Grants and Subsidies:</i>			
Occupational Disease Payments.....	\$ 3,997	\$ 3,706	\$ 3,475
Transfer to Vocational Rehabilitation Fund.....	23,559	24,030	25,574
Supported Employment.....	899	899	1,000
Centers for Independent Living.....	1,000	1,000	1,080
Workers' Compensation Payments.....	432	420	412
Dislocated Workers.....	2,497	2,500	2,500
Employment Services.....	3,560	6,500	5,162
(F)Joint Jobs Initiative.....	25,625	30,393	68,643
(F)JTPA - Dislocated Workers.....	72,479	94,616	94,000
(F)JTPA - Incentive Grants.....	2,790	3,321	3,620
(F)JTPA - Grants to Service Delivery Areas.....	46,008	60,000	66,000
(F)JTPA - Summer Youth.....	43,717	44,000	52,000
(F)JTPA - Older Workers.....	2,897	3,000	3,500
(A)Joint Jobs Initiative.....	16,777	21,110	33,860
Subtotal.....	\$ 213,853	\$ 262,940	\$ 326,785
Subtotal - State Funds.....	\$ 35,944	\$ 39,055	\$ 39,203
Subtotal - Federal Funds.....	193,516	235,330	287,763
Subtotal - Augmentations.....	16,777	21,110	33,860
Total - Grants and Subsidies.....	\$ 246,237	\$ 295,495	\$ 360,826
STATE FUNDS.....	\$ 58,826	\$ 69,340	\$ 68,944
FEDERAL FUNDS.....	261,084	317,533	372,741
AUGMENTATIONS.....	20,237	24,720	36,470
RESTRICTED REVENUES.....	1,118	1,407	1,339
GENERAL FUND TOTAL.....	\$ 341,265	\$ 413,000	\$ 479,494

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
OTHER FUNDS:			
ADMINISTRATION FUND:			
Administration of Unemployment.....	\$ 183,778	\$ 190,820	\$ 192,500
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration.....	\$ 40	\$ 63	\$ 150
REHABILITATION CENTER FUND:			
Operation of Rehabilitation Center.....	\$ 16,052	\$ 15,550	\$ 15,050
VOCATIONAL REHABILITATION FUND:			
Administration of Vocational Rehabilitation.....	\$ 108,550	\$ 110,341	\$ 110,042
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation.....	\$ 48,821	\$ 52,941	\$ 43,261
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 58,826	\$ 69,340	\$ 68,944
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	261,084	317,533	372,741
AUGMENTATIONS.....	20,237	24,720	36,470
RESTRICTED.....	1,118	1,407	1,339
OTHER FUNDS.....	357,241	369,715	361,003
TOTAL ALL FUNDS.....	\$ 698,506	\$ 782,715	\$ 840,497

^a Includes recommended supplemental appropriation of \$320,000.

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND.....	\$ 16,978	\$ 24,386	\$ 21,665	\$ 22,099	\$ 22,541	\$ 22,992	\$ 23,451
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	486	779	621	621	621	621	621
OTHER FUNDS.....	4,618	5,080	4,099	4,039	4,069	4,100	4,131
SUBCATEGORY TOTAL.....	\$ 22,082	\$ 30,245	\$ 26,385	\$ 26,759	\$ 27,231	\$ 27,713	\$ 28,203
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 4,429	\$ 4,126	\$ 3,887	\$ 3,887	\$ 3,887	\$ 3,887	\$ 3,887
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	57,562	65,924	68,457	68,457	68,457	68,457	68,457
OTHER FUNDS.....	232,599	243,761	235,761	235,761	235,761	235,761	235,761
SUBCATEGORY TOTAL.....	\$ 294,590	\$ 313,811	\$ 308,105	\$ 308,105	\$ 308,105	\$ 308,105	\$ 308,105
JOB TRAINING DEVELOPMENT							
GENERAL FUND.....	\$ 11,961	\$ 14,899	\$ 13,738	\$ 13,860	\$ 13,984	\$ 14,110	\$ 14,239
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	203,036	250,830	303,663	303,663	303,663	303,663	303,663
OTHER FUNDS.....	16,777	21,110	33,860	33,860	33,860	33,860	33,860
SUBCATEGORY TOTAL.....	\$ 231,774	\$ 286,839	\$ 351,261	\$ 351,383	\$ 351,507	\$ 351,633	\$ 351,762
VOCATIONAL REHABILITATION							
GENERAL FUND.....	\$ 25,458	\$ 25,929	\$ 29,654	\$ 29,654	\$ 29,654	\$ 29,654	\$ 29,654
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	124,602	125,891	125,092	127,293	129,538	131,828	134,164
SUBCATEGORY TOTAL.....	\$ 150,060	\$ 151,820	\$ 154,746	\$ 156,947	\$ 159,192	\$ 161,482	\$ 163,818
ALL PROGRAMS:							
GENERAL FUND.....	\$ 58,826	\$ 69,340	\$ 68,944	\$ 69,500	\$ 70,066	\$ 70,643	\$ 71,231
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	261,084	317,533	372,741	372,741	372,741	372,741	372,741
OTHER FUNDS.....	378,596	395,842	398,812	400,953	403,228	405,549	407,916
DEPARTMENT TOTAL.....	\$ 698,506	\$ 782,715	\$ 840,497	\$ 843,194	\$ 846,035	\$ 848,933	\$ 851,888



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 income of employes is protected by Minimum Wage, Wage Payment and Collection, and Prevailing Wage laws which the department strictly enforces. Payment of prevailing wage rates is monitored by field inspections conducted by the Prevailing Wage Division. Monitoring of the Minimum Wage and Wage Payment and Collection laws is the responsibility of the Bureau of Labor Standards. The Bureau of Labor Standards also protects workers rights by ensuring compliance with the Child Labor, Seasonal Farm Labor, Industrial Homework, Personnel File, Equal Pay and Medical Pay laws. The Bureau of Labor Standards 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 Employee Relations Act, parties to a contract in the public sector must notify the department if no agreement has been reached after contract negotiations have commenced. In the private sector, dispute notices must be filed with the department based on the National Labor Relations Act. Mediation services are mandatory in the public sector and voluntary in the private sector. Each year over 1,000 cases are mediated by the department.

The Pennsylvania Labor Relations Board enforces and implements the provisions of the Commonwealth's laws relating to private and public sector collective bargaining, including the Pennsylvania Labor Relations Act, the Public Employee Relations Act and acts relating to police and fire employees. The board determines collective bargaining representatives, prevents and discourages unfair practices and in the public sector, contributes to the resolution of bargaining disputes by the issuance of

arbitration panels and the appointment of fact finders.

The Office of Labor-Management Cooperation promotes labor-management cooperation through support of and coordination with the area labor-management committees throughout Pennsylvania. The Pennsylvania Bureau of Mediation provides technical assistance as facilitator for cooperative programs. In addition to promoting labor-management cooperation, the office also recognizes and awards existing successful labor-management cooperation efforts in the Commonwealth. It provides support and technical assistance to the Governor's Committee on Economic Growth through Labor-Management Cooperation.

Program Element: Public Health and Safety

The Fire and Panic, Building Energy Conservation, Elevator, Bedding and Upholstery, Stuffed Toy, Employment Agency, LP Gas, Boiler, Lead Certification, and Asbestos Occupations Accreditation and Certification laws are all administered by the Bureau of Occupational and Industrial Safety. The bureau enforces the acts through promulgation of regulations, conducting field inspections, licensing and certifying, and investigating complaints. The department is also responsible to insure that buildings are accessible and usable by persons with disabilities under the State's Universal Accessibility Act.

The Worker and Community Right-to-Know Act requires all employers doing business in Pennsylvania to provide certain information about hazardous chemicals found in their workplace and to make that information available to emergency response organizations and the public. The department enforces worker right-to-know provisions for public employes and those in the mining industry, and provides about 40 education/outreach programs annually. The department also enforces the Underground Utility Protection Law to prevent the damage of underground utility lines.

The Office for the Deaf and Hearing Impaired 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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Minimum wage violations cited	490	490	490	490	490	490	490
Child labor law violations	672	672	672	672	672	672	672
Nonpayment of wage violations	2,860	2,860	2,860	2,860	2,860	2,860	2,860
Mediated cases involving work stoppages:							
Public bargaining units	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Private bargaining units	10%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Minimum wage and child labor violations cited were lower than projected in last year's budget while nonpayment of wage violations were much higher than projected in last year's budget primarily due to a change in inspection scheduling. Inspections are now scheduled in response to complaints.



Labor and Industry

Program: Community and Occupational Safety and Stability (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Unfair labor practice cases concluded	740	740	740	740	740	740	740
Union representation cases concluded	290	290	290	290	290	290	290
Total inspections performed	129,787	130,000	130,000	130,000	130,000	130,000	130,000
Building approvals issued	13,980	13,480	13,480	13,480	13,480	13,480	13,480
New buildings certified	7,662	7,300	7,300	7,300	7,300	7,300	7,300
Renovations of existing buildings certified	6,318	6,180	6,180	6,180	6,180	6,180	6,180

Unfair labor practice and union representation cases increased compared to estimates in last year's budget due to changing economic conditions.

Total inspections performed were higher than projected in last year's budget as a result of technological and management improvements.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Occupational and Industrial Safety
\$ -5,000 —nonrecurring year 2000 computer project. \$10.9 million is expected to be available from the United States Department of Labor in Federal Fiscal Years 1998 and 1999 to complete the project.		\$ -152 —nonrecurring projects.
-198 —nonrecurring projects		570 —to automate the inspection process to improve compliance with public health and safety laws.
500 —to replace Federal indirect cost reimbursements which have declined.		500 —to replace Federal indirect cost reimbursements which have declined.
226 —increased legal support to enforce the Prevailing Wage law.		414 —to continue current program.
110 —to automate the inspection process to improve labor law compliance.		\$ 1,332 <i>Appropriation Increase</i>
276 —to continue current program.		
\$ -4,086 <i>Appropriation Decrease</i>		PENNSAFE
		\$ 33 —to continue current program.

The PENNSAFE appropriation was entitled Right to Know in last year's budget.

Appropriations within this Program: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 7,339	\$ 14,567	\$ 10,481	\$ 10,691	\$ 10,905	\$ 11,123	\$ 11,345
Occupational and Industrial Safety	8,556	8,720	10,052	10,253	10,458	10,667	10,880
PENNSAFE	1,083	1,099	1,132	1,155	1,178	1,202	1,226
TOTAL GENERAL FUND	\$ 16,978	\$ 24,386	\$ 21,665	\$ 22,099	\$ 22,541	\$ 22,992	\$ 23,451

PROGRAM OBJECTIVE: *To further economic development in the Commonwealth by stabilizing the incomes of employees 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 employees who sustain injuries or diseases during their course of employment. The Commonwealth's administrative expenses are funded from assessments on the insurance industry.

Act 57 of 1996 substantially amended the Workers' Compensation Act. The amendments addressed the high cost of workers' compensation in the Commonwealth with respect to premiums, wage benefits, medical treatment and review, and litigation. The amendments were intended to provide expedited settlement of issues, reduce fraud, counteract disincentives to return to work, and encourage workplace safety. Their impact will be the reduction of burdensomely high costs for businesses and the resultant improvement of the business climate in the Commonwealth.

The department processes applications for Federal disability benefits, gathers medical evidence for each claim and makes recommendations to the Social Security Administration under the Social Security Administration's Disability Determination Program guidelines.

Occupational Disease Payments are made primarily to victims of silicosis, and related diseases, commonly referred to as "black lung." Victims of these diseases are covered based on their date of last exposure and disability.

Unemployment compensation payments are made to individuals and their dependents during periods of involuntary unemployment. The payments are funded from taxes on employers and employees paid into the Unemployment Compensation Trust Fund. The tax rates vary according to the financial condition of the Fund. The maximum weekly benefit rate is calculated as 66 2/3% of the average weekly wage for the preceding year. The maximum weekly payment during calendar year 1997 was \$362.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Claimants qualifying for occupational disease payments out of Commonwealth funds	1,971	1,840	1,720	1,590	1,470	1,370	1,200
New claimants eligible for workers' compensation payments	70,300	69,000	68,000	67,000	66,000	65,000	65,000
Total petitions assigned	59,542	59,000	60,000	60,000	58,000	58,000	56,000
Judges' decisions	67,829	67,000	66,000	65,000	65,000	64,000	64,000
Average time in days—Case filed/concluded	382	380	340	320	290	280	270
New claims for unemployment compensation	576,946	575,000	596,000	596,000	596,000	596,000	596,000

The total petitions assigned were less than projected in last year's budget due to fewer work injuries and the impact of Act 57 of 1996 which streamlined procedures.

The average time in days between cases filed/concluded was higher than estimated in last year's budget due to a continued emphasis on reducing cases opened over two years ago.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -231</p> <p>\$ -8</p>	<p>Occupational Disease Payments —nonrecurring payments.</p> <p>Workers' Compensation Payments —to continue current program. These payments are for a special class of recipients who became eligible before March 1968, and not for new claimants shown in the program measure above whose payments are made from the State Workers' Insurance Fund and by private insurance companies.</p>	<p>\$ -10,940</p> <p>1,260</p> <p>\$ -9,680</p>	<p>In addition, this budget recommends the following changes for administration of the Workers' Compensation Program through the Workmen's Compensation Administration Fund.</p> <p>Administration of Workers' Compensation —nonrecurring computer automation project. —to continue current program.</p> <p><i>Appropriation Decrease</i></p>
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Includes accomplishment of the PRIME recommendation to reform Workers' Compensation. The Department of Labor and Industry has completely reformed Workers' Compensation enabling Pennsylvania to effectively compete with other states to retain and create jobs.

Program: Workers' Compensation and Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Occupational Disease Payments	\$ 3,997	\$ 3,706	\$ 3,475	\$ 3,475	\$ 3,475	\$ 3,475	\$ 3,475
Workers' Compensation Payments	432	420	412	412	412	412	412
TOTAL GENERAL FUND	\$ 4,429	\$ 4,126	\$ 3,887	\$ 3,887	\$ 3,887	\$ 3,887	\$ 3,887

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: Job Training Development

This program provides a range of employment and training services through the Job Center Network, the Bureau of Employment Services and Training, the Office of Job Centers and Field Operations, and the Pennsylvania Conservation Corps.

Job Centers are a Statewide network of 61 one-stop locations providing coordinated and comprehensive services to individuals seeking jobs and job-related services, and to employers seeking qualified job applicants. These labor exchange services include placement, counseling, testing, and supportive services. In addition to the services available through programs administered by the Department of Labor and Industry, employment, training and support resources of other Federal, State, local and community-based organizations are provided through the Job Center Network.

Under the Federal Job Training Partnership Act (JTPA) program, state and local governments work in cooperation with the private sector to establish employment and training programs. JTPA primarily serves economically disadvantaged adults and youth. Types of training programs, eligibility requirements and distribution formulas for these programs are established by Federal law. Services provided include on-the-job training, vocational-technical skills training, job search assistance, job counseling and skills testing and assessment. Use of JTPA funds is determined locally by a Private Industry Council (PIC) in each Service Delivery Area (SDA). The majority of the members of each PIC are representatives from private sector businesses. The other members represent community-based organizations, local education agencies, organized labor, vocational rehabilitation agencies, public assistance agencies, public employment services, and economic development organizations. The Commonwealth uses JTPA discretionary funding for special programs to serve veterans, welfare recipients, at-risk youth and pregnant and parenting youth.

The Department of Labor and Industry is the lead agency in administering interagency employment and training programs. The Joint Jobs Initiative is designed to target resources of the Departments of Labor and Industry, Public Welfare and Education to improve job training and employment

service programs for welfare recipients. The Single Point of Contact (SPOC) program provides comprehensive employment and training services to Aid to Families with Dependent Children (AFDC) recipients with multiple barriers to employment. Services are co-located in county assistance offices. Funding for this program is provided by each of the three agencies involved.

The department provides funds to assist dislocated workers through training programs, rapid response efforts, support services, and needs based payments. Act 97 of 1997 created the Self-Employment Assistance Program which will provide entrepreneurial training, counseling, and technical assistance to 1,000 dislocated workers.

The Department of Labor and Industry also administers the Economic Dislocation and Worker Adjustment Assistance Act (EDWAAA) through its Dislocated Worker Unit. As required by the Federal law, 60 percent of the Federal funds received are distributed to the SDAs to assist dislocated workers. The balance of funds are used to support rapid response efforts, special programs and administration at the State level. EDWAAA funds are used to support training and retraining and for support services and needs-related payments. In addition to the Federal EDWAAA funds, State funds are used to provide needs-based payments and retraining services to dislocated workers.

The department's Rapid Response Program is operated by the Dislocated Worker Unit in conjunction with the Department of Community and Economic Development. When Community and Economic Development is unable to keep a business in Pennsylvania or forestall the layoff of employees, the department's Rapid Response Team is available to bring a wide variety of State and local resources to the plant to assist laid-off individuals in finding reemployment. The Rapid Response Team provides a variety of State and local resources, coordinated through local Job Centers, to assist dislocated workers and to help them become reemployed. The department also promotes labor-management cooperation by encouraging the formation of labor-management committees at the plant to coordinate the mix of available services.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Individuals placed through Job Service	82,037	84,688	85,535	86,390	87,254	88,127	89,008
Job Training Partnership Program:							
Enrollments	67,838	69,195	69,887	70,586	71,292	72,005	72,725
Placements	16,694	17,028	17,198	17,370	17,544	17,719	17,897
Welfare recipients served	30,944	34,038	35,000	36,000	37,000	38,000	38,000
Joint Jobs Initiative:							
Welfare recipients who completed training	5,275	5,381	5,435	5,489	5,544	5,599	5,655
Welfare recipients placed	3,385	3,453	3,488	3,522	3,558	3,593	3,629
Average hourly wage	\$6.68	\$6.81	\$6.95	\$7.09	\$7.23	\$7.37	\$7.45
Individuals enrolled in on-the-job training	2,152	2,195	2,217	2,239	2,262	2,284	2,307
Dislocated workers:							
Dislocated workers placed	8,267	8,432	8,516	8,601	8,687	8,774	8,862
Average hourly wage	\$9.98	\$10.18	\$10.38	\$10.59	\$10.80	\$11.02	\$11.15



Program: Job Training Development (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Pennsylvania Conservation Corps		Employment Services
\$ 177	—to continue current program.	\$ -1,338	—nonrecurring projects.

Dislocated Workers is recommended at the current year funding level.

In addition, Federal and other funds of \$337,000,000 are budgeted for this program in 1998-99.

Includes PRIME recommendation to streamline the Department of Labor and Industry's process of employers reporting to the State Job Centers. The electronic transmission of employe data at the time of separation from the workplace will prevent an unemployment overpayment. This would be an estimated savings of \$85,000 to the taxpayers of Pennsylvania.



Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Pennsylvania Conservation Corps.....	\$ 5,904	\$ 5,899	\$ 6,076	\$ 6,198	\$ 6,322	\$ 6,448	\$ 6,577
Dislocated Workers	2,497	2,500	2,500	2,500	2,500	2,500	2,500
Employment Services.....	3,560	6,500	5,162	5,162	5,162	5,162	5,162
TOTAL GENERAL FUND	\$ 11,961	\$ 14,899	\$ 13,738	\$ 13,860	\$ 13,984	\$ 14,110	\$ 14,239

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 660,000 citizens of the Commonwealth who have physical or mental impairments that present a substantial impediment to employment.

The Federal Rehabilitation Act of 1973, as amended through 1992, established eligibility criteria for vocational rehabilitation services. Services are provided to individuals who can benefit from and who need services to prepare for, enter, or retain employment. Primary emphasis is placed on serving individuals with the most severe disabilities. These individuals generally require extensive and varied services over an extended period of time.

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 which 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.

This program also includes the Hiram G. Andrews Center in Johnstown. The center is funded from fees for services rendered. The center provides a wide array of vocational rehabilitation and job training services.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Caseload:							
Carry-over	43,960	46,435	49,062	51,842	54,692	57,613	60,605
New referrals	25,036	25,287	25,540	25,667	25,796	25,925	26,054
Total Caseload	68,996	71,722	74,602	77,509	80,488	83,538	86,659
Cases closed:							
Ineligible or plan not initiated	8,040	8,048	8,056	8,064	8,072	8,080	8,088
Rehabilitated	8,497	8,582	8,668	8,711	8,755	8,799	8,843
Competitive	7,796	7,874	7,952	7,992	8,032	8,073	8,113
Noncompetitive	701	708	716	719	723	726	730
Nonrehabilitated	6,024	6,030	6,036	6,042	6,048	6,054	6,060
Total cases closed	22,561	22,660	22,760	22,817	22,875	22,933	22,991
Cases Carried Over	46,435	49,062	51,842	54,692	57,613	60,605	63,668
Severely Disabled Rehabilitated	7,993	8,073	8,154	8,195	8,235	8,277	8,318
Economic/client earnings information:							
Average weekly earnings for clients closed as competitively employed	\$273	\$273	\$273	\$273	\$273	\$273	\$273
Total weekly earnings for clients closed as competitively employed (in thousands)	\$2,128	\$2,192	\$2,259	\$2,315	\$2,374	\$2,433	\$2,494
Average taxes paid by a competitively employed client	\$3,691	\$3,765	\$3,840	\$3,917	\$3,995	\$4,075	\$4,157
Total taxes paid by competitively employed clients (in thousands)	\$28,773	\$29,642	\$30,538	\$31,304	\$32,090	\$32,895	\$33,721

Cases closed in noncompetitive jobs are lower than estimated in last year's budget due to the increased number of placements in the competitive marketplace.

Estimates for the measures of economic data and client earnings information are higher than projected in last year's budget primarily due to an improved job market and economy.



Program: Vocational Rehabilitation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	2,000	<p>Vocational Rehabilitation Services —PRR— Promoting Independence for Persons with Disabilities. This Program Revision provides vocational rehabilitation services to an additional 750 individuals. See the Program Revision following the Human Services Program in the Department of Public Welfare for additional information.</p>	\$	1,544	<p>Transfer to Vocational Rehabilitation Fund —to continue current program.</p>
			\$	101	<p>Supported Employment —to continue current program.</p>
			\$	80	<p>Centers for Independent Living —to continue current program.</p>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Vocational Rehabilitation Services	\$ 0	\$ 0	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Transfer to Vocational Rehabilitation Fund	23,559	24,030	25,574	25,574	25,574	25,574	25,574
Supported Employment	899	899	1,000	1,000	1,000	1,000	1,000
Centers for Independent Living	1,000	1,000	1,080	1,080	1,080	1,080	1,080
TOTAL GENERAL FUND	\$ 25,458	\$ 25,929	\$ 29,654	\$ 29,654	\$ 29,654	\$ 29,654	\$ 29,654



COMMONWEALTH OF PENNSYLVANIA

LIQUOR CONTROL BOARD

The Pennsylvania Liquor Control Board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the Commonwealth.

The board consists of three members appointed by the Governor and confirmed by the Senate.

The dollar amounts shown are from the State Stores Fund, a special enterprise fund, and are reflected herein as "Other Funds."

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
(F)Community Underage Drinking Project-NHTSA.....	\$ 0	\$ 71 ^a	\$ 80
Subtotal - Federal Funds.....	0	71	80
GENERAL FUND TOTAL.....	\$ 0	\$ 71	\$ 80
 OTHER FUNDS:			
STATE STORES FUND:			
General Operations (EA).....	\$ 207,447	\$ 213,328	\$ 219,827
Malt Beverage Surcharge.....	0	0	133
Underage Drinking Coalition Grant.....	0	0	222
Sale of Vehicles.....	66	0	0
Comptroller Operations (EA).....	7,140	6,979	7,076
Transfer of Profits to General Fund (EA).....	50,000	50,000	50,000
Transfer to Children's Health Fund (EA).....	5,000	0	0
STATE STORES FUND TOTAL.....	\$ 269,653	\$ 270,307	\$ 277,258
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	0	71	80
OTHER FUNDS.....	269,653	270,307	277,258
TOTAL ALL FUNDS.....	\$ 269,653	\$ 270,378	\$ 277,338

^a Recommended supplemental appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
LIQUOR CONTROL							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	71	80	0	0	0	0
OTHER FUNDS.....	269,653	270,307	277,258	281,804	286,440	291,169	295,993
SUBCATEGORY TOTAL.....	\$ 269,653	\$ 270,378	\$ 277,338	\$ 281,804	\$ 286,440	\$ 291,169	\$ 295,993
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	71	80	0	0	0	0
OTHER FUNDS.....	269,653	270,307	277,258	281,804	286,440	291,169	295,993
DEPARTMENT TOTAL.....	\$ 269,653	\$ 270,378	\$ 277,338	\$ 281,804	\$ 286,440	\$ 291,169	\$ 295,993



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 665 State Liquor Stores operated by the Liquor Control Board. This includes both retail sales to individual consumers, and wholesale sales to those private establishments which sell by the drink. In addition, the board licenses those private establishments which make retail sales of alcoholic beverages by the drink. While malt and brewed beverages are not sold in State Liquor Stores, the Liquor Control Board regulates these sales by licensing the distributors who do sell these items. In all, some 73,000 licenses of all types are issued each year.

Act 14 of 1987 reauthorized the Liquor Control Board and made some changes to its responsibilities. Most notably, enforcement of liquor laws was transferred to the Pennsylvania State Police. In addition, an Office of Administrative Law Judge, a Bureau of Wine and a Bureau of Consumer Relations were created within the Liquor Control Board.

To ensure the safety and security of all Pennsylvanians the Liquor Control Board has, since 1990, operated a Nuisance Bar program. This

program supports a task force that utilizes the expertise of representatives of community affairs offices, district attorney offices, local and State Police, drug task forces, local communities and the General Assembly. If the licensee has abused its licensing privilege and through its conduct or record of violations demonstrates a pattern of activities which threatens the health and safety of the local community, the Liquor Control Board will refuse to renew its license. Since inception, some 475 license renewals have been refused.

In 1994, the Liquor Control Board formalized its commitment to providing information about alcohol consumption by establishing the Bureau of Alcohol Education. Its various programs, many of which are directed towards children and youth, include: seminars conducted for licensees and their employees as part of the Responsible Alcohol Management Program; appearances by the L. C. Bee, a program for young people featuring a costumed character, on how to resist peer pressure to try alcohol; school and public displays and speakers forum presentations.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Pennsylvania State Liquor Stores	660	665	670	670	670	670	670
Gross Sales (includes taxes) (in thousands)	\$917,707	\$992,065	\$992,503	\$1,010,864	\$1,029,565	\$1,048,612	\$1,068,011
Alcohol Education Presentations*	823	864	907	952	1,000	1,050	1,102

* New program measure added.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 6,499	General Operations —to continue current program.	\$ 97	Comptroller Operations —to continue current program.
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Transfer of Profits to the General Fund is recommended at the current year level of \$50 million.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs provides organized combat-ready units, both Army and Air National Guard, for call to Federal duty in the event of national emergency and to State duty in time of disaster or civil disorder. Their duties are to protect the lives and property of the people of Pennsylvania and preserve peace, order and public safety. The Bureau of Veterans Affairs administers the laws that provide for the well-being of Pennsylvania veterans and their dependents.

The Department of Military and Veterans Affairs consists of the Adjutant General, the State Armory Board, the State Veterans' Commission, the Soldiers and Sailors Home at Erie, the veterans home at Hollidaysburg, the Southeastern Veterans Home at Spring City, the Northeastern Home at Scranton, the Southwestern Veterans Home at Pittsburgh and the Scotland School for Veterans Children near Chambersburg.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Military and Veterans Affairs

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 14,023	\$ 14,193	\$ 14,922
(F)Facilities Maintenance.....	6,656	9,200	10,400
(F)January 1996 Storm Disaster - Disaster Assistance.....	64	0	0
(F)July 1996 Storm Disaster - Disaster Assistance.....	29	0	0
(F)September 1996 Storm Disaster - Disaster Assistance.....	6	0	0
(F)Employee Support.....	1,031	2,279	1,892
(F)Telecommunications Expansion.....	601	760	880
(F)Federal Construction Grants.....	14,115	24,600	25,700
(F)Fort Indiantown Gap Base Realignment.....	0	1,228	7,068
(A)Rental of Armories and Other Facilities.....	122	122	122
(A)Lt. Governor's Residence.....	24	27	28
(A)PEMA Reimbursements.....	0	29	0
November 1996 Storm Disaster Relief.....	75	0	0
American Battle Monuments.....	4	4	4
Armory Maintenance And Repair.....	700	700	1,000
Drug Interdiction.....	14	62	62
Special State Duty.....	0	100	100
Base Realignment and Closure.....	28	75	100
Subtotal.....	<u>\$ 37,492</u>	<u>\$ 53,379</u>	<u>\$ 62,278</u>
Subtotal - State Funds.....	\$ 14,844	\$ 15,134	\$ 16,188
Subtotal - Federal Funds.....	22,502	38,067	45,940
Subtotal - Augmentations.....	146	178	150
Total - General Government.....	<u>\$ 37,492</u>	<u>\$ 53,379</u>	<u>\$ 62,278</u>
Institutional:			
Erie Soldiers and Sailors Home.....	\$ 5,169	\$ 5,695	\$ 5,758
(F)Operations and Maintenance.....	1,791	1,510	1,820
(F)Medical Reimbursement.....	139	50	50
(A)Aid and Attendance Payments.....	385	350	400
(A)Residents Fees.....	1,487	2,000	1,713
(A)Federal Veterans Centers.....	30	45	45
Subtotal.....	<u>\$ 9,001</u>	<u>\$ 9,650</u>	<u>\$ 9,786</u>
Holidaysburg Veterans Home.....	17,184	19,900	19,155
(F)Operations and Maintenance.....	5,093	5,047	5,507
(F)Medical Reimbursement.....	137	183	408
(A)Aid and Attendance Payments.....	1,750	1,913	1,906
(A)Residents Fees.....	4,401	4,455	4,748
(A)Rental Receipts.....	11	12	12
Subtotal.....	<u>\$ 28,576</u>	<u>\$ 31,510</u>	<u>\$ 31,736</u>
Southeastern Veterans Home.....	10,353	12,605	11,804
(F)Operations and Maintenance.....	2,670	2,947	3,453
(F)Medical Reimbursements.....	0	70	72
(A)Aid and Attendance Payments.....	656	988	654
(A)Residents Fees.....	1,443	1,310	1,451
Subtotal.....	<u>\$ 15,122</u>	<u>\$ 17,920</u>	<u>\$ 17,434</u>
Northeastern Veterans Home.....	5,849	7,478	7,512
(F)Operations and Maintenance.....	3,291	2,850	2,765
(F)Medical Reimbursement.....	13	70	98
(A)Aid and Attendance Payments.....	892	1,172	898
(A)Residents Fees.....	1,663	1,759	1,846
Subtotal.....	<u>\$ 11,708</u>	<u>\$ 13,329</u>	<u>\$ 13,119</u>
Southwestern Veterans Home.....	1,134	4,849	5,936
(F)Operations and Maintenance.....	0	615	1,755



Military and Veterans Affairs

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
(F)Medical Reimbursement.....	0	5	15
(A)Aid and Attendance Payments.....	0	164	620
(A)Residents Fees.....	0	246	630
Subtotal.....	<u>\$ 1,134</u>	<u>\$ 5,879</u>	<u>\$ 8,956</u>
Scotland School for Veterans' Children.....	6,305	6,442	6,742
(F)ESEA Education for the Disadvantaged.....	279	300	0
(F)School Milk Lunch.....	260	260	0
(F)ESEA Education Program.....	0	0	295
(F)School Milk Program.....	0	0	300
(F)Drug Free Schools and Communities - Scotland.....	2	2	2
(F)Goals 2000 - Scotland.....	0	50	0
(A)Scotland School Cafeteria.....	120	73	103
(A)Tuition Recovery.....	1,837	1,835	1,890
(A)Link to Learn.....	0	44	0
Subtotal.....	<u>\$ 8,803</u>	<u>\$ 9,006</u>	<u>\$ 9,332</u>
Subtotal - State Funds.....	<u>\$ 45,994</u>	<u>\$ 56,969</u>	<u>\$ 56,907</u>
Subtotal - Federal Funds.....	13,675	13,959	16,540
Subtotal - Augmentations.....	14,675	16,366	16,916
Total - Institutional.....	<u>\$ 74,344</u>	<u>\$ 87,294</u>	<u>\$ 90,363</u>
Grants and Subsidies:			
Education of Veterans Children.....	\$ 125	\$ 145	\$ 150
Education - National Guard.....	1,600	2,200	4,200
Veterans Assistance.....	1,225	1,266	1,266
Blind Veterans Pension.....	150	145	155
Paralyzed Veterans Pension.....	307	293	293
National Guard Pension.....	4	5	5
PA Air National Guard.....	0	25	25
Total - Grants and Subsidies.....	<u>\$ 3,411</u>	<u>\$ 4,079</u>	<u>\$ 6,094</u>
STATE FUNDS.....	\$ 64,249	\$ 76,182	\$ 79,189
FEDERAL FUNDS.....	36,177	52,026	62,480
AUGMENTATIONS.....	14,821	16,544	17,066
GENERAL FUND TOTAL.....	<u>\$ 115,247</u>	<u>\$ 144,752</u>	<u>\$ 158,735</u>
OTHER FUNDS:			
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial.....	\$ 0	\$ 43	\$ 500
STATE TREASURY ARMORY FUND:			
Armory Improvements.....	\$ 683	\$ 937	\$ 925
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 64,249	\$ 76,182	\$ 79,189
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	36,177	52,026	62,480
AUGMENTATIONS.....	14,821	16,544	17,066
OTHER FUNDS.....	683	980	1,425
TOTAL ALL FUNDS.....	<u>\$ 115,930</u>	<u>\$ 145,732</u>	<u>\$ 160,160</u>

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
STATE MILITARY READINESS							
GENERAL FUND.....	\$ 14,844	\$ 15,134	\$ 16,188	\$ 16,511	\$ 16,840	\$ 17,176	\$ 17,519
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	22,502	38,067	45,940	40,972	41,372	36,622	33,822
OTHER FUNDS.....	829	1,115	1,075	953	906	910	914
SUBCATEGORY TOTAL.....	\$ 38,175	\$ 54,316	\$ 63,203	\$ 58,436	\$ 59,118	\$ 54,708	\$ 52,255
VETERANS HOMES AND SCHOOL							
GENERAL FUND.....	\$ 45,994	\$ 56,969	\$ 56,907	\$ 59,575	\$ 60,767	\$ 61,983	\$ 63,224
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	13,675	13,959	16,540	17,312	17,710	18,113	18,499
OTHER FUNDS.....	14,675	16,366	16,916	17,254	17,600	17,952	18,309
SUBCATEGORY TOTAL.....	\$ 74,344	\$ 87,294	\$ 90,363	\$ 94,141	\$ 96,077	\$ 98,048	\$ 100,032
COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 3,411	\$ 4,079	\$ 6,094	\$ 6,094	\$ 6,094	\$ 6,094	\$ 6,094
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	43	500	500	500	1,000	1,000
SUBCATEGORY TOTAL.....	\$ 3,411	\$ 4,122	\$ 6,594	\$ 6,594	\$ 6,594	\$ 7,094	\$ 7,094
ALL PROGRAMS:							
GENERAL FUND.....	\$ 64,249	\$ 76,182	\$ 79,189	\$ 82,180	\$ 83,701	\$ 85,253	\$ 86,837
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	36,177	52,026	62,480	58,284	59,082	54,735	52,321
OTHER FUNDS.....	15,504	17,524	18,491	18,707	19,006	19,862	20,223
DEPARTMENT TOTAL.....	\$ 115,930	\$ 145,732	\$ 160,160	\$ 159,171	\$ 161,789	\$ 159,850	\$ 159,381



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 and 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 Air National Guard bases and installations and numerous Army National Guard armories and support facilities. To provide a quicker and more effective response to State or Federal mobilization, a Statewide communications network is in operation.

Included within this program are those activities essential to operate a network of 105 community armories which 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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Pennsylvania National Guard personnel	21,473	22,373	22,606	22,606	22,606	22,606	22,606
Percentage of authorized strength level	95%	96%	96%	96%	96%	96%	96%

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)	
General Government Operations		
\$ 40 —Year 2000 compliance.		\$ 300
689 —to continue current program.		
\$ 729 Appropriation Increase		
		Armory Maintenance and Repair
		—to provide for additional maintenance and repair of armories.
		Base Realignment and Closure
		\$ 25 —to continue current program.

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

This budget also recommends \$7,068,000 in Federal funding to provide for the transfer of Fort Indiantown Gap from the Federal Government to the Commonwealth.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 14,023	\$ 14,193	\$ 14,922	\$ 15,220	\$ 15,524	\$ 15,834	\$ 16,151
November 1996 Storm Disaster Relief	75	0	0	0	0	0	0
American Battle Monuments	4	4	4	4	4	4	4
Armory Maintenance and Repair	700	700	1,000	1,020	1,040	1,061	1,082
Drug Interdiction	14	62	62	63	64	65	66
Special State Duty	0	100	100	102	104	106	108
Base Realignment and Closure	28	75	100	102	104	106	108
TOTAL GENERAL FUND	\$ 14,844	\$ 15,134	\$ 16,188	\$ 16,511	\$ 16,840	\$ 17,176	\$ 17,519

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 four veterans homes currently providing such care: the Soldiers and Sailors Home in Erie, the Veterans Home at Hollidaysburg, the Southeastern Pennsylvania Veterans Center and the Northeastern Veterans Center. The program receives assistance from the Federal Government at levels of \$17.78 per patient day for domiciliary care, \$40.00 per patient day for nursing home care, and an average of \$8.00 per day for aid-in-attendance given directly to the patient. In addition, residents pay a maintenance fee to help offset the cost of services.

The fifth veterans home was constructed on the grounds of the U.S.

Department of Veterans Affairs Highland Drive facility in Pittsburgh. Residents began to occupy the the new 236-bed Southwestern Veterans Center during the fall of 1997.

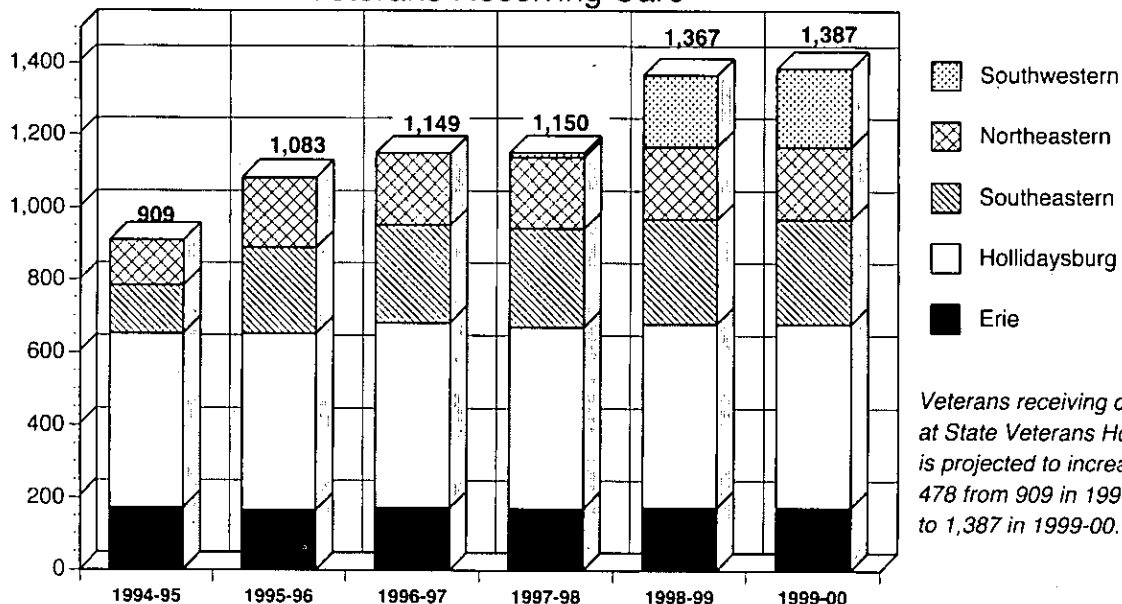
Act 127 of 1994 provides 21.5 acres of land for the sixth veterans home. The Delaware Valley Veterans Center will be located within Benjamin Rush State Park, Philadelphia.

Scotland School for Veterans Children provides a student centered elementary and secondary curriculum for individual needs including college preparatory classes and vocational offerings.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Veterans Homes:							
Capacity (December):							
Erie	175	175	175	175	175	175	175
Hollidaysburg	514	514	514	514	514	514	514
Southeastern	304	304	304	304	304	304	304
Northeastern	200	200	200	200	200	200	200
Southwestern	0	20	236	236	236	236	236
Population (December):							
Erie	173	171	174	174	174	174	174
Hollidaysburg	509	499	505	505	505	505	505
Southeastern	270	272	290	290	290	290	290
Northeastern	197	195	198	198	198	198	198
Southwestern	0	13	200	220	230	230	230
Scotland School:							
Capacity	350	350	350	350	350	350	350
Population	336	342	344	345	345	345	345

State Veterans Homes Veterans Receiving Care



Veterans receiving care at State Veterans Homes is projected to increase by 478 from 909 in 1994-95 to 1,387 in 1999-00.

Military and Veterans Affairs

Program: Veterans Homes and School (continued)

State Veterans Home and School - Expenditures by Institution

(Dollar Amounts in Thousands)

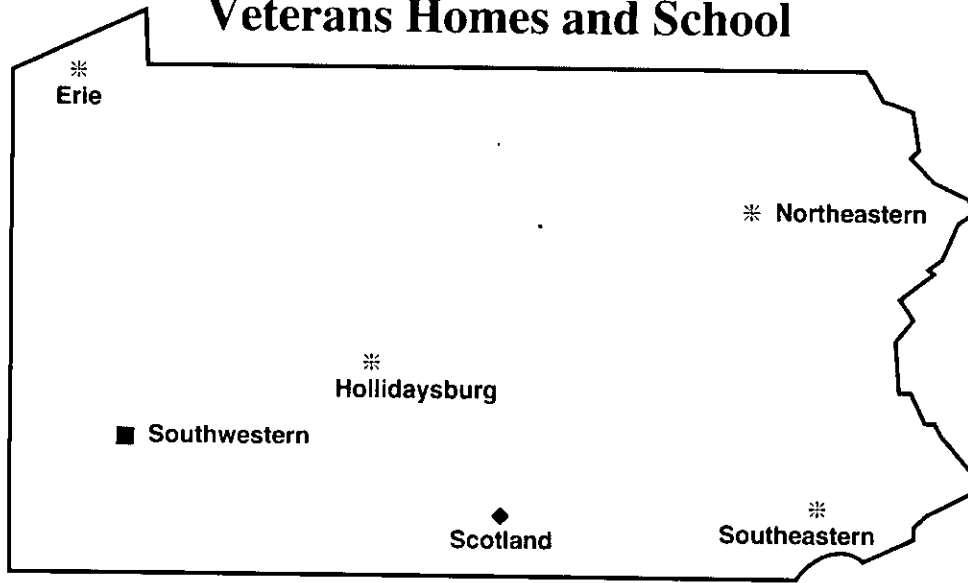
	1996-97 Actual	1997-98 Available	1998-99 Budget		1996-97 Actual	1997-98 Available	1998-99 Budget
<i>Erie Soldiers and Sailors Home</i>				<i>Northeastern Veterans Center</i>			
State Funds.....	\$ 5,169	\$ 5,695	\$ 5,758	State Funds.....	\$ 5,849	\$ 7,478	\$ 7,512
Federal Funds.....	1,930	1,560	1,870	Federal Funds.....	3,304	2,920	2,863
Augmentations.....	1,902	2,395	2,158	Augmentations.....	2,555	2,931	2,744
TOTAL.....	<u>\$ 9,001</u>	<u>\$ 9,650</u>	<u>\$ 9,786</u>	TOTAL.....	<u>\$ 11,708</u>	<u>\$ 13,329</u>	<u>\$ 13,119</u>
<i>Hollidaysburg Veterans Home</i>				<i>Southwestern Veterans Center</i>			
State Funds.....	\$ 17,184	\$ 19,900	\$ 19,155	State Funds.....	\$ 1,134	\$ 4,849	\$ 5,936
Federal Funds.....	5,230	5,230	5,915	Federal Funds.....	0	620	1,770
Augmentations.....	6,162	6,380	6,666	Augmentations.....	0	410	1,250
TOTAL.....	<u>\$ 28,576</u>	<u>\$ 31,510</u>	<u>\$ 31,736</u>	TOTAL.....	<u>\$ 1,134</u>	<u>\$ 5,879</u>	<u>\$ 8,956</u>
<i>Southeastern Veterans Center</i>				<i>Scotland School for Veterans Children</i>			
State Funds.....	\$ 10,353	\$ 12,605	\$ 11,804	State Funds.....	\$ 6,305	\$ 6,442	\$ 6,742
Federal Funds.....	2,670	3,017	3,525	Federal Funds.....	541	612	597
Augmentations.....	2,099	2,298	2,105	Augmentations.....	1,957	1,952	1,993
TOTAL.....	<u>\$ 15,122</u>	<u>\$ 17,920</u>	<u>\$ 17,434</u>	TOTAL.....	<u>\$ 8,803</u>	<u>\$ 9,006</u>	<u>\$ 9,332</u>

<u>Institution</u>	<u>Population Dec. 1997</u>	<u>Projected Population Dec. 1998</u>	<u>Projected Dec. 1998 Capacity</u>	<u>Projected Percent of Capacity</u>
Erie Soldiers and Sailors Home	171	174	175	99%
Hollidaysburg Veterans Home	499	505	514	98%
Southeastern Veterans Home	272	290	304	95%
Northeastern Veterans Home	195	198	200	99%
Southwestern Veterans Home	13	200	236	85%
Scotland School for Veterans Children	342	344	350	98%

Military and Veterans Affairs

Program: Veterans Homes and School (continued)

Veterans Homes and School



■ New Veterans Home opened in 1997

* Veterans Home

◆ School for Veterans Children

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Erie Soldiers and Sailors Home</p> <p>\$ -200 —nonrecurring operational costs. 82 —for patient care equipment. 181 —to continue current program.</p> <hr/> <p>\$ 63 <i>Appropriation Increase</i></p> <p>Hollidaysburg Veterans Home</p> <p>\$ -1,432 —nonrecurring cost of improvements. 200 —for patient care equipment. 487 —to continue current program.</p> <hr/> <p>\$ -745 <i>Appropriation Decrease</i></p> <p>Southeastern Veterans Home</p> <p>\$ -1,500 —nonrecurring cost of improvements. 176 —for patient care equipment. 523 —to continue current program.</p> <hr/> <p>\$ -801 <i>Appropriation Decrease</i></p>	<p>Northeastern Veterans Home</p> <p>\$ 118 —for patient care equipment. 378 —to continue current program. -462 —nonrecurring operational costs.</p> <hr/> <p>\$ 34 <i>Appropriation Increase</i></p> <p>Southwestern Veterans Home</p> <p>\$ 1,087 —for additional staffing and operating costs associated with the opening of this new facility.</p> <p>Scotland School for Veterans Children</p> <p>\$ 300 —to continue current program.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Erie Soldiers and Sailors Home	\$ 5,169	\$ 5,695	\$ 5,758	\$ 5,873	\$ 5,990	\$ 6,110	\$ 6,232
Hollidaysburg Veterans Home	17,184	19,900	19,155	19,538	19,929	20,328	20,735
Southeastern Veterans Home	10,353	12,605	11,804	12,040	12,281	12,527	12,778
Northeastern Veterans Home	5,849	7,478	7,512	7,662	7,815	7,971	8,130
Southwestern Veterans Home	1,134	4,849	5,936	7,585	7,737	7,892	8,051
Scotland School for Veterans Children	6,305	6,442	6,742	6,877	7,015	7,155	7,298
TOTAL GENERAL FUND	\$ 45,994	\$ 56,969	\$ 56,907	\$ 59,575	\$ 60,767	\$ 61,983	\$ 63,224

Military and Veterans Affairs

PROGRAM OBJECTIVE: To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.

Program: Compensation and Assistance

The Department of Military and Veterans Affairs administers several activities within this program.

Program Element: Veterans Assistance

Temporary financial assistance is provided for eligible veterans, their spouses and dependent children who are in need of financial assistance. Financial assistance is authorized for food, fuel, shelter and clothing and is limited to a period not exceeding three months.

Program Element: Blind Veterans Pension

Pensions of \$100 per month are provided for those Pennsylvania veterans who incurred functional blindness while performing active military service.

Program Element: National Guard Pensions

This program is responsible for the payment of a pension to guardsmen, widows and dependent family members. A National Guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or contracted while performing duty in active service of the Commonwealth, or in the performance of other State military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of \$300 per month for a period of ten years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational gratuities are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities rated as total and permanent or children of veterans who have died of war service-connected disabilities. Under current law, \$500 per semester is available for eligible students attending post secondary institutions within the Commonwealth.

Program Element: Education — National Guard

Tuition grants are provided for certain members of the Pennsylvania National Guard who enroll in a Pennsylvania institution of higher learning with degree-granting status, as approved by the Department of Education. This educational assistance program not only serves as an incentive to the Pennsylvania National Guard's recruiting and retention efforts but also rewards those Pennsylvanians who volunteer to serve their nation and the Commonwealth. Assistance ranges from \$40 per credit for part-time students to two-thirds of the tuition charged to a Pennsylvania resident at a member institution of the State System of Higher Education.

Program Element: Paralyzed Veterans Pension

This program provides a pension of \$100 per month to those Pennsylvania veterans who have lost the use of two or more extremities while serving on active duty in the armed forces of the United States during an established war, armed conflict or combat-related activity in peacetime.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Veterans in Pennsylvania	1,328,669	1,327,569	1,326,469	1,325,365	1,324,258	1,313,247	1,302,236
Recipients of veterans emergency assistance	8,120	8,150	8,150	8,150	8,150	8,150	8,150
Recipients of blind veterans pensions	125	122	128	125	125	125	125
Students receiving financial aid	125	145	150	150	150	150	150
National Guard personnel receiving educational financial aid	1,083	1,460	2,120	2,380	2,510	2,510	2,510
Participants in paralyzed veterans programs	251	244	244	240	235	230	225

It is anticipated that the number of National Guard personnel receiving educational financial aid will increase because of an expanded full-time student assistance program implemented in 1996-97.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Education of Veterans Children \$ 5 —to provide educational assistance for more children of veterans.</p> <p>Education—National Guard \$ 2,000 —educational assistance for additional national guard personnel.</p>	<p>Blind Veterans Pension \$ 10 —to provide pensions for additional blind veterans.</p>
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The budget recommends continuation of all other programs at sufficient levels to carry current programs forward.

Military and Veterans Affairs

Program: Compensation and Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Education of Veterans Children	\$ 125	\$ 145	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
Education — National Guard	1,600	2,200	4,200	4,200	4,200	4,200	4,200
Veterans Assistance	1,225	1,266	1,266	1,266	1,266	1,266	1,266
Blind Veterans Pensions	150	145	155	155	155	155	155
Paralyzed Veterans Pension	307	293	293	293	293	293	293
National Guard Pensions	4	5	5	5	5	5	5
PA Air National Guard	0	25	25	25	25	25	25
TOTAL GENERAL FUND	\$ 3,411	\$ 4,079	\$ 6,094	\$ 6,094	\$ 6,094	\$ 6,904	\$ 6,904



COMMONWEALTH OF PENNSYLVANIA

MILK MARKETING BOARD

The Milk Marketing Board supervises, inspects and regulates the milk industry of the Commonwealth and establishes reasonable trade control and marketing practices.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
<u>MILK MARKETING FUND:</u>			
<i>General Government:</i>			
General Operations.....	\$ 2,297	\$ 2,517	\$ 2,478
MILK MARKETING FUND TOTAL.....	\$ 2,297	\$ 2,517	\$ 2,478



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	2,297	2,517	2,478	2,418	2,491	2,566	2,643
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 2,297	\$ 2,517	\$ 2,478	\$ 2,418	\$ 2,491	\$ 2,566	\$ 2,643
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	2,297	2,517	2,478	2,418	2,491	2,566	2,643
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 2,297	\$ 2,517	\$ 2,478	\$ 2,418	\$ 2,491	\$ 2,566	\$ 2,643

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.

To regulate the market the board uses the ratio of the supply of fluid milk to demand. The ratio is based on long-term economic policy and suggests that a proper balance exists when the supply of fluid milk equals 125 percent of fluid sales, with a variance of eight percent in either direction. In 1996-97, the supply of milk was 126 percent of the demand. A ratio of 133 percent or more suggests that supply exceeds demand and that a review of producer and resale prices is warranted. A ratio of 117 percent or less suggests that demand exceeds supply and that prices should be reviewed to provide incentives for expanded production.

Program Measures	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Licenses and permits issued	2,786	2,800	2,800	2,800	2,800	2,800	2,800
Dealer audits for compliance with rules and regulations*	1,114	1,200	1,200	1,200	1,200	1,200	1,200

*New program measure added.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MILK MARKETING FUND:	
General Operations	
\$ -142	—nonrecurring cost for the new milk pricing system.
103	—to continue current program.
\$ -39	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
MILK MARKETING FUND:							
General Operations	\$ 2,297	\$ 2,517	\$ 2,478	\$ 2,418	\$ 2,491	\$ 2,566	\$ 2,643





COMMONWEALTH OF PENNSYLVANIA

BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole rehabilitates and supervises persons on probation or parole, helping them to reintegrate within society. The board attempts to allow an early and controlled release of persons from correctional institutions as well as to detect those who cannot adjust to the community. State probation services and presentence investigations are also provided upon request from the courts. The Office of the Victim Advocate within the Board of Probation and Parole administers the victim service programs of both the board and the Department of Corrections.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	1998-99 State Funds (in thousands)
Enhancing Public Safety		
	General Government Operations.....	\$ 761
	Sexual Offenders Assessment Board.....	90
	Subtotal.....	<u>\$ 851</u>
<p>This Program Revision enhances the capabilities of the Sexual Offenders Assessment Board and increases probation and parole services. This is part of the \$15.2 million Enhancing Public Safety Program Revision. Please see the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information on this Program Revision.</p>		
	Department Total.....	<u><u>\$ 851</u></u>



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 52,078	\$ 56,563	\$ 59,655
(F)DCSI - County Adult Probation Automated System.....	49	43	4
(F)DCSI - Office of Victim Advocate.....	128	102	27
(F)DCSI - Intensive Supervision Units.....	2,045	1,033	592
(F)Residential Substance Abuse Treatment.....	0	120	120
(F)Residential Substance Abuse Treatment Aftercare.....	0	0	333
(A)State Parole Supervision Fees.....	540	748	735
(A)Firearms Education and Training Comm.....	0	115	280
Sexual Offenders Assessment Board.....	258 ^a	627 ^b	1,346
(F)DCSI - Assessment Board.....	419	512	841
Subtotal.....	\$ 55,517	\$ 59,863	\$ 63,933
Drug Offenders Work Program.....	139	234	233
Subtotal.....	\$ 139	\$ 234	\$ 233
Subtotal - State Funds.....	\$ 52,475	\$ 57,424	\$ 61,234
Subtotal - Federal Funds.....	2,641	1,810	1,917
Subtotal - Augmentations.....	540	863	1,015
Total - General Government.....	\$ 55,656	\$ 60,097	\$ 64,166
<i>Grants and Subsidies:</i>			
Improvement of Adult Probation Services.....	\$ 16,835	\$ 17,073	\$ 17,627
(A)County Parole Supervision Fees.....	7,588	7,728	7,728
Subtotal.....	\$ 24,423	\$ 24,801	\$ 25,355
Subtotal - State Funds.....	\$ 16,835	\$ 17,073	\$ 17,627
Subtotal - Augmentations.....	7,588	7,728	7,728
Total - Grants and Subsidies.....	\$ 24,423	\$ 24,801	\$ 25,355
STATE FUNDS.....	\$ 69,310	\$ 74,497	\$ 78,861
FEDERAL FUNDS.....	2,641	1,810	1,917
AUGMENTATIONS.....	8,128	8,591	8,743
GENERAL FUND TOTAL.....	\$ 80,079	\$ 84,898	\$ 89,521

^a Actually appropriated as \$52,336,000 for General Government Operations.

^b Actually appropriated as \$57,190,000 for General Government Operations.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND.....	\$ 69,310	\$ 74,497	\$ 78,861	\$ 79,404	\$ 80,755	\$ 82,134	\$ 83,424
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,641	1,810	1,917	1,862	1,753	1,640	1,642
OTHER FUNDS.....	8,128	8,591	8,743	8,764	8,785	8,806	8,828
SUBCATEGORY TOTAL.....	\$ 80,079	\$ 84,898	\$ 89,521	\$ 90,030	\$ 91,293	\$ 92,580	\$ 93,894
ALL PROGRAMS:							
GENERAL FUND.....	\$ 69,310	\$ 74,497	\$ 78,861	\$ 79,404	\$ 80,755	\$ 82,134	\$ 83,424
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,641	1,810	1,917	1,862	1,753	1,640	1,642
OTHER FUNDS.....	8,128	8,591	8,743	8,764	8,785	8,806	8,828
DEPARTMENT TOTAL.....	\$ 80,079	\$ 84,898	\$ 89,521	\$ 90,030	\$ 91,293	\$ 92,580	\$ 93,894



PROGRAM OBJECTIVE: *To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.*

Program: Reintegration of the Adult Offender

The Pennsylvania Board of Probation and Parole operates in a complex and interdependent criminal justice system in the Commonwealth.

The board's primary goal is to protect the community from crime through a process of supervising offenders who are serving sentences in the community. The primary functions of the board are to grant parole and supervise adult offenders with a maximum sentence of two years or more, revoke the parole of technical parole violators and criminal violators convicted of new crimes, and discharge from parole clients under supervision who have fulfilled their sentences in compliance with the conditions governing parole. Commonwealth judges parole inmates with maximum sentences under two years. Under the direction of the county courts, cases can be certified to the State under special probation and parole supervision.

The board also has quasi-judicial case decision-making responsibility. Two dominant types of decisions are made from information provided by field and institutional staff: parole release decisions and revocation decisions.

Explicit parole guidelines are used in the decision-making process in order to structure discretion and maintain fairness in the system. The effect of these successful program efforts in decision-making is that justice is administered fairly and decision-making is more accountable to the public.

In addition to operating the State parole program, the board has the responsibility of administering a grant-in-aid program to support county adult probation personnel and services. The grant-in-aid program provides funds to any county which adds probation staff for presentence investigations

and for improved probation supervision and programs. Act 134 of 1986, which amended the Probation and Parole Act, provides that counties shall be reimbursed for up to eighty percent (80%) of the personnel costs incurred to administer these additional services and programs, provided that sufficient funds are appropriated.

Act 35 of 1991 mandates that a monthly supervision fee be paid by all offenders under State supervision unless a waiver is granted. In addition, Act 35 requires that the sentencing judge of the Court of Common Pleas impose upon county offenders as a condition of supervision, a monthly supervision fee of at least twenty-five dollars unless reduced, waived or deferred.

Act 8 of Special Session 1 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 which is responsible for conducting assessments of sexual offenders to determine if they are sexually violent predators. The act requires sexually violent predators to register all current addresses upon release from incarceration or parole from a State, county or intermediate punishment program. The Pennsylvania State Police are required to verify the residence of sexually violent predators every 90 days. The offender's victim and neighbors must also be notified of the offender's address.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Probationers and parolees in caseload:							
County	157,380	168,726	174,773	180,819	186,866	192,912	198,959
State	21,822	20,778	21,609	22,473	23,372	24,307	25,280
Annual addition to caseload population	9,337	8,786	8,860	8,901	8,941	8,983	9,025
Investigative reports completed	23,325	19,603	20,387	21,202	22,051	23,400	24,336
Annual caseload additions likely to return							
to prison	3,361	3,163	3,190	3,204	3,219	3,234	3,249
and as a percentage of annual							
additions to caseload	36%	36%	36%	36%	36%	36%	36%
Average cases per parole agent	63	61	61	62	65	67	70

The data for the measure "probationers and parolees in caseload: county" shows an increase compared to the projections in last year's budget because it has been changed from county offenders under active supervision to include both active and administrative cases under county supervision.

The decrease in the measure "probationers and parolees in caseload: State" is due to the board's additional emphasis on protecting the safety of the public.

The increase in the measure "annual addition to caseload population" is due to the reduction in the paroling rate.

The increase in "investigative reports completed" is due to the increased number of field staff (agents). It is anticipated that an adequate number of agents will be maintained in the future.

The increase in "annual caseload additions likely to return to prison" is due to the reduction in the paroling rate.

Probation and Parole

Program: Reintegration of the Adult Offender (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -1,432 645 3,118 761</p>	<p>General Government Operations —nonrecurring projects. —to continue current program. —to increase State matching funds for Federal grants, information technology and other operating costs. 761 —PRR — Enhancing Public Safety. This Program Revision implements the Residential Substance Abuse Treatment program for technical parole violators with substance abuse problems and provides for an increase in the number of offenders supervised with electronic monitoring equipment. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.</p>
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\$ 3,092 *Appropriation Increase*

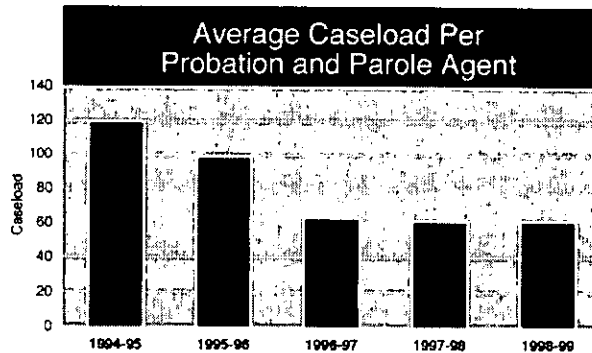
<p>\$ 629 90</p>	<p>Sexual Offenders Assessment Board —to continue current program. —PRR — Enhancing Public Safety. This Program Revision provides administrative support to the Sexual Offenders Assessment Board for offender investigations and assessments. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.</p>
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\$ 719 *Appropriation Increase*

<p>\$ -1</p>	<p>Drug Offenders Work Program —nonrecurring cost.</p>
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<p>\$ 554</p>	<p>Improvement of Adult Probation Services —for grants to counties for professional county personnel salary costs. A charge of \$25 per month offsets the costs of administering this program for employed offenders on State county parole supervision. Estimated fee collections for 1998-99 are \$7,728,000. This amount will augment State funds of \$17,627,000 and provide \$25,355,000 or 77 percent reimbursement to the counties.</p>
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In addition, the Enhancing Public Safety Program Revision following the Institutionalization of Offenders program in the Department of Corrections recommends \$59,000 in Federal funds to provide administrative support to the Sexual Offenders Assessment Board for offender investigations and assessments and \$333,000 in Federal funds to implement the Residential Substance Abuse Treatment program for technical parole violators with substance abuse problems.



The supervision of offenders by parole agents has been strengthened by reducing and maintaining the average agent's caseload at almost half of the 1994-95 caseload of 119. In 1998-99, it is estimated the average agent's caseload will be only 61.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 52,078	\$ 56,563	\$ 59,655	\$ 60,088	\$ 61,405	\$ 62,750	\$ 64,004
Sexual Offenders Assessment Board	258	627	1,346	1,451	1,480	1,509	1,540
Drug Offenders Work Program	139	234	233	238	243	248	253
Improvement of Adult Probation Services ...	16,835	17,073	17,627	17,627	17,627	17,627	17,627
TOTAL GENERAL FUND	\$ 69,310	\$ 74,497	\$ 78,861	\$ 79,404	\$ 80,755	\$ 82,134	\$ 83,424





COMMONWEALTH OF PENNSYLVANIA

PUBLIC TELEVISION NETWORK

The Public Television Network promotes and encourages public television in Pennsylvania. The network facilities provide services to the seven public television stations and two affiliated stations 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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Public Television Network

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 2,798	\$ 2,869	\$ 2,965
(A)Special Production Projects.....	25	20	15
Digital Equipment Upgrade.....	0	0	3,000
Subtotal - State Funds.....	\$ 2,798	\$ 2,869	\$ 5,965
Subtotal - Augmentations.....	25	20	15
Total - General Government.....	\$ 2,823	\$ 2,889	\$ 5,980
<i>Grants and Subsidies:</i>			
Public Television Station Grants.....	\$ 6,273	\$ 6,368	\$ 6,368
STATE FUNDS.....	\$ 9,071	\$ 9,237	\$ 12,333
AUGMENTATIONS.....	25	20	15
GENERAL FUND TOTAL.....	\$ 9,096	\$ 9,257	\$ 12,348

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
PUBLIC TELEVISION SERVICES							
GENERAL FUND.....	\$ 9,071	\$ 9,237	\$ 12,333	\$ 11,392	\$ 10,452	\$ 9,514	\$ 9,577
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	25	-20	15	15	15	15	15
SUBCATEGORY TOTAL.....	\$ 9,096	\$ 9,257	\$ 12,348	\$ 11,407	\$ 10,467	\$ 9,529	\$ 9,592
ALL PROGRAMS:							
GENERAL FUND.....	\$ 9,071	\$ 9,237	\$ 12,333	\$ 11,392	\$ 10,452	\$ 9,514	\$ 9,577
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	25	20	15	15	15	15	15
DEPARTMENT TOTAL.....	\$ 9,096	\$ 9,257	\$ 12,348	\$ 11,407	\$ 10,467	\$ 9,529	\$ 9,592

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, links seven independent noncommercial television stations in Pennsylvania to create a system in which stations provide programming to the people of Pennsylvania through independent and group efforts. The stations are located in Bethlehem, Erie, Philadelphia, Pittsburgh, Pittston, University Park and Harrisburg. In addition, the commission funds second public television stations in Philadelphia and Pittsburgh which provide different program service for their viewers.

Funding for the operations of the noncommercial television stations in Pennsylvania comes from several sources. Private donations from business and industry, and contributions from individuals provide over 60 percent of the revenue needed for operations. Grants from the Commonwealth and Federal Government also provide operating funds.

The operation of the network, located in Hershey, is fully funded by a General Fund appropriation. The network is directed by a commission which includes representatives from the seven stations, the education community, the Legislature, the Council on the Arts, and the public. The commission provides governance of the network and Statewide coordinating functions through a computerized microwave telecommunications system. Through the network each station has access to programs produced by other Pennsylvania stations and programs acquired from outside sources. Network promotion and audience research services are also provided as well as guidance in producing programs on cultural, educational, and public affairs of interest to all Pennsylvanians.

The network provides, through its facilities, a videoconferencing system for State agencies which results in a reduction in travel time and expense.

Instructional television is provided by each of the stations in cooperation with school districts and intermediate units, which purchase broadcast rights for some nationally produced programs. Some educational television series are produced by Pennsylvania stations for broadcast on Statewide and national television. These instructional series are curriculum-based and utilize such network services as Pennsylvania Learning-on-Line. An increasing number of the stations are on the air 24 hours a day with telecourses, GED courses and a wide variety of educational programming carried during the early morning hours. Public stations provide 1,120 hours of broadcasting per week.

Currently, commercial and non-commercial television stations broadcast analog signals. The U.S. Congress has mandated that by May 1, 2003, all stations must transmit digital television signals along with analog. In addition, by 2006, all analog transmissions must cease. The difference in the signals are two-fold. First, a sharper, clearer picture can be received by a digital television set. Second, only one analog signal can be broadcast in a particular band. With digital signals, four separate programming signals can be sent within the same band. The Public Television Network will be coordinating the efforts among the member stations to effect the conversion.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Households watching public television at least once a week	3,219,000	3,250,000	3,275,000	3,350,000	3,350,000	3,350,000	3,350,000
Contributing memberships	292,000	290,000	290,000	300,000	310,000	320,000	320,000

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ 96 —to continue current program.</p>	<p>Digital Equipment Upgrade</p> <p>\$ 3,000 —Initiative — Converting Public Television Stations to Digital Equipment. To begin converting Pennsylvania's public television stations to digital television broadcasting.</p>
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The Public Television Station Grants appropriation is recommended at the current year funding level.

Appropriations within this Program: (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 2,798	\$ 2,869	\$ 2,965	\$ 3,024	\$ 3,084	\$ 3,146	\$ 3,209
Digital Equipment Upgrade	0	0	3,000	2,000	1,000	0	0
Public Television Station Grants	6,273	6,368	6,368	6,368	6,368	6,368	6,368
TOTAL GENERAL FUND	\$ 9,071	\$ 9,237	\$ 12,333	\$ 11,392	\$ 10,452	\$ 9,514	\$ 9,577



COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

The Public Utility Commission insures that safe and adequate public utility services are available at fair and reasonable rates. This is accomplished through enforcement of the Public Utility Law and promulgation of regulations adopted by the commission.

The commission is comprised of five members appointed by the Governor with Senate confirmation.

The dollar amounts shown are not appropriations from the General Fund. The commission receives a budgetary authorization ceiling and then bills the utilities for the amounts of the approved estimate of expenditures. The commission spends directly from the restricted revenue account in which the utilities' payments are placed when collected.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Public Utility Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
(R)General Government Operations.....	\$ 36,904	\$ 38,042	\$ 38,749
(R)First Class City Taxicab Regulation.....	1,950	1,990	1,389
(F)Natural Gas Pipeline Safety.....	250	250	250
(F)Motor Carrier Safety.....	705	705	705
Subtotal - Federal Funds.....	955	955	955
Subtotal - Restricted Revenues.....	38,854	40,032	40,138
Total - General Government.....	\$ 39,809	\$ 40,987	\$ 41,093
FEDERAL FUNDS.....	955	955	955
RESTRICTED REVENUES.....	38,854	40,032	40,138
GENERAL FUND TOTAL.....	\$ 39,809	\$ 40,987	\$ 41,093

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 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.....	955	955	955	955	955	955	955
OTHER FUNDS.....	38,854	40,032	40,138	40,941	41,759	42,594	43,445
SUBCATEGORY TOTAL.....	\$ 39,809	\$ 40,987	\$ 41,093	\$ 41,896	\$ 42,714	\$ 43,549	\$ 44,400
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	955	955	955	955	955	955	955
OTHER FUNDS.....	38,854	40,032	40,138	40,941	41,759	42,594	43,445
DEPARTMENT TOTAL.....	\$ 39,809	\$ 40,987	\$ 41,093	\$ 41,896	\$ 42,714	\$ 43,549	\$ 44,400



PROGRAM OBJECTIVE: To ensure that safe and adequate public utility services are available to the public at fair and reasonable rates.

Program: Regulation of Public Utilities

The Public Utility Code requires the Public Utility Commission (PUC), an arm of the General Assembly, to ensure that safe and adequate utility service is available to the public at fair and reasonable rates.

The commission regulates about 6,900 utilities which include electric, gas, steam heat, water, telephone, telegraph, and sewage collection and disposal services; transportation of passengers and property by railroad, aircraft, boat, ferry and motor carrier; and transportation of certain products by pipeline.

In 1996-97, the Public Utility Commission completed 152 rate cases. Rate increases of \$36 million were requested by electric and other fixed utilities; rate increases of nearly \$21 million were allowed. Rate increases of \$2.6 million requested by transportation utilities were also allowed.

Pennsylvania has taken a leadership role in the deregulation of the electric industry. Act 138 of 1996 has become model legislation for other states desiring to deregulate the electric industry with the intended effect of lowering electric utility rates through increased competition. Electric customers will be able to choose the company which supplies their electricity. Pilot programs began in the fall of 1997 with total implementation being phased-in from January 1999 through January 2001.

Federal Law (P.L. 103-305) effective January 1, 1995, pre-empts State regulation of trucking rates and routes. The PUC's jurisdiction on motor carrier regulation has now been essentially limited to safety authority, insurance coverage, and transportation of household goods and passengers.

In addition to its primary duty of ensuring that adequate service at reasonable rates is available to the public, the commission is required or empowered to:

- prescribe rates for certain types of common carrier by motor vehicle type and to establish accounting and service requirements for them;
- regulate the formation, merger and consolidation of public utilities;
- determine whether a public utility should be permitted to discontinue service to the public other than for non-payment for service rendered;
- regulate the crossing of public highways by the facilities of public utilities;
- inspect the properties, test the equipment and examine the books and other records of utilities;
- prescribe systems of accounting for public utilities;
- determine whether the issuance of utility stocks and long-term debt by public utilities is necessary or proper for the present and probable future capital needs of the utilities;
- inquire into the reasonableness, from the point of view of the public interest, of contracts between public utilities and municipalities, and of contracts for services between public utilities and their affiliates;
- assess all its expenses on utilities in accordance with Act 33 of 1972; and,
- conduct management efficiency investigations and construction cost audits.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Utilities regulated:							
Fixed utilities:							
Electric distribution	17	17	16	16	15	15	15
Electric Generation*	25	32	37	42	45	45	45
Other	911	935	956	976	999	1,024	1,049
Transportation	5,670	5,900	5,900	6,000	6,000	6,000	6,000
Rate requests received:							
Fixed utilities:							
Electric	1	0	0	0	0	0	7
Other	41	40	40	30	30	30	30
Transportation	145	120	100	75	50	50	50
Rate cases completed:							
Fixed utilities:							
Electric	1	0	0	0	0	0	0
Other	28	35	35	35	30	30	30
Transportation	123	75	60	60	50	50	50

*New program measure added this year.

Public Utility Commission

Program: Regulation of Public Utilities (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Audits conducted:							
Fixed utilities:							
Financial	16	30	16	24	26	29	30
Energy fuel	60	59	51	40	34	33	33
Management	8	9	8	8	6	8	6
Enforcement/investigations:							
Fixed utilities	818	930	932	935	938	940	940
Transportation:							
Rail safety	38,973	40,000	40,000	40,000	40,000	40,000	40,000
Motor safety	21,707	20,000	20,000	20,000	20,000	20,000	20,000
Consumer services:							
Fixed utilities:							
Complaints received, investigated and resolved	45,069	45,000	45,000	45,000	45,000	45,000	45,000
Electric Deregulation:							
Homes participating*	0	225	2,400	3,200	3,800	3,800	3,800
Businesses participating*	0	26	260	520	525	527	527
Average rate reduction among participating homes/businesses*	0	10%	12%	12%	12%	12%	12%

The measures for the number and dollar value of rate requests vary from those projected in last year's budget. These measures fluctuate because rate requests reflect decisions of the utilities.

Enforcements and investigations for fixed utilities are lower for fixed utilities than projected in last year's budget based on the most recent actual data.

The number of complaints received, investigated and resolved is higher than projected in last year's budget as automated technology resources and additional staff have enhanced the complaint resolution process.

The number of fixed utilities regulated increased from those in last year's budget because of the new telephone companies coming into existence.

*New program measure added this year.

Program Recommendations

This budget recommends the following from restricted accounts:
(Dollar Amounts in Thousands)

\$	-75	General Government Operations			
	547	—nonrecurring fixed assets.			
	235	—to continue current program.			
		—to enable the Commonwealth to take advantage of electric competition.			
\$	707	<i>Appropriation Increase</i>			
			\$	-601	First Class City Taxicab Regulation
					—savings due to more streamlined and efficient operations.





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF PUBLIC WELFARE

The Department of Public Welfare administers programs to promote, improve and sustain the quality of family life, break the cycle of dependency and protect Pennsylvania's most vulnerable citizens. This is accomplished by supporting financial independence, through training, day care and medical assistance for those who are able and supporting community living in the least restrictive setting for those in need of assistance in daily living. When necessary, high-quality institutional care and treatment is delivered in settings that are safe and responsive to human needs. Citizen participation is an essential ingredient in helping the Department of Public Welfare to define service needs and develop programs to address these needs.

Services are provided directly and indirectly through regulations, supervision, subsidies and purchase of services. The actual delivery of welfare services is executed through regional and county offices, county assistance offices and various types of institutions.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
Children's Health Insurance Program Expansion		
	Medical Assistance - Outpatient.....	\$ 3,612
	Medical Assistance - Inpatient.....	2,064
	Medical Assistance - Capitation.....	<u>7,224</u>
	Subtotal.....	\$ 12,900

This Program Revision provides services for 18,274 additional children who may enroll in the Medical Assistance Program as a result of expanded outreach activities for the Children's Health Insurance Program. This is part of the \$43.2 million Children's Health Insurance Program Expansion Program Revision, which is also supported with \$80.3 million in Federal funds and \$33 million in existing cigarette tax revenue. Please see the Program Revision following the Insurance Industry Regulation Program in the Insurance Department for additional information on this Program Revision.

Transitioning to Self-Sufficiency

	New Directions.....	\$ 628
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This Program Revision provides \$628,000 in State funds and \$20.2 million in Federal funds to provide increased automobile, apparel and relocation allowances for welfare recipients employed or enrolled in approved work-related activities, drug and alcohol case management services provided on a pilot basis through employment and training contractors, and increased reimbursement rate ceilings for subsidized child care providers. A total of \$21.8 million in State and Federal funds is provided for this Program Revision across two agencies.



PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (In thousands)
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Creating An Integrated Workforce Development System

New Directions.....	\$	21,520
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This Program Revision provides \$21.5 million in State funds and \$43 million in Federal funds to eliminate barriers to employment for hard-to-employ welfare recipients, including non-custodial parents and pregnant and parenting teens. This is part of the \$74.6 million Creating An Integrated Workforce Development System Program Revision. Please see the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information on this Program Revision.

Promoting Independence for Persons with Disabilities

State Centers for the Mentally Retarded.....	\$	705
Assistive Technology.....		70
Attendant Care.....		<u>2,874</u>
Subtotal.....	\$	<u>3,649</u>

This Program Revision provides \$3.6 million in State funds and \$4.9 million in Federal and Other funds to expand programs for persons with disabilities. Components of this Program Revision include: providing attendant care services to an additional 681 individuals; providing additional assistive technology and durable medical equipment for persons residing in State Mental Retardation Centers; and expanding the Statewide Assistive Technology Lending Library. A total of \$13.3 million in State, Federal and Other funds is provided by this Program Revision across five departments.

Department Total.....	\$	<u>38,697</u>
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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 35,903	\$ 36,907	\$ 37,982
(F)Child Welfare Services - Administration.....	2,320	2,070	2,055
(F)Child Welfare - Title IV-E.....	0	2,064	2,117
(F)Child Welfare Training and Certification.....	9,298	8,362	9,000
(F)CCDBG - Administration.....	2,207	1,519	0
(F)CCDFBG - Administration.....	0	1,519	2,636
(F)Rehabilitation Services - Administration.....	349	439	437
(F)Medical Assistance - Administration.....	15,000	16,547 ^a	17,104
(F)TANFBG - Administration.....	0	4,663	4,649
(F)Maintenance Assistance - Administration.....	5,163	0	0
(F)Food Stamps - Administration.....	3,000	3,896	3,692
(F)Developmental Disabilities - Basic Support.....	4,021	4,090	4,090
(F)Refugees and Persons Seeking Asylum - Administration.....	991	1,182	1,271
(F)Homeless Mentally Ill - Administration.....	51	23	0
(F)Disabled Education - Administration.....	929	1,178	1,220
(F)Child Abuse Prevention Challenge Grant.....	930	1,357	900
(F)MHSBG - Administration.....	93	87	98
(F)SSBG - Administration.....	4,007	4,042	3,690
(F)SSBG Empowerment Zones and Enterprise Communities.....	87,040 ^b	0	0
(F)Emergency Assistance - Juvenile Probation.....	2,000	0	0
(F)Community Based Family Resource and Support.....	0	800	0
(F)Lead-Based Paint Abatement - Training.....	130	180	0
(F)Training - Lead-Based Paint Abatement.....	0	0	164
(F)ESEA (I) Children with Disabilities - Administration.....	85	0	0
(A)Institutional Collections and Reimbursements.....	749	370	422
(A)Training Reimbursement.....	267	281	443
(A)Child Abuse Reviews.....	2,232	1,915	2,500
(A)Miscellaneous Reimbursements.....	87	93	93
(A)Annie E. Casey.....	294	777	781
Subtotal.....	\$ 177,146	\$ 94,361	\$ 95,344
Information Systems	25,471	26,562	27,062
(F)Maintenance Assistance - Information Systems.....	2,888	0	0
(F)Medical Assistance - Information Systems.....	14,662	17,593	16,104
(F)Child Welfare - Title IV-E.....	0	858	856
(F)TANFBG - Information Systems.....	0	3,369	2,983
(F)Food Stamps - Information Systems.....	5,393	5,920	5,119
(F)Child Support Enforcement - Information Systems.....	636	685	585
(F)Rehabilitation Services - Information Systems.....	37	81	69
Subtotal.....	\$ 49,087	\$ 55,068	\$ 52,778
County Administration - Statewide	35,586	37,621	39,972
(F)Maintenance Assistance - Statewide.....	3,100	0	0
(F)TANFBG - Statewide.....	0	4,095	4,095
(F)Medical Assistance - Statewide.....	23,298	35,433	36,110
(F)Food Stamps - Statewide.....	3,584	7,090 ^c	4,587
(F)Jan 1996 Storm Disaster-Individual & Family Assistance Admn.....	50	0	0
(F)June 1996 Storm Disaster-Individual & Family Assistance Admn.....	75	0	0
(F)July 1996 Storm Disaster-Individual & Family Assistance Admn.....	159	0	0
(F)Sept 1996 Storm Disaster-Individual & Family Assistance Admn.....	56	0	0
(F)Nov 1996 Storm Disaster-Individual & Family Assistance Admn.....	6	0	0
(A)Fee for Material from Outside Vendors.....	101	116	101
(A)Food Stamps - Retained Collections.....	2,786	2,057	1,925
(A)Intergovernmental Transfer.....	225	0	0
Subtotal.....	\$ 69,026	\$ 86,412	\$ 86,790
County Assistance Offices	229,621	238,334	242,972
(F)Maintenance Assistance - County Assistance.....	39,780	0	0



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(F)TANFBG - County Assistance.....	0	44,802	45,302
(F)Medical Assistance - County Assistance.....	51,394	55,819	58,215
(F)Food Stamps - County Assistance.....	59,535	63,184 _d	66,054
(F)SSBG - County Assistance.....	6,800	6,860	6,262
(F)LIHEABG - Administration.....	4,960	6,327	6,603
Subtotal.....	\$ 392,090	\$ 415,326	\$ 425,408
Program Accountability.....	1,918	8,475	7,998
(F)Medical Assistance - Program Accountability.....	2,139	3,044	666 _e
(F)Maintenance Assistance - Program Accountability.....	1,750	0	0
(F)Child Support Enforcement - Program Accountability.....	103,317	94,598 _f	120,503 _g
(F)Food Stamps - Program Accountability.....	3,890	4,304	0 _h
(A)Title IV - D Incentive Collections.....	576	580	2,312
(A)Restitutions and Overpayments.....	890	890	890
(A)Food Stamp Collections.....	166	166	166
(A)State Retained Support Collections.....	1,451	1,451	1,451
Subtotal.....	\$ 116,097	\$ 113,508	\$ 133,986
New Directions.....	50,062	58,785	81,533
(F)Maintenance Assistance - New Directions.....	41,432	0	0
(F)Medical Assistance - New Directions.....	0	4,000	3,834
(F)TANFBG - New Directions.....	0	49,970	40,152
(F)Food Stamps - New Directions.....	6,589	17,003 _i	18,196
(F)Welfare to Work.....	0	18,826 _j	44,296
(A)Single Point of Contact Health Insurance Program.....	2	6	6
Subtotal.....	\$ 98,085	\$ 148,590	\$ 188,017
Services for the Visually Impaired.....	6,413	8,160	8,323
(F)Rehabilitation Services - Basic Support.....	9,389	9,466	9,822
(F)Vocational Rehabilitation - Disability Beneficiaries.....	1,776	815	815
(F)Independent Living - Visually Impaired Elderly.....	139	150	150
(A)Supported Employment.....	0	134	134
(A)Little Randolph Shepherd (Vending Machine Proceeds).....	1,258	1,382	1,382
Subtotal.....	\$ 18,975	\$ 20,107	\$ 20,626
Subtotal - State Funds.....	\$ 384,974	\$ 414,844	\$ 445,842
Subtotal - Federal Funds.....	524,448	508,310	544,501
Subtotal - Augmentations.....	11,084	10,218	12,606
Total - General Government.....	\$ 920,506	\$ 933,372	\$ 1,002,949
Institutional:			
Youth Development Institutions and Forestry Camps.....	\$ 65,283	\$ 75,354	\$ 78,552
(F)SSBG - Basic Institutional Program.....	0	1,155	1,056
(F)Food Nutrition Services.....	0	0	750
(F)Food Nutrition Services - YDC.....	450	750	0
(F)DFSC - Special Programs - Juvenile Aftercare Services.....	1,000	1,000	1,225
(F)DCSI - Transition/Reentry.....	1	0	0
(F)DCSI - Southeast Secure Unit.....	11	0	0
(F)DCSI - Juvenile Justice System Expansion.....	299	0	0
(F)DCSI - Mental Health Initiatives.....	0	281	187
(F)DCSI - YDC/YFC Review and Assessment.....	0	75	50
(F)DCSI - Medical and Psychiatric Services Assessment.....	0	24	16
(A)Cafeteria Reimbursements.....	4	4	4
(A)Institutional Reimbursements.....	8	8	8
(A)School Lunch Program.....	59	58	58
(A)DCSI Projects Match.....	0	127	0
Subtotal.....	\$ 67,115	\$ 78,836	\$ 81,906
State General Hospitals.....	(8)_k	1	0
(F)Medicare Services - State General Hospitals.....	0	0 _l	0
(F)Medical Assistance - State General Hospitals.....	0	0 _l	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(A)Institutional Collections.....	13	725	0
Subtotal.....	\$ 5	\$ 726	\$ 0
Mental Health Services.....	528,577	555,445^m	579,339
(F)Medical Assistance - Mental Health.....	245,954	224,837 ⁿ	213,566
(F)Medicare Services - State Mental Hospitals.....	23,363	22,875 ^o	19,292
(F)Homeless Mentally Ill.....	456	475 ^p	475
(F)MHSBG - Community Mental Health Services.....	11,855	12,061	11,938
(F)SSBG - Community Mental Health Services.....	16,080	16,221	14,808
(F)Community Support Projects - MH.....	63	38	36
(F)ACCESS Cooperative Agreement.....	1,975	2,000	50
(F)Food Nutrition Service - MH.....	16	0	0
(F)Library Services and Construction Act.....	3	0	0
(F)Behavioral Health - MIS.....	15	100	100
(F)Child and Adolescent Services System.....	150	150	150
(F)Disaster Assistance - Mental Health.....	104	0	0
(F)July 1996 Storm Disaster - Mental Health.....	73	46	0
(A)Cafeteria Reimbursements.....	49	48	30
(A)Institutional Collections.....	17,319	15,137	13,718
(A)Miscellaneous Institutional Reimbursements.....	108	56	52
(A)Intergovernmental Transfer.....	8,000	8,000	8,000
Subtotal.....	\$ 854,160	\$ 857,489	\$ 861,554
State Centers for the Mentally Retarded.....	132,420	136,541	129,972
(F)Medical Assistance - State Centers.....	148,981	154,309 ^q	145,362
(F)Medicare Services - State Centers.....	1,211	1,155	960
(A)Institutional Collections-State Centers.....	14,526	13,484	12,361
(A)Institutional Reimbursements.....	159	24	24
Subtotal.....	\$ 297,297	\$ 305,513	\$ 288,679
Subtotal - State Funds.....	\$ 726,272	\$ 767,341	\$ 787,863
Subtotal - Federal Funds.....	452,060	437,552	410,021
Subtotal - Augmentations.....	40,245	37,671	34,255
Total - Institutional.....	\$ 1,218,577	\$ 1,242,564	\$ 1,232,139
Grants and Subsidies:			
Cash Grants.....	\$ 523,236	\$ 324,060^r	\$ 256,932
(F)Maintenance Assistance - Cash Grants.....	496,892	0	0
(F)TANFBG - Cash Grants.....	0	445,987 ^s	397,543
(F)CCDFBG - Cash Grants.....	0	63,598	152,424
(F)Other Federal Support - Cash Grants.....	0	17,481 ^t	17,481
(F)LIHEABG - Low-Income Families and Individuals.....	66,676	66,865	73,453
(F)January 1996 Storm Disaster - Individual & Family Assistance.....	1,000	0	0
(F)June 1996 Storm Disaster - Individual & Family Assistance.....	1,500	0	0
(F)July 1996 Storm Disaster - Individual & Family Assistance.....	3,188	0	0
(F)Sept 1996 Storm Disaster - Individual & Family Assistance.....	1,125	0	0
(F)November 1996 Storm Disaster-Individual & Family Assistance.....	113	0	0
Subtotal.....	\$ 1,093,730	\$ 917,991	\$ 897,833
Supplemental Grants - Aged, Blind and Disabled.....	118,139	118,864	120,657
(A)Intergovernmental Transfer.....	23,938	26,985	26,985
Subtotal.....	\$ 142,077	\$ 145,849	\$ 147,642
Citizenship Services.....	0	0	450
Subtotal.....	\$ 0	\$ 0	\$ 450
Medical Assistance - Outpatient.....	798,836	649,620^u	578,666
(F)Medical Assistance - Outpatient.....	874,825	756,567 ^v	644,146 ^w
(F)Disease Control Immunization.....	478	478	0
(F)Immunization - Disease Control.....	0	0	1,000
(A)Intergovernmental Transfer.....	3,689	0	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Subtotal.....	\$ 1,677,828	\$ 1,406,665	\$ 1,223,812
Expanded Medical Services for Women.....	4,060	4,141	4,224
AIDS Special Pharmaceutical Services.....	5,722	8,711^x	8,885
(F)Ryan White.....	3,514	5,559	0
(F)AIDS - Ryan White.....	0	0	9,074
Subtotal.....	\$ 9,236	\$ 14,270	\$ 17,959
Behavioral Health Services.....	52,500	59,200	41,147
(A)Intergovernmental Transfer.....	12,107	12,107	12,107
Subtotal.....	\$ 64,607	\$ 71,307	\$ 53,254
Medical Assistance - Inpatient.....	436,941	403,716^y	353,116
(F)Medical Assistance - Inpatient.....	739,295	528,252 ^z	454,201
(A)Intergovernmental Transfer.....	2,542	0	0
Subtotal.....	\$ 1,178,778	\$ 931,968	\$ 807,317
Medical Assistance - Capitation.....	626,094	981,830^{aa}	1,146,670
(F)Medical Assistance - Capitation.....	617,472	987,326 ^{bb}	1,275,820
Subtotal.....	\$ 1,243,566	\$ 1,969,156	\$ 2,422,490
Long-Term Care Facilities.....	591,910	617,252^{cc}	735,496
(F)Medical Assistance - Long-Term Care.....	1,528,749	1,570,828 ^{dd}	1,751,685
(A)Intergovernmental Transfer.....	642,320	688,903	712,230
Subtotal.....	\$ 2,762,979	\$ 2,876,983	\$ 3,199,411
Medical Assistance - Transportation.....	18,560	18,931	18,810
(F)Medical Assistance - Transportation.....	16,545	16,545	16,045
Subtotal.....	\$ 35,105	\$ 35,476	\$ 34,855
Intermediate Care Facilities - Mentally Retarded.....	107,382	113,693	111,345
(F)Medical Assistance - ICF/MR.....	121,381	129,845	128,006
Subtotal.....	\$ 228,763	\$ 243,538	\$ 239,351
Assistive Technology.....	0	700	770
Subtotal.....	\$ 0	\$ 700	\$ 770
Community Mental Retardation Services.....	432,662	464,633	497,060
(F)Medical Assistance - Community MR Services.....	214,210	272,430 ^{ee}	305,854
(F)SSBG - Community MR Services.....	15,185	15,318	13,984
(A)Robert Wood Johnson.....	0	100	0
Subtotal.....	\$ 662,057	\$ 752,481	\$ 816,898
Pennhurst Dispersal.....	2,819	2,875	2,933
Early Intervention.....	35,420	44,230	44,483
(F)SSBG - Early Intervention.....	2,383	2,404	2,195
(F)Medical Assistance - Early Intervention.....	7,085	10,022	16,823
(F)Education for Children with Disabilities.....	11,515	11,810	11,812
Subtotal.....	\$ 56,403	\$ 68,466	\$ 75,313
MR Residential Services - Lansdowne.....	371	371	378
County Child Welfare.....	354,863	398,740	403,619
(F)Child Welfare Services.....	16,818	17,447	17,780
(F)Maintenance Assistance - Child Welfare.....	219,391	0	0
(F)Child Welfare - Title IV-E.....	0	255,000 ^{ff}	288,900
(F)Medical Assistance - Child Welfare.....	2,000	2,000	2,533
(F)Emergency Assistance - Child Welfare.....	197,000	0	0
(F)TANFBG - Child Welfare.....	0	120,000	131,100
(F)SSBG - Child Welfare.....	13,056	13,171	12,021
(F)At-risk Family - Child Welfare.....	0	60	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(F)Crisis Nursery - Child Welfare.....	200	400	0
(F)Medically Fragile Child Support.....	105	105	0
(F)Community Based Family Resource and Support.....	0	0	1,200
Subtotal.....	\$ 803,433	\$ 806,923	\$ 857,153
Community Based Family Centers.....	2,021	2,061	3,061
(F)CCDBG - Family Centers.....	4,778	2,805	0
(F)CCDFBG - Family Centers.....	0	4,818	7,623
(F)Family Preservation - Family Centers.....	1,200	1,200	1,200
Subtotal.....	\$ 7,999	\$ 10,884	\$ 11,884
Day Care Services.....	48,309	47,717	57,545
(F)CCDBG - Day Care.....	28,256	10,000	0
(F)CCDFBG - Day Care.....	0	58,524	71,780
(F)Dependent Care Planning.....	218	0	0
(F)CCDFBG - School Age.....	0	1,260	1,260
(F)Child Development Scholarships.....	0	100	0
(F)SSBG - Day Care.....	33,636	33,931	30,977
(F)At-risk Child Care.....	12,429	0	0
(F)Head Start Collaboration Project.....	75	300	300
Subtotal.....	\$ 122,923	\$ 151,832	\$ 161,862
Domestic Violence.....	9,350	9,758	10,734
(F)Family Violence Prevention Services.....	1,019	1,591	2,138
(F)SSBG - Domestic Violence.....	1,309	1,321	1,205
(F)PHHSBG - Domestic Violence.....	150	150	150
(F)TANFBG - Domestic Violence.....	0	500	500
(F)DFSC - Special Programs for Domestic Violence.....	404	425	404
(A)Marriage Law Fees.....	733	733	733
Subtotal.....	\$ 12,965	\$ 14,478	\$ 15,864
Rape Crisis.....	3,500	4,166	4,583
(F)PHHSBG - Rape Crisis.....	1,721	1,721	2,226
(F)SSBG - Rape Crisis.....	688	694	634
(F)TANFBG - Rape Crisis.....	0	300	300
(F)DFSC - Special Programs for Rape Crisis.....	113	142	113
Subtotal.....	\$ 6,022	\$ 7,023	\$ 7,856
Breast Cancer Screening.....	867	884	902
(F)SSBG - Family Planning.....	4,175	4,212	3,845
Subtotal.....	\$ 5,042	\$ 5,096	\$ 4,747
Human Services Development Fund.....	34,000	34,680	35,374
(F)Refugees and Persons Seeking Asylum - Social Services.....	9,300	3,525 ⁹⁹	4,191
Subtotal.....	\$ 43,300	\$ 38,205	\$ 39,565
Legal Services.....	2,000	2,000	2,250
(F)SSBG - Legal Services.....	5,483	5,531	5,049
Subtotal.....	\$ 7,483	\$ 7,531	\$ 7,299
Homeless Assistance.....	16,881	24,805	25,301
(F)SSBG - Homeless Services.....	2,370	2,391	2,183
(F)SABG - Homeless Services.....	1,983	1,983	0
(F)Homeless Services - SABG.....	0	0	1,983
Subtotal.....	\$ 21,234	\$ 29,179	\$ 29,467
Services to Developmentally Disabled.....	6,755	7,878	8,036
(F)SSBG - Developmentally Disabled.....	0	131	120
(F)Medical Assistance - Developmentally Disabled.....	5,213	5,260	4,606
Subtotal.....	\$ 11,968	\$ 13,269	\$ 12,762
Attendant Care.....	15,942	17,224	20,525



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(F)SSBG - Attendant Care.....	7,569	7,636	6,971
(F)Medical Assistance - Attendant Care.....	8,185	12,722 ^{hh}	14,050
(A)Attendant Care Parking Fines.....	0	40	40
(A)Intergovernmental Transfer.....	1,154	5,058	7,013
Subtotal.....	\$ 32,850	\$ 42,680	\$ 48,599
Acute Care Hospitals.....	2,500	1,700	1,700
Subtotal.....	\$ 2,500	\$ 1,700	\$ 1,700
Psychiatric Services in Eastern PA.....	0	3,650	3,650
Arsenal Family and Children's Center.....	160	160	160
Beacon Lodge Camp - Blind Services.....	124	124	124
Subtotal - State Funds.....	\$ 4,251,924	\$ 4,368,374	\$ 4,499,586
Subtotal - Federal Funds.....	5,301,975	5,472,671	5,888,888
Subtotal - Augmentations.....	686,483	733,926	759,108
Total - Grants and Subsidies.....	\$ 10,240,382	\$ 10,574,971	\$ 11,147,582
STATE FUNDS.....	\$ 5,363,170	\$ 5,550,559	\$ 5,733,291
FEDERAL FUNDS.....	6,278,483	6,418,533	6,843,410
AUGMENTATIONS.....	737,812	781,815	805,969
GENERAL FUND TOTAL.....	\$ 12,379,465	\$ 12,750,907	\$ 13,382,670
OTHER FUNDS:			
CHILDREN'S TRUST FUND:			
Children's Trust Fund.....	\$ 2,000	\$ 1,800	\$ 1,800
EMPLOYMENT FUND FOR THE BLIND:			
Employment Fund for the Blind.....	\$ 1,374	\$ 1,680	\$ 1,800
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance.....	\$ 600	\$ 4,000	\$ 1,700
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 5,363,170	\$ 5,550,559	\$ 5,733,291
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	6,278,483	6,418,533	6,843,410
AUGMENTATIONS.....	737,812	781,815	805,969
OTHER FUNDS.....	3,974	7,480	5,300
TOTAL ALL FUNDS.....	\$ 12,383,439	\$ 12,758,387	\$ 13,387,970

Footnotes to Summary by Fund and Appropriation

- ^a Actually appropriated as \$19,388,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^b Transferred to the Department of Community and Economic Development.
- ^c Includes recommended supplemental appropriation of \$3,248,000.
- ^d Includes recommended supplemental appropriation of \$92,000.
- ^e Excludes Federal funds of \$1,650,000 formerly subgranted that are now shown as direct appropriations to the Inspector General.
- ^f Actually appropriated as \$118,831,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^g Excludes Federal funds of \$1,585,000 formerly subgranted that are now shown as direct appropriations to the Department of Labor and Industry.
- ^h Excludes Federal funds of \$4,950,000 formerly subgranted that are now shown as direct appropriations to the Inspector General.
- ⁱ Includes recommended supplemental appropriation of \$9,966,000.
- ^j Includes recommended supplemental appropriation of \$18,826,000.
- ^k Reflects refunds in excess of expenditures from prior General Hospital operations.
- ^l Actually appropriated as \$1,527,000 Medicare Services and \$500,000 for Medical Assistance. Amounts shown are the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^m Includes recommended supplemental appropriation of \$5,000,000.
- ⁿ Actually appropriated as \$239,837,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^o Includes recommended supplemental appropriation of \$1,445,000.
- ^p Includes recommended supplemental appropriation of \$19,000.
- ^q Actually appropriated as \$156,309,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^r Reflects recommended appropriation reduction of \$30,283,000.
- ^s Actually appropriated as \$524,786,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^t Includes recommended supplemental appropriation of \$8,090,000.
- ^u Includes recommended supplemental appropriation of \$78,646,000.
- ^v Includes recommended supplemental appropriation of \$21,394,000.
- ^w Excludes Federal funds of \$192,000 formerly subgranted that are now shown as direct appropriations to the Department of Health.
- ^x Includes recommended supplemental appropriation of \$2,417,000.
- ^y Includes recommended supplemental appropriation of \$96,810,000.
- ^z Includes recommended supplemental appropriation of \$43,817,000.
- ^{aa} Reflects recommended appropriation reduction of \$12,320,000.
- ^{bb} Actually appropriated as \$1,017,711,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^{cc} Reflects recommended appropriation reduction of \$44,023,000.
- ^{dd} Actually appropriated as \$1,623,589,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^{ee} Includes recommended supplemental appropriation of \$1,742,000.
- ^{ff} Includes recommended supplemental appropriation of \$22,122,000.
- ^{gg} Actually appropriated as \$9,300,000. Amount shown is the best current estimate of the amount available for 1997-98. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^{hh} Includes recommended supplemental appropriation of \$4,500,000.



Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND.....	\$ 61,374	\$ 63,469	\$ 65,044	\$ 66,573	\$ 67,394	\$ 68,742	\$ 70,116
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	161,230	82,524	78,839	79,504	75,913	75,913	75,913
OTHER FUNDS.....	3,629	3,436	4,239	4,289	4,340	4,392	4,445
SUBCATEGORY TOTAL.....	\$ 226,233	\$ 149,429	\$ 148,122	\$ 150,366	\$ 147,647	\$ 149,047	\$ 150,474
MEDICAL ASSISTANCE							
GENERAL FUND.....	\$ 2,537,115	\$ 2,745,102	\$ 2,888,714	\$ 3,107,554	\$ 3,234,273	\$ 3,395,898	\$ 3,569,917
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,780,878	3,865,555	4,151,971	4,349,868	4,574,276	4,842,672	5,132,303
OTHER FUNDS.....	660,671	701,735	724,337	722,268	723,034	723,687	724,383
SUBCATEGORY TOTAL.....	\$ 6,978,664	\$ 7,312,392	\$ 7,765,022	\$ 8,179,690	\$ 8,531,583	\$ 8,962,257	\$ 9,426,603
INCOME MAINTENANCE							
GENERAL FUND.....	\$ 958,562	\$ 786,139	\$ 750,514	\$ 736,578	\$ 731,510	\$ 738,073	\$ 745,934
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	922,408	1,009,286	1,095,776	1,060,685	1,038,279	1,038,178	1,040,629
OTHER FUNDS.....	30,735	36,251	35,536	33,973	34,112	34,254	34,400
SUBCATEGORY TOTAL.....	\$ 1,911,705	\$ 1,831,676	\$ 1,881,826	\$ 1,831,236	\$ 1,803,901	\$ 1,810,505	\$ 1,820,963
MENTAL HEALTH							
GENERAL FUND.....	\$ 528,577	\$ 559,095	\$ 582,989	\$ 582,713	\$ 591,707	\$ 600,882	\$ 610,240
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	300,107	278,803	260,415	254,326	254,326	254,326	254,326
OTHER FUNDS.....	25,476	23,241	21,800	21,800	21,800	21,800	21,800
SUBCATEGORY TOTAL.....	\$ 854,160	\$ 861,139	\$ 865,204	\$ 858,839	\$ 867,833	\$ 877,008	\$ 886,366
MENTAL RETARDATION							
GENERAL FUND.....	\$ 711,074	\$ 763,043	\$ 786,941	\$ 795,490	\$ 798,127	\$ 800,817	\$ 803,560
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	521,951	597,293	624,996	631,712	631,712	631,712	631,712
OTHER FUNDS.....	14,685	13,608	12,385	11,824	11,824	11,824	11,824
SUBCATEGORY TOTAL.....	\$ 1,247,710	\$ 1,373,944	\$ 1,424,322	\$ 1,439,026	\$ 1,441,663	\$ 1,444,353	\$ 1,447,096
HUMAN SERVICES							
GENERAL FUND.....	\$ 566,468	\$ 633,711	\$ 659,089	\$ 691,451	\$ 722,620	\$ 755,161	\$ 789,276
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	591,909	585,072	631,413	635,763	650,557	666,224	682,874
OTHER FUNDS.....	6,590	11,024	12,972	14,028	14,031	14,034	14,037
SUBCATEGORY TOTAL.....	\$ 1,164,967	\$ 1,229,807	\$ 1,303,474	\$ 1,341,242	\$ 1,387,208	\$ 1,435,419	\$ 1,486,187

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 5,363,170	\$ 5,550,559	\$ 5,733,291	\$ 5,980,359	\$ 6,145,631	\$ 6,359,573	\$ 6,589,043
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	6,278,483	6,418,533	6,843,410	7,011,858	7,225,063	7,509,025	7,817,757
OTHER FUNDS.....	741,786	789,295	811,269	808,182	809,141	809,991	810,889
DEPARTMENT TOTAL.....	\$ 12,383,439	\$ 12,758,387	\$ 13,387,970	\$ 13,800,399	\$ 14,179,835	\$ 14,678,589	\$ 15,217,689

PROGRAM OBJECTIVE: To provide effective administrative and support systems through which the substantive programs of the department can be operated.

Program: Human Services Support

The Human Services Support program provides the policy direction, management and administrative systems required to implement, maintain and monitor the substantive programs of the department.

A key function is the development and operation of information technology systems that assure accurate and timely payments to clients and compile data into usable management reports.

Additionally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating selected medical facilities and provides direction for health programs for Pennsylvania residents who are unable to purchase adequate health care services.

A primary concern is to minimize administrative costs in relation to service costs.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Information Systems	
\$ 899	—to continue current program.	\$ -2,590	—nonrecurring equipment costs.
48	—to provide an increase for the Guardianship Program.	1,387	—to continue current program.
99	—Initiative — Foster and Adoptive Parent Registry. To establish a mandatory registry to screen and track foster and adoptive parent applicants regarding prior histories with other private or public children and youth agencies to increase assurances that children are placed in healthy and safe environments.	310	—to reflect an increase in contracted services and maintenance.
		1,000	—to develop an automated Medical Assistance eligibility determination system.
		153	—to reflect increased technology training costs.
29	—Initiative — Day Care Quality Enhancements. To increase the training opportunities for day care providers, caregivers and parents regarding early childhood development issues.	240	—Initiative — Mandatory Managed Care Expansion. To provide systems support for the implementation of mandatory Medical Assistance managed care in the ten-county Southwest region.
		\$ 500	<i>Appropriation Increase</i>
\$ 1,075	<i>Appropriation Increase</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 35,903	\$ 36,907	\$ 37,982	\$ 38,715	\$ 39,489	\$ 40,279	\$ 41,084
Information Systems	25,471	26,562	27,062	27,858	27,905	28,463	29,032
TOTAL GENERAL FUND	\$ 61,374	\$ 63,469	\$ 65,044	\$ 66,573	\$ 67,394	\$ 68,742	\$ 70,116



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 those individuals and families with insufficient income to maintain the household unit or with medical expenses exceeding available income. Qualified individuals may receive a complete package of benefits such as cash assistance under the Temporary Assistance To Needy Families (TANF) Block Grant, Supplemental Security Income or General Assistance programs. Medically needy persons are individuals who do not receive cash assistance grants but spend a significant portion of their income for medical expenses. General Assistance-Medically Needy Only benefits restrict participation to families with children who do not otherwise qualify for cash benefits, individuals over the age of 59 and individuals that work at least 100 hours per month. A verifiable medical condition which precludes work will also allow participation.

The department uses a Prospective Payment System (PPS) to reimburse general hospitals. Acute care general hospitals are paid a predetermined amount per discharge based on the patient's diagnosis, the procedures performed and the patient's age, sex and discharge status. The Diagnosis Related Groups (DRG) system is used to classify the various diagnoses based on the amount of resources hospitals customarily use for treatment. The department's payment for compensable inpatient hospital services under the DRG payment system is the product of the hospital specific average cost per case multiplied by the relative value of the DRG assigned to the admission. The DRG system also accounts for certain cases that cannot fall into the predetermined reimbursement schedule. These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the physician, dentist, podiatrist or midwife who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees established under the Medical Assistance Fee Schedule through the Medical Assistance Outpatient appropriation.

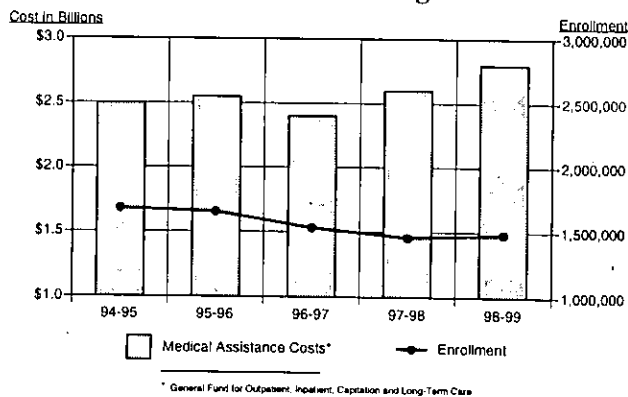
Psychiatric services, both in special wings of acute care hospitals and private psychiatric facilities, are paid through a prospective payment system.

Rehabilitation hospitals are excluded from the prospective payment system. The methods of treatment and associated lengths of stay for services in these settings have a wide range of variation based on the prescribed treatment program and the patient's response to treatment. Accordingly, a DRG system cannot be used for reimbursing this type of facility and payment continues to be made on retrospective cost subject to limitations.

Program Element: Capitation

Alternative health care delivery systems for Medical Assistance recipients are available through Managed Care Organizations (MCOs). Generally

Medical Assistance Program



Program Element: Outpatient Services

Outpatient services include the majority of preventive services available to a person who does not need extended acute care in a health care facility. Outpatient services include medical or dental care in a clinic or office setting, outpatient surgery, rehabilitation, drug and alcohol treatment, pharmaceutical products, ambulance transportation, home health care, medical supplies and equipment and prosthetic devices.

Persons qualifying for comprehensive benefits are eligible for the complete array of services provided under the Outpatient Program, while medically needy persons are eligible for all services except pharmaceutical products, dental care, medical supplies and equipment and prosthetic devices. Additional service restrictions, comparable to private insurance, apply to adult general assistance recipients. An exception process is available for unusual circumstances.

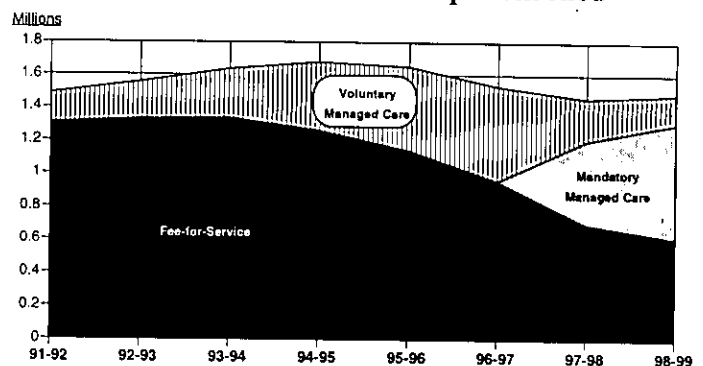
In the outpatient component of the Medical Assistance Program, providers of service are primarily reimbursed on a fee-for-service basis according to the Medical Assistance Fee Schedule.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance patients in acute care, rehabilitation and private psychiatric hospitals.

The Inpatient Medical Assistance Program provides eligible recipients coverage on a 24-hour basis for room, board and professional services. A recipient is only eligible for admission under Medical Assistance upon the recommendation of a physician, dentist or podiatrist. Hospital care solely for cosmetic procedures, as well as diagnostic or therapeutic procedures solely for experimental, research or educational purposes, is not covered by Medical Assistance. Individuals eligible for Medically Needy Only benefits pay an annual deductible of \$150.

Medical Assistance – People Enrolled



referred to as Health Maintenance Organizations (HMOs), these mechanisms provide services utilizing a fixed rate per recipient enrolled. MCOs emphasize outpatient preventive health services as a means of controlling costs. The coordinated approach allows enhanced continuity of care, improves recipients' access to primary physician care and specialized behavioral health programs, provides strengthened oversight of operational standards and facilitates an efficient utilization of limited health care resources.

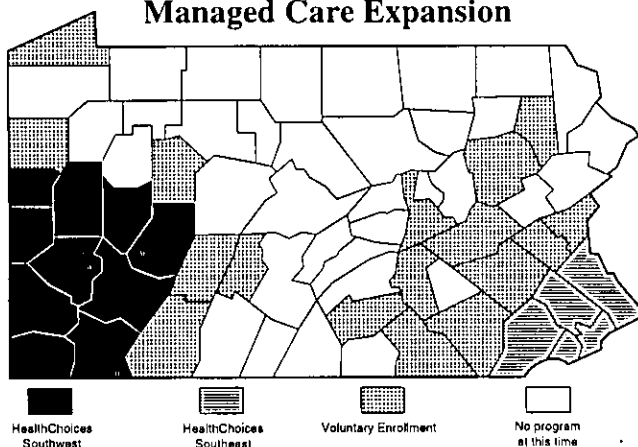
The department has expanded mandatory Medical Assistance participation in managed care to most eligible clients in five counties in

Program: Medical Assistance (continued)

Southeastern Pennsylvania. Physical health care is provided through contracts with four Health Maintenance Organizations (HMOs) while behavioral health is provided through contracts with the participating counties who may cooperate with an independent MCO. An independent enrollment assistant assists recipients in choosing the HMO and the behavioral health network provider that best meets their needs. The only clients that remain in the fee-for-service program in these areas are new Medically Needy Only clients who require limited inpatient care for an acute condition and certain clients in the Healthy Horizons Program. The department plans to expand mandatory participation in managed care to ten counties in the Southwestern region in January 1999. Currently, there are three HMOs operating in the ten-county area.

Participation in managed care will remain voluntary for clients in the remainder of the State; however, Statewide phase-in of mandatory managed care by geographic area and client eligibility category is planned in future fiscal years. The department currently contracts with four HMOs to provide services to recipients in the voluntary program.

Managed Care Expansion



The 1998-99 Budget proposes an initiative to expand mandatory managed care for Medical Assistance clients to the ten counties in the southwestern part of the State in January 1999.

HMOs have an incentive to effectively manage the primary care provided to enrolled recipients. If the recipient utilizes more health care than anticipated in the predetermined rate, expenditures increase and the HMO loses money. If service costs are controlled, the provider can make a profit.

Program Element: Long-Term Care

Long-term care is a continuum of services ranging from institutional care to independent living at home with the support of community services. The Department of Aging's Pre-Admission Assessment Program acts as a "gatekeeper" to manage access to this continuum.

Services are provided to eligible persons by nursing facilities certified, in accordance with established standards, to participate in the Medical Assistance Program. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Nursing facilities are paid for services through a case mix prospective payment system which recognizes net operating and capital costs and is based on the resources required to meet individual care requirements. Residents at each facility are classified based on Resource Utilization

Groups, Version III (RUG-III), which reflect both clinical variables and rehabilitation needs. The classifications are then ranked according to the resources utilized to provide care and a case mix factor is developed for each facility that reflects average resource requirements. Nursing facilities are placed into peer groups reflecting facility bed size and Metropolitan Statistical Areas. In each peer group, a median price is developed for the individual cost components. The net operating portion of the per diem rates is broken into resident care, other resident services and administrative cost components. The resident care cost component is adjusted to reflect the individual facility's case mix. Capital costs not related to resident care are added to the net operating rate. Facility capital costs reflect the fair market rental rate based on appraisals of each facility.

Older Pennsylvanians who are in need of nursing home care can receive services in the community through the Federal Medicaid Home and Community-Based Waiver Program. Currently there are 2,400 slots available in 21 counties. Beginning in 1998-99, 1,000 new slots will be added to expand the program Statewide. The services provided include activities of daily living as well as nursing services while incorporating the informal supports available through family and friends.

Program Element: Medical Assistance Transportation Program

The Medical Assistance Transportation Program provides funding to county governments for Medical Assistance recipients who need assistance traveling to and from a health care service provider or a health care facility.

County governments can provide this service directly, contract with an independent transportation agency or pay agencies which provide transportation as part of a whole human services system.

Sixty-six counties have elected to provide transportation directly. The department selected a provider from a competitive bidding process for the remaining county.

Program Element: Special Pharmaceutical Benefits Program

The Special Pharmaceutical Benefits Program (SPBP) pays for a limited number of drugs for low and moderate income persons with HIV disease/AIDS and for limited mental health drug therapy for persons residing in the community who suffer from schizophrenia. People with a gross annual income of less than \$30,000 for an individual or \$30,000 plus \$2,480 for each additional family member benefit from this program.

Program Element: Expanded Medical Services for Women

The Expanded Medical Services for Women Program provides a range of medical and counseling services to women. Services include counseling, pregnancy tests, pap smears, contraceptives, family planning, prenatal care referrals, adoption referrals, sexually-transmitted disease tests and laboratory services, and services providing alternatives to abortion. Follow-up of positive test results is done to insure that women are notified of needed medical treatment. Services are usually provided in conjunction with breast cancer screening.

Program Element: Behavioral Health Services

The Behavioral Health Program grants to county governments provide mental health and drug and alcohol services designed to minimize the use of inpatient care for low income persons who are not eligible for Medical Assistance.

Mental health services are targeted to persons who have serious mental illness with a history of involuntary psychiatric commitment or are receiving psychiatric services to avert institutionalization. Drug and alcohol services are targeted to persons receiving non-hospital drug and alcohol services or requiring three or more hospital detoxification admissions per year.

Program: Medical Assistance (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Persons participating in Medical Assistance (monthly average)	1,532,072	1,457,797	1,481,476	1,494,163	1,499,104	1,504,160	1,510,112
Outpatient							
Outpatient services/visits:							
Physicians	13,178,201	9,650,348	8,440,574	6,648,920	6,683,659	6,733,406	6,805,178
Dentists	1,521,679	1,114,320	974,628	767,747	771,758	777,502	785,790
Total clinic	5,973,786	4,374,581	3,826,181	3,014,009	3,029,757	3,052,308	3,084,843
Home health	1,707,931	1,250,712	1,093,922	861,718	866,221	872,668	881,970
Prescriptions filled	18,018,991	13,195,240	11,541,077	9,091,288	9,138,789	9,206,809	9,304,945
Inpatient							
Recipients served:							
General hospitals	159,436	116,754	102,118	80,442	80,862	81,464	82,332
Rehabilitation hospitals	6,522	4,776	4,177	3,291	3,308	3,332	3,368
Private psychiatric hospitals	29,044	21,269	18,603	14,654	14,730	14,840	14,998
Average admissions per recipient:							
General hospitals	1.31	1.31	1.31	1.31	1.31	1.31	1.31
Rehabilitation hospitals	1.31	1.31	1.31	1.31	1.31	1.31	1.31
Private psychiatric hospitals	1.57	1.57	1.57	1.57	1.57	1.57	1.57
Average cost per case/admission:							
General hospitals	\$3,051	\$3,097	\$3,143	\$3,190	\$3,238	\$3,287	\$3,336
Rehabilitation hospitals	\$6,640	\$6,740	\$6,841	\$6,944	\$7,048	\$7,154	\$7,261
Private psychiatric hospitals	\$5,067	\$5,144	\$5,221	\$5,299	\$5,378	\$5,459	\$5,541
Capitation							
Medical Assistance recipients served:							
(monthly average)							
Fee-for-service delivery	955,428	699,656	611,947	482,051	484,569	488,176	493,379
Capitation programs	576,644	758,141	869,529	1,012,112	1,014,535	1,015,984	1,016,733
Average voluntary enrollment	393,659	256,573	176,007	192,957	197,237	198,686	199,435
Average HealthChoices Southeast enrollment	182,985	501,568	518,882	524,514	524,752	524,752	524,752
Average expansion enrollment	0	0	174,640	294,641	292,546	292,546	292,546
Percent of total eligibles enrolled	37.64%	52.01%	58.69%	67.74%	67.68%	67.54%	67.33%
Transportation Program							
One-way trips (in thousands)	4,508	4,507	4,507	4,507	4,507	4,507	4,507
Long-Term Care Facilities							
Recipients receiving institutional long-term care (monthly average)	77,091	79,285	80,718	82,145	83,340	84,553	85,784

The measures that reflect services for various fee-for-service providers have been revised to reflect the estimated impact of mandatory managed care in the HealthChoices Southeast Program which began in February 1997 and was completed in October 1997 and in the HealthChoices Southwest Program beginning in January 1999. Last year's budget assumed that the HealthChoices Southeast initiative would be fully reflected in 1997-98 and the HealthChoices Southwest initiative would begin in 1997-98.

The home health services measure reflects an increase over last year's budget due to non-enactment of service limits proposed under the 1996-97 PRR Containing Medical Assistance Costs.

The prescriptions filled measure reflects an increase over last year's budget based on physician prescribing patterns.

The inpatient average cost per case/admission reflects a retroactive five percent rate decrease that was not reflected in last year's budget.

The increase in the average voluntary enrollment measure and the decrease in the average expansion enrollment measure from the measures shown in last year's budget are because of a delay in the implementation of the 1997-98 Statewide Mandatory Managed Care Expansion initiative.

Program: Medical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -1</p> <p>State General Hospitals —nonrecurring project.</p> <p>Medical Assistance — Outpatient —to reflect caseload and utilization changes. —to reflect other price changes. 18,257 —to provide an average drug cost increase of eight percent. -60,833 —to reflect mandatory managed care in southeastern Pennsylvania. 13,374 —to restore drug and alcohol services for former General Assistance clients who retained Medical Assistance eligibility. -2,889 —revision of Federal financial participation from 53.26% to 53.48%. 1,374 —to reflect administrative and cash flow impacts. 1,362 —to reflect increases in the utilization of Medicare Part B premiums. 6,385 —to replace carryover and other nonrecurring Federal funds. 3,022 —to provide services for people performing 100 hours of community service. -2,511 —to reflect changes in operating and contract costs. 5,289 —to replace nonrecurring Federal settlement for services provided through the Department of Education. -5,000 —nonrecurring pharmacy enhancement project. 799 —to reflect other ongoing costs not associated with eligibility. -11,685 —to reflect a change in the Federal Balanced Budget Act of 1997 that eliminated the requirement to pay the full Medicare provider rates. 3,491 —Initiative — Medical Assistance Fee Enhancements. To increase selected Medical Assistance fees, including the immunization administration fee and the environmental lead assessment fee for children, and an array of dental fees for both children and adults. -11,193 —Initiative — Mandatory Managed Care Expansion. To provide outpatient services through the implementation of mandatory Medical Assistance managed care in the ten-county Southwestern region. 3,612 —PRR — Children's Health Insurance Program Expansion. This Program Revision provides outpatient services for an additional 7,549 children as a result of enhanced outreach activities for the Children's Health Insurance Program. See the Program Revision following the Insurance Industry Regulation program in the Insurance Department for additional information.</p> <hr/> <p>\$ -70,954 <i>Appropriation Decrease</i></p> <p>Behavioral Health Services —to reflect the availability of prior year funds. -13,374 —to transfer funds for drug and alcohol services for Medical Assistance eligible clients to the Outpatient appropriation.</p> <hr/> <p>\$ -18,053 <i>Appropriation Decrease</i></p>	<p>\$ 83</p> <p>Expanded Medical Services for Women —to provide a two percent cost-of-living adjustment.</p> <p>AIDS Special Pharmaceutical Services —to reflect a one-time cash advance transfer to the Pharmaceutical Assistance Fund to facilitate claims processing. 495 —Initiative — Special Pharmaceutical Benefits Program Enhancements. To add a new classification of drugs, called non-nucleoside reverse transcriptase inhibitors, which have fewer side effects than existing alternatives.</p> <hr/> <p>\$ 174 <i>Appropriation Increase</i></p> <p>Medical Assistance — Inpatient —to reflect caseload and utilization changes. 8,409 —to provide for hospital rate agreement. 15,322 —to replace disproportionate share revenue capped by the Federal Balanced Budget Act of 1997. 345 —to provide for increased premiums and utilization of Medicare Part A. -43,552 —to annualize the impact of mandatory managed care in southeastern Pennsylvania. 15,143 —to reflect a revised methodology for paying medical education and disproportionate share. -1,380 —to replace nonrecurring Federal revenue. 7,819 —to provide services for people performing 100 hours of community service. -4,741 —nonrecurring carryover of disproportionate share earnings from 1996-97. 1,823 —to provide for breast reconstruction required by Act 51 of 1997. 1,030 —to provide for miscellaneous administrative and cash flow adjustments. -2,248 —revision of Federal financial participation from 53.26% to 53.48%. -1,089 —nonrecurring projects. -2,756 —Initiative — Mandatory Managed Care Expansion. To provide inpatient services through the implementation of mandatory Medical Assistance managed care in the ten-county Southwestern region. 2,064 —PRR — Children's Health Insurance Program Expansion. This Program Revision provides inpatient services for an additional 7,549 children as a result of enhanced outreach activities for the Children's Health Insurance Program. See the Program Revision following the Insurance Industry Regulation program in the Insurance Department for additional information.</p> <hr/> <p>\$ -50,600 <i>Appropriation Decrease</i></p>
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Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State General Hospitals	\$ -8	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Medical Assistance — Outpatient	798,836	649,620	578,666	492,293	491,686	516,855	546,790
Expanded Medical Services for Women	4,060	4,141	4,224	4,224	4,224	4,224	4,224
AIDS Special Pharmaceutical Services	5,722	8,711	8,885	9,359	9,542	9,749	9,994
Behavioral Health Services	52,500	59,200	41,147	41,147	41,147	41,147	41,147
Medical Assistance — Inpatient	436,941	403,716	353,116	289,969	289,179	294,604	300,149
Acute Care Hospitals	2,500	1,700	1,700	1,700	1,700	1,700	1,700
Medical Assistance — Capitation	626,094	981,830	1,146,670	1,465,690	1,529,697	1,591,386	1,654,910
Long-Term Care Facilities	591,910	617,252	735,496	784,362	848,288	917,423	992,193
Medical Assistance — Transportation	18,560	18,931	18,810	18,810	18,810	18,810	18,810
TOTAL GENERAL FUND	\$ 2,537,115	\$ 2,745,102	\$ 2,888,714	\$ 3,107,554	\$ 3,234,273	\$ 3,395,898	\$ 3,569,917

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

Historically, the focus of public assistance has been the provision of a cash grant. Cash assistance was provided to people who met income and resource guidelines under Federal and State programs and was available without time limits or work activity requirements. Both State and Federal welfare reform have changed the focus of cash support from an individual entitlement to time limited support with specific responsibilities that must be met by clients to receive and maintain cash grants.

The cornerstone of the new 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 obligation of an AMR. The AMR outlines the personal and parental obligations that the individual must fulfill to maintain eligibility for benefits. Most adult welfare recipients are required to immediately look for work upon applying for welfare benefits and, within two years, work or participate in a work-related activity for at least twenty hours per week. Federal welfare reform has placed a five-year lifetime limit on cash assistance benefits for most adult recipients.

Upon application or redetermination for cash, data is entered into the department's client information system and is available for Medical Assistance program determinations as well as cash assistance and food stamps. All final Medical Assistance claims payments and most Cash Grants payments are generated through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the State General Assistance (GA) and the State Blind Pension (SBP) programs. The TANF block grant provides Federal funds for temporary cash support for families in transition to self-sufficiency. TANF payments are funded by Federal and State dollars. GA and SBP, on the other hand, are entirely State funded programs. Most GA recipients are individuals or married couples with no dependent children but with disabilities that prevent employment. Recipients of a State Blind Pension are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

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 of 110 percent of the Federal poverty level includes every household member's income. Cash payments are made to energy suppliers for persons responsible for paying heating costs or directly to those households where home heating is included in the rent. Crisis payments may cover heating costs as well as emergency repairs to heating systems.

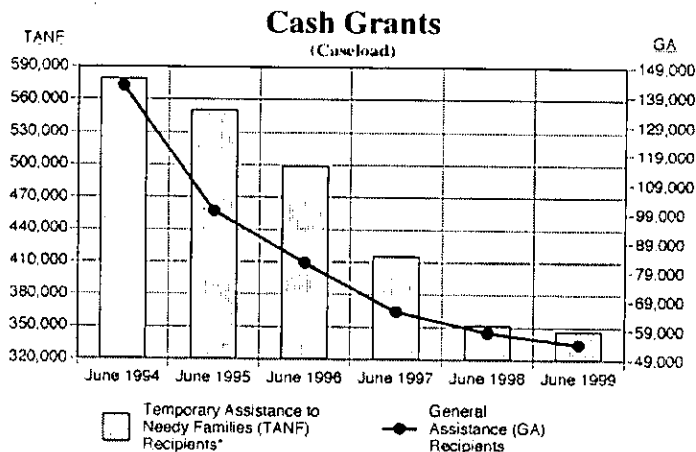
The Supplemental Security Income (SSI) Program provides aged, blind, and disabled persons with a monthly payment based on nationally uniform eligibility standards. Presently, the basic monthly rate for individuals is \$494.00 and \$741.00 for couples. Pennsylvania will contribute a supplemental grant of \$24.80 for an individual and \$41.10 for couples to SSI recipients through the Federal government. A special monthly State supplement is paid to SSI eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is \$60.00 a month. The department administers a Disability Advocacy Program (DAP) to assist mentally and physically disabled individuals in establishing their eligibility for Federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. Pennsylvania's Welfare-to-Work Program emphasizes work first. Training and education programs are designed to train individuals to get and keep available jobs. Job retention and case management services are also offered to help individuals retain employment. In order to meet the employment needs of Pennsylvania's diverse welfare population, various strategies such as rapid attachment, grant diversion, and education activities are being implemented. The department will continue the Single Point of Contact Program (SPOC) and has initiated other education and training programs in conjunction with the Departments of Community and Economic Development and Labor and Industry.

Program Element: Child Care and Supportive Services

Child care and supportive services are provided to facilitate a welfare client's transition to independence. The cash grant paid to a welfare client who is participating in training or a work activity or has obtained employment



* Previously Aid to Families with Dependent Children (AFDC) Recipients



Program: Income Maintenance (continued)

includes an allowance to purchase care for their children. Child care support through this program can continue for one year after the employed client no longer requires other income assistance. Following that point, the client may continue to be eligible for subsidized child care through the department's day care program. In addition to child care, the grant can provide other supportive services, such as transportation.

Program Element: Child Support Enforcement

Child Support Enforcement Program services are provided at the local level through Cooperative Agreements between the Department of Public Welfare and Domestic Relations Section of the County Courts of Common Pleas. The services include the establishment of paternity for children born out of marriage, the determination, establishment and collection of a financial child support obligation paid by a noncustodial parent to meet the ongoing daily needs of the children, the procurement of medical support including health insurance and/or the reimbursement of uninsured medical expenses for the children, and child care support designed to help offset the cost of child care if the custodial parent works or is enrolled in an education/training program to secure employment.

Child support enforcement services are available to children from birth to the age of 18 or until the child graduates from high school or is emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs — excluding college tuition —

exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the Department of Public Welfare to reimburse cash assistance benefits issued to the child's family.

Working Families	
State Funds*	\$ 57,545
Federal Funds	104,317
Total	\$ 161,862
Welfare Recipients	
State Funds**	\$ 31,720
Federal Funds	155,217
Total	\$ 186,937
Grand Total	\$ 348,799

* Day Care Services appropriation.
** Cash Grants appropriation.

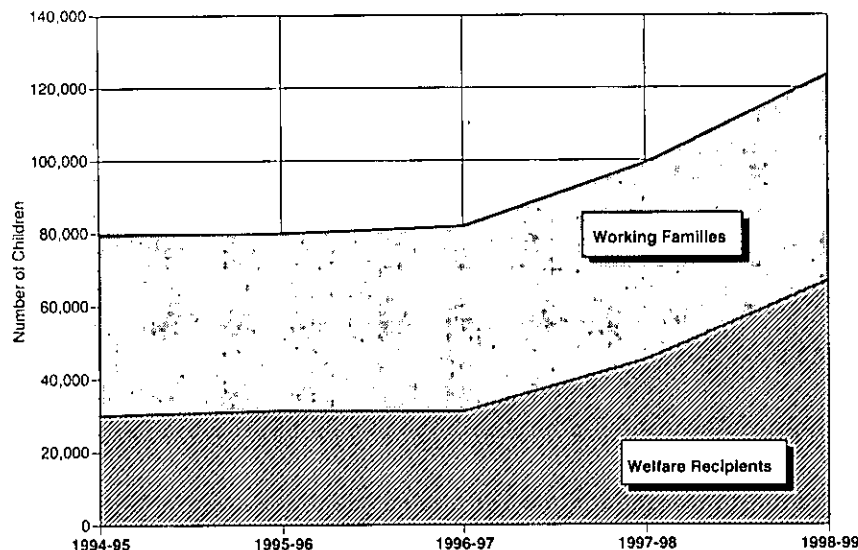
Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Persons receiving cash assistance, monthly average	527,567	427,410	403,500	400,800	400,800	400,800	400,800
Children of welfare recipients receiving child care	30,971	45,128	66,700	66,700	66,700	66,700	66,700
Persons receiving State Supplemental Grants, monthly average	275,049	276,700	279,700	282,000	284,300	286,600	288,900
Households receiving energy cash payments	297,893	298,378	286,308	286,300	286,300	286,300	286,300

The number of persons receiving cash assistance measure reflects a decrease compared to last year's budget in the available and budget year due to persons successfully moving from welfare to work.

The children of welfare recipients receiving child care measure is less than shown in last year's budget due to the decline in the number of persons receiving cash assistance and a delay in implementation of the 1997-98 Transitioning to Self-Sufficiency Program Revision.

The households receiving energy cash payments increased from last year's budget due to release of Federal emergency funds.

Day Care Enrollments



Program: Income Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>County Administration — Statewide</p> <p>\$ 2,172 —to continue current program.</p> <p>950 —to replace nonrecurring prior year Federal funds.</p> <p>601 —to reflect the net cost of converting to the electronic benefits transfer system.</p> <p>227 —to reflect administrative costs for HealthChoices implementation.</p> <p>199 —for transfer of Low Income Home Energy Assistance staff.</p> <p>92 —to implement a Long-Term Care bed expansion review.</p> <p>-273 —nonrecurring costs for computers.</p> <p>-1,617 —nonrecurring cost of finger imaging contracts.</p> <hr/> <p>\$ 2,351 <i>Appropriation Increase</i></p> <p>County Assistance Offices</p> <p>\$ 6,218 —to continue current program.</p> <p>-1,452 —to reflect nonrecurring cost of providing a computer to each caseworker.</p> <p>-128 —to reflect savings from implementation of electronic benefits transfer.</p> <hr/> <p>\$ 4,638 <i>Appropriation Increase</i></p> <p>Program Accountability</p> <p>\$ 256 —to continue current program.</p> <p>-4,162 —decrease in implementation costs of Pennsylvania Child Support Enforcement (PACSES) project.</p> <p>3,667 —to reflect enhancements to PACSES required by Federal welfare reform.</p> <p>-238 —to annualize the 1997-98 Driver's License Denial or Suspension initiative.</p> <hr/> <p>\$ -477 <i>Appropriation Decrease</i></p> <p>New Directions</p> <p>\$ 519 —to continue current program.</p> <p>3,759 —to replace nonrecurring Federal funds.</p> <p>-750 —to reflect nonrecurring costs of welfare reform implementation.</p> <p>-2,928 —to reflect nonrecurring rapid attachment contracts.</p> <p>628 —PRR — Transitioning to Self-Sufficiency. This Program Revision provides drug and alcohol case management services on a pilot basis through employment and training contractors. See the Program Revision following this program for additional information.</p> <p>21,520 —PRR — Creating an Integrated Workforce Development System. This Program Revision provides resources targeted at eliminating barriers to employment for welfare recipients. See the Program Revision following the Business and Job Development program in the Department of Community and Economic Development for additional information.</p> <hr/> <p>\$ 22,748 <i>Appropriation Increase</i></p>	<p>Cash Grants</p> <p>\$ -25,905 —to reflect change in caseload and average benefits.</p> <p>3,143 —to reflect changes in collections.</p> <p>-3,211 —to reflect change in child support pass-through payments.</p> <p>-6,029 —nonrecurring prior year child support collections.</p> <p>-6,073 —nonrecurring projects.</p> <p>-1,800 —to reflect implementation of fingerprint verification system.</p> <p>350 —to reflect impact of the Federal Balanced Budget Act of 1997 on non-citizens.</p> <p>\$ -6,378 —nonrecurring start-up of the welfare-to-work project.</p> <p>-6,776 —to reflect availability of one-time Federal funds.</p> <p>-2,202 —to annualize the 1997-98 New Hires Reporting System initiative.</p> <p>-3,300 —to annualize the 1997-98 Driver's License Denial or Suspension initiative.</p> <p>-8,947 —to annualize the 1997-98 Special Medical Benefits for Health Sustaining Medications initiative.</p> <hr/> <p>\$ -67,128 <i>Appropriation Decrease</i></p> <p>Supplemental Grants — Aged, Blind, Disabled</p> <p>\$ 1,416 —to provide for increased caseload and average benefits.</p> <p>376 —net impact of Federal administrative fee increase.</p> <p>-85 —to reflect impact of the Federal Balanced Budget Act of 1997 on non-citizens.</p> <p>-20 —nonrecurring projects.</p> <p>106 —Initiative — Citizenship Services. To maintain services for certain legal immigrants in various long-term care settings pending citizenship.</p> <hr/> <p>\$ 1,793 <i>Appropriation Increase</i></p> <p>Citizenship Services</p> <p>\$ 450 —Initiative — Citizenship Services. To assist certain legal immigrants achieve citizenship, enabling them to continue to receive Federal benefits.</p>
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In addition, the Transitioning to Self-Sufficiency Program Revision following this program recommends \$21,172,000 in Federal funds to provide increased automobile, apparel and relocation allowances for welfare recipients employed or enrolled in approved work-related activities, drug and alcohol case management services provided on a pilot basis through employment and training contractors, and increased reimbursement rate ceilings for subsidized child care providers.

In addition, the Creating an Integrated Workforce Development System Program Revision in the Department of Community and Economic Development provides \$43,040,000 in Federal funds to the Department of Public Welfare to eliminate the barriers to employment for welfare recipients.

Program: Income Maintenance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
County Administration — Statewide	\$ 35,586	\$ 37,621	\$ 39,972	\$ 35,840	\$ 36,557	\$ 37,288	\$ 38,034
County Assistance Offices	229,621	238,334	242,972	246,350	251,277	256,303	261,429
Program Accountability	1,918	8,475	7,998	5,085	4,367	3,317	3,561
New Directions	50,062	58,785	81,533	71,143	59,994	60,308	60,627
Cash Grants	523,236	324,060	256,932	256,932	256,932	256,932	256,932
Supplemental Grants — Aged, Blind and Disabled	118,139	118,864	120,657	120,928	122,383	123,925	125,351
Citizenship Services	0	0	450	300	0	0	0
TOTAL GENERAL FUND	\$ 958,562	\$ 786,139	\$ 750,514	\$ 736,578	\$ 731,510	\$ 738,073	\$ 745,934

Program Revision: Transitioning to Self-Sufficiency

Pennsylvania's welfare system has been restructured to promote personal and parental responsibility and accountability. Incentives to stay on welfare have been removed and self-sufficiency has been encouraged by requiring work and work-related activities in order to remain eligible for benefits. Since 1995, over \$1.5 billion has been provided through the Department of Public Welfare to support individuals and families transitioning from welfare to work, including employment and training, child care and supportive services. This Program Revision builds upon those initiatives and provides a total of \$21.8 million to enhance services for individuals and families transitioning to self-sufficiency.

Since 1995, approximately \$132 million has been provided for supportive services, including transportation and clothing allowances, for individuals transitioning from welfare to work. Transportation, however, continues to be a significant issue. Lack of access to reliable transportation can prevent individuals from accepting and/or retaining a job, especially in rural areas where individuals are dependent on private rather than public means of transportation. This Program Revision provides an additional \$10.8 million in Federal funds for the Department of Public Welfare to increase the current transportation allowances for welfare recipients who are employed or enrolled in approved work-related activities. The allowance for the downpayment or purchase of an automobile would increase from \$200 to \$750 and the allowance for the repair of an automobile would increase from \$200 to \$400. This Program Revision also provides \$1 million in Federal funds for the Department of Transportation to develop and fund local partnerships to provide reliable transportation options, primarily in rural areas, for current and former welfare recipients and other working low-income individuals to obtain and/or retain employment.

This Program Revision proposes two additional allowance changes for welfare recipients to obtain and/or retain employment. Approximately \$2.9 million is provided to increase the allowance for the purchase of apparel needed to accept employment (i.e., safety clothing, uniforms), to participate in approved work-related activities, education or training, and to appear presentable in the job market. The apparel allowance would be increased from \$75 to \$150. This Program Revision also recommends approximately

\$41,000 to increase the allowance for relocation costs to accept gainful, permanent employment. The relocation allowance would increase from \$200 to \$500.

For welfare recipients with substance abuse problems, this Program Revision proposes a demonstration project to increase the identification of need, referral for and coordination of substance abuse services with employment and training services. This Program Revision includes \$500,000 in Federal funds to train county assistance office caseworkers to identify and make appropriate referrals for service for welfare recipients who have substance abuse problems that may prevent them from obtaining and/or retaining permanent employment. In addition, \$628,000 in State funds and approximately \$1.3 million in Federal funds would be used for case management services provided by employment and training contractors to ensure that clients are enrolled in and attend appropriate drug and alcohol treatment services. These proposed increases are in addition to the \$337 million that has been provided through the Department of Public Welfare since 1995 for employment and training services.

Another important issue faced by families transitioning from welfare to work is the availability of child care. Subsidized child care permits welfare recipients and low-income families to obtain and/or retain employment. Since 1995, over \$1 billion has been provided for subsidized child care for welfare recipients and low-income working families, serving over 385,000 children. This Program Revisions provides an additional \$4.7 million in Federal funds to ensure the continued availability of child care services by providing a three percent increase in the reimbursement ceilings for subsidized child care providers. The reimbursement formula for subsidized child care providers is the lower of the provider's market rate or the department's maximum rate ceiling. Of the \$4.7 million in Federal funds proposed for the rate ceiling increase, approximately \$2.7 million would be used to increase the rate ceilings for day care services provided to welfare recipients who are employed or enrolled in approved work-related activities and \$2 million would be used to increase the rate ceilings for day care services provided to low-income working families.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Increase in the average annual support services per household as a result of the increased transportation, clothing and relocation allowances							
Current	\$119.79	\$204.99	\$213.18	\$213.18	\$213.18	\$213.18	\$213.18
Program Revision	0	0	\$317.82	\$317.82	\$317.82	\$317.82	\$317.82
Welfare recipients receiving substance abuse case management services through employment and training contractors							
Program Revision	0	0	1,395	1,395	0	0	0

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

New Directions
 \$ 628 —to provide drug and alcohol case management services through employment and training contractors.

Program Revision: Transitioning to Self-Sufficiency (continued)

Program Revision Recommendations: (continued)

This budget recommends the following changes:
(Dollar Amounts in Thousands)

This Program Revision is also supported with Federal funds. The proposed use of these funds follows: (Dollar amounts in Thousands)

<p>PUBLIC WELFARE TANFBG — Cash Grants</p> <p>\$ 5,357 —to increase the allowance for the downpayment or purchase of a car from \$200 to \$750.</p> <p>5,466 —to increase the allowance for automobile repair from \$200 to \$400.</p> <p>2,872 —to increase the apparel allowance from \$75 to \$150.</p> <p>41 —to increase the relocation allowance from \$200 to \$500.</p> <hr/> <p>\$ 13,736 Appropriation Total</p>	<p>CCDFBG — Cash Grants</p> <p>\$ 2,680 —to increase the rate ceilings for subsidized child care services provided to welfare recipients who are employed or enrolled in approved work-related activities.</p>	<p>CCDFBG — Day Care</p> <p>\$ 2,000 —to increase the rate ceilings for subsidized child care services provided to working low-income families.</p>	<p>\$ 1,256</p> <p>\$ 500</p> <p>\$ 1,000</p>	<p>Welfare to Work</p> <p>—to provide drug and alcohol case management services through employment and training contractors.</p> <p>TANFBG — County Assistance</p> <p>—to train county assistance office caseworkers in the identification and appropriate referral of welfare recipients with substance abuse problems.</p> <p>TRANSPORTATION TANFBG — Rural Transportation</p> <p>—to develop and fund local transportation partnerships.</p>
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Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
New Directions	\$ 0	\$ 0	\$ 628	\$ 628	\$ 0	\$ 0	\$ 0



PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Mental Health

This program provides for an integrated mental health system consisting of comprehensive mental health services and State operated hospitals. Community mental health services are administered under the Pennsylvania Mental Health and Mental Retardation (MH/MR) Act of 1966 and the Mental Health Procedures Act (MHPA) of 1976. There are ten mental hospitals and one restoration (long-term care) center in the State mental hospital system.

Program Element: Community Mental Health Services

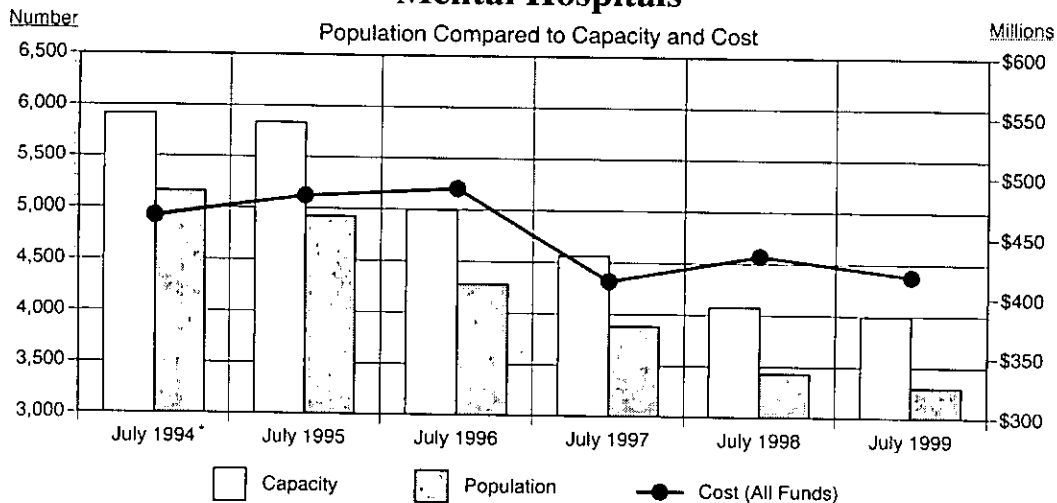
The MH/MR Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, case management, inpatient treatment, partial hospitalization, outpatient care, emergency services, aftercare and specialized rehabilitation services. These services have been expanded through the addition of intensive case management, family-based mental health, housing support services, crisis intervention and community residential services. Services are generally administered by a single county,

county joiners or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with State funds and county matching funds. Community residential services consist of residential treatment, inpatient services, crisis services and community residential rehabilitation (CRR) services. Community services are targeted to adults with serious mental illness and children/adolescents with or at risk of serious emotional disturbance.

Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive inpatient treatment or individuals who have no available alternatives. Additionally, they provide specialized inpatient care for adolescents, criminal offenders and elderly (long-term) populations. Efforts continue to transfer patients and funds to community mental health programs, providing a less restrictive level of care, through the Community Hospital Integration Projects Program (CHIPPs).

Mental Hospitals



While the population of State mental hospitals shows a steady decline, reductions in cost relate to the closing, consolidation and more efficient utilization of facilities. Haverford Hospital will close in 1998-99.

*Cost reflects extraordinary retroactive Federal reimbursements

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Persons provided mental health services (unduplicated).....	204,929	204,642	204,519	206,570	208,630	210,720	212,820
State mental hospital population at end of fiscal year.....	3,884	3,429	3,299	3,300	3,300	3,300	3,300
Persons served by the Community Hospital Integration Projects Program*.....	1,092	1,432	1,582	1,590	1,590	1,590	1,590
Percentage of adults readmitted to State mental hospitals within one year of last discharge.....	16%	16%	16%	15%	13%	13%	13%

*New program measure added this year.



Program: Mental Health (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Persons served in community residential mental health facilities	6,067	5,717	5,563	5,565	5,565	5,565	5,565
Persons receiving intensive case management	14,136	14,278	14,420	14,420	14,420	14,420	14,420
Persons receiving family based mental health services	5,106	5,157	5,209	5,210	5,210	5,210	5,210

The number of persons served in community residential mental health services is less than last year's budget because it included persons served by the Community Hospital Integration Projects Program which is now a separate measure in this budget.

The number of persons receiving family based mental retardation services increased compared to last year's budget as a result of continued expansion of community mental health services.

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year:

State Mental Hospitals	Projected Capacity July 1998	Population July 1996	Population July 1997	Projected Population July 1998	Projected Percent of Capacity July 1998
Allentown.....	330	390	339	250	75.76%
Clarks Summit.....	400	423	343	250	62.50%
Danville.....	262	312	273	250	95.42%
Eastern State School and Hospital.....	10	12	10	10	100.00%
Harrisburg.....	392	372	347	333	84.95%
Haverford.....	0	305	264	0	N/A
Mayview.....	550	561	503	475	86.36%
Norristown.....	760	582	547	720	94.74%
South Mountain.....	324	313	298	294	90.74%
Torrance.....	350	364	332	302	86.29%
Warren.....	348	302	280	262	75.29%
Wernersville.....	350	345	348	283	80.86%
TOTAL.....	4,076	4,281	3,884	3,429	84.13%

Total Proposed Expenditures by Hospital, Restoration Center and Community Programs:

	1996-97 Actual	1997-98 Available	1998-99 Budget		1996-97 Actual	1997-98 Available	1998-99 Budget
Allentown				Danville			
State Funds.....	\$ 27,165	\$ 33,913	\$ 39,736	State Funds.....	\$ 22,330	\$ 25,820	\$ 27,387
Federal Funds.....	5,188	4,823	3,129	Federal Funds.....	6,890	5,734	3,613
Augmentations.....	2,426	2,406	2,240	Augmentations.....	2,001	1,922	1,944
TOTAL.....	\$ 34,779	\$ 41,142	\$ 45,105	TOTAL.....	\$ 31,221	\$ 33,476	\$ 32,944
Clarks Summit				Eastern State School and Hospital			
State Funds.....	\$ 22,830	\$ 28,139	\$ 31,797	State Funds.....	\$ 2,515	\$ 2,031	\$ 1,604
Federal Funds.....	9,646	6,734	4,487	Federal Funds.....	1,413	1,989	1,691
Augmentations.....	2,450	2,048	1,944	Augmentations.....	78	10	10
TOTAL.....	\$ 34,926	\$ 36,921	\$ 38,228	TOTAL.....	\$ 4,006	\$ 4,030	\$ 3,305



Program: Mental Health (continued)

	1996-97	1997-98	1998-99		1996-97	1997-98	1998-99
	Actual	Available	Budget		Actual	Available	Budget
Harrisburg				Torrance			
State Funds.....	\$ 30,936	\$ 34,044	\$ 37,363	State Funds.....	\$ 33,558	\$ 36,519	\$ 40,866
Federal Funds.....	5,021	5,384	4,188	Federal Funds.....	8,650	8,232	4,821
Augmentations.....	2,185	2,460	2,207	Augmentations.....	2,320	2,380	2,204
TOTAL.....	\$ 38,142	\$ 41,888	\$ 43,758	TOTAL.....	\$ 44,528	\$ 47,131	\$ 47,891
Haverford				Warren			
State Funds.....	\$ 28,880	\$ 29,933	\$ 0	State Funds.....	\$ 31,668	\$ 33,267	\$ 35,244
Federal Funds.....	3,968	1,671	0	Federal Funds.....	6,005	6,454	4,868
Augmentations.....	1,984	537	0	Augmentations.....	2,426	2,476	2,451
TOTAL.....	\$ 34,832	\$ 32,141	\$ 0	TOTAL.....	\$ 40,099	\$ 42,197	\$ 42,563
				<i>June 15 (Close)</i>			
Mayview				Wernersville			
State Funds.....	\$ 78,538	\$ 84,060	\$ 85,671	State Funds.....	\$ 24,659	\$ 27,233	\$ 29,682
Federal Funds.....	12,097	8,374	6,298	Federal Funds.....	4,542	4,581	3,559
Augmentations.....	2,831	2,218	2,162	Augmentations.....	2,245	2,360	2,402
TOTAL.....	\$ 93,466	\$ 94,652	\$ 94,131	TOTAL.....	\$ 31,446	\$ 34,174	\$ 35,643
Norristown				Administrative cost			
State Funds.....	\$ 61,293	\$ 70,507	\$ 94,497	State Funds.....	\$ 3,504	\$ 3,440	\$ 5,199
Federal Funds.....	7,953	9,307	7,250	Federal Funds.....	87	166	183
Augmentations.....	2,335	2,327	2,330	Augmentations.....	0	0	0
TOTAL.....	\$ 71,581	\$ 82,141	\$ 104,077	TOTAL.....	\$ 3,591	\$ 3,606	\$ 5,382
South Mountain State Restoration Center				Community Programs			
State Funds.....	\$ 8,482	\$ 9,738	\$ 11,900	State Funds.....	\$ 152,219	\$ 136,801	\$ 138,393
Federal Funds.....	11,752	12,758	9,402	Federal Funds.....	216,895	202,596	206,926
Augmentations.....	2,195	2,097	1,906	Augmentations.....	0	0	0
TOTAL.....	\$ 22,429	\$ 24,593	\$ 23,208	TOTAL.....	\$ 369,114	\$ 339,397	\$ 345,319

Population 3391 (2929 (GP) 266 (LT) + 196 (F))

Total Funds : 418 m.

Program: Mental Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Mental Health Services			
\$ 18,530	—to continue current program.	5,456	—to provide a two percent cost-of-living increase for community mental health programs.	
10,830	—annualization of Community Hospital Integration Projects Program.			
4,572	—to provide 150 new beds in the Community Hospital Integration Projects Program.	-3,032	—Initiative — Mandatory Managed Care Expansion. To provide mental health services through the implementation of mandatory Medical Assistance managed care in the ten-county southwest region.	
-156	—revision of Federal financial participation rate from 53.26% to 53.48%.			
-12,306	—to reflect current and budget year downsizing.			
		<u>\$ 23,894</u>	<i>Appropriation Increase</i>	

The Psychiatric Services in Eastern Pennsylvania appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Mental Health Services	\$ 528,577	\$ 555,445	\$ 579,339	\$ 579,063	\$ 588,057	\$ 597,232	\$ 606,590
Psychiatric Services in Eastern PA.....	0	3,650	3,650	3,650	3,650	3,650	3,650
TOTAL GENERAL FUND	<u>\$ 528,577</u>	<u>\$ 559,095</u>	<u>\$ 582,989</u>	<u>\$ 582,713</u>	<u>\$ 591,707</u>	<u>\$ 600,882</u>	<u>\$ 610,240</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.

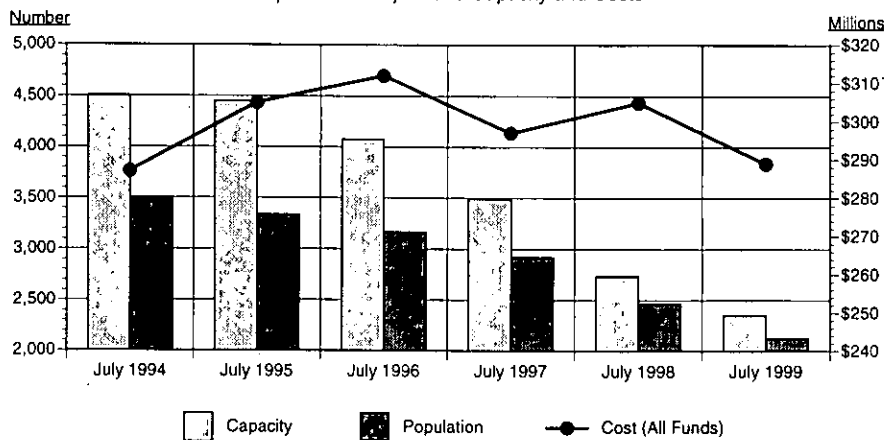
Program: Mental Retardation

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 either administered or operated by the counties and State and privately operated residential services. In addition to State and Federal funding, local funding is provided for community programs as authorized 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.

State Centers for the Mentally Retarded

Population Compared to Capacity and Costs



While the population of the State Centers shows a steady decline, the cost of operating the facilities does not drop proportionally because of the high fixed cost of the remaining facilities. As facilities close, the operating cost will decline at a faster rate. Laurelton and Embreeville Centers will close in 1998-99.

Program Element: Institutional Services

The Department of Public Welfare operates or provides funding for privately operated institutional care for people with mental retardation. The Commonwealth provides services through seven State centers and one mental retardation unit. The primary goal is to develop each resident's ability to function more independently thus preparing them to live in less restrictive environments. All facilities are currently certified for Medical Assistance under standards established by the Health Care Financing Administration. Private ICF/MR facilities also provide intensive habilitative services to persons with mental retardation. Large facilities are single or multiple buildings on campus-like sites accommodating more than 8 persons while small facilities may be located in the community and serve 8 persons or less.

Program Element: Community Mental Retardation Services

The Mental Health and Mental Retardation Act of 1966 provides the statutory basis for the development of community-based services for people with mental retardation. Community residential facilities include group

homes, single apartments with a roommate, or a family living setting with family or friends. Day services such as supported employment, training and recreation are provided to residential and non-residential clients living in the community. A wide array of services is also available to support families caring for a child or sibling with mental retardation. Services include case management, mobility training, employment training and opportunities and adult day care. Some services are eligible for Federal funds under the Medicaid Home and Community-Based Waiver Program.

Program Element: Early Intervention

The Department of Public Welfare administers the Early Intervention Program for children from birth through age two. Services include health care, skill development and social services. These services are intended to minimize developmental delay and the need for special education, to enhance potential for independent living, and to assist families in meeting their children's special needs.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Persons receiving MR services during fiscal year	68,926	69,102	69,600	69,600	69,600	69,600	69,600
Persons receiving community non-residential services:							
Early Intervention	18,011	18,427	18,800	18,800	18,800	18,800	18,800
Adult day services	19,658	19,658	20,500	20,500	20,500	20,500	20,500
Family support services	20,140	20,140	20,100	20,100	20,100	20,100	20,100

The increase from last year's budget for persons receiving adult day services reflects a more effective method of collecting data



Program: Mental Retardation (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Persons receiving residential services (at end of fiscal year):							
Residents of community residential facilities (CRF)	11,499	12,683	13,600	13,600	13,600	13,600	13,600
Residents in private ICF/MRs	3,255	3,218	3,100	3,100	3,100	3,100	3,100
Residents in State centers and mental retardation units	2,922	2,467	2,100	2,100	2,100	2,000	2,000
Residents transferred to more independent settings during fiscal year from:							
Community residential facilities	204	204	200	200	200	200	200
State centers and MR units	141	425	310	10	10	10	10

Residents transferred from State centers is lower than last year's budget due to lower than anticipated placements from Western and Embreeville centers.

State Centers Population for the Prior, Current and Upcoming Year:

	Projected Bed Capacity July 1998	Population July 1996	Population July 1997	Projected Population July 1998	Projected Percent Capacity July 1998
State Centers					
Altoona.....	148	136	138	136	91.9%
Ebensburg.....	430	430	410	394	91.6%
Embreeville.....	0	99	47	0	N/A
Hamburg.....	290	315	306	259	89.3%
Laurelton.....	0	193	121	0	N/A
Polk.....	630	692	669	579	91.9%
Selinsgrove.....	685	668	651	633	92.4%
Western.....	150	175	144	118	78.7%
White Haven.....	330	353	341	294	89.1%
TOTAL STATE CENTERS.....	2,663	3,061	2,827	2,413	90.6%
Units for Mentally Retarded					
Mayview.....	72	63	56	54	75.0%
Torrance.....	0	40	39	0	0
TOTAL UNITS FOR MENTALLY RETARDED.....	72	103	95	54	75.0%
GRAND TOTAL.....	2,735	3,164	2,922	2,467	90.2%



Program: Mental Retardation (continued)

Proposed Expenditures by Center:

(AMOUNTS IN THOUSANDS)				(AMOUNTS IN THOUSANDS)			
	1996-97 Actual	1997-98 Available	1998-99 Budget		1996-97 Actual	1997-98 Available	1998-99 Budget
ALTOONA				SELINGROVE			
State funds	\$ 3,756	\$ 4,643	\$ 4,896	State funds	\$ 25,983	\$ 27,713	\$ 29,881
Federal funds	4,256	5,298	5,612	Federal funds	29,490	31,581	34,196
Augmentations ...	477	497	512	Augmentations ...	3,170	3,214	3,274
TOTAL	\$ 8,489	\$ 10,438	\$ 11,020	TOTAL	\$ 58,643	\$ 62,508	\$ 67,351
EBENSBURG				WESTERN			
State funds	\$ 17,988	\$ 18,940	\$ 19,945	State funds	\$ 10,690	\$ 10,320	\$ 10,049
Federal funds	20,349	21,576	22,801	Federal funds	12,081	11,737	11,458
Augmentations ...	1,919	1,837	1,878	Augmentations ...	832	649	562
TOTAL	\$ 40,256	\$ 42,353	\$ 44,624	TOTAL	\$ 23,603	\$ 22,706	\$ 22,069
EMBREEVILLE				WHITE HAVEN			
State funds	\$ 7,083	\$ 3,765	\$ 1,000	State funds	\$ 14,934	\$ 15,948	\$ 16,026
Federal funds	7,962	4,262	0	Federal funds	16,995	18,174	18,344
Augmentations ...	373	49	0	Augmentations ...	1,876	1,724	1,635
TOTAL	\$ 15,418	\$ 8,076	\$ 1,000	TOTAL	\$ 33,805	\$ 35,846	\$ 36,005
HAMBURG				MAYVIEW			
State funds	\$ 13,210	\$ 13,999	\$ 13,978	State funds	\$ 1,596	\$ 1,720	\$ 1,852
Federal funds	14,981	15,925	15,983	Federal funds	1,868	1,992	2,147
Augmentations ...	1,422	1,316	1,343	Augmentations ...	323	326	271
TOTAL	\$ 29,613	\$ 31,240	\$ 31,304	TOTAL	\$ 3,787	\$ 4,038	\$ 4,270
LAURELTON				SOMERSET			
State funds	\$ 8,835	\$ 7,666	\$ 1,556	State funds	\$ 67	\$ 0	\$ 0
Federal funds	10,029	8,746	639	Federal funds	78	0	0
Augmentations ...	721	463	22	Augmentations ...	5	0	0
TOTAL	\$ 19,585	\$ 16,875	\$ 2,217	TOTAL	\$ 150	\$ 0	\$ 0
POLK				TORRANCE			
State funds	\$ 27,048	\$ 30,341	\$ 30,648	State funds	\$ 1,230	\$ 1,486	\$ 141
Federal funds	30,664	34,452	34,980	Federal funds	1,439	1,721	162
Augmentations ...	3,392	3,297	2,888	Augmentations ...	175	136	0
TOTAL	\$ 61,104	\$ 68,090	\$ 68,516	TOTAL	\$ 2,844	\$ 3,343	\$ 303



Program: Mental Retardation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>State Centers for the Mentally Retarded</p> <p>\$ 6,183 —to continue current program.</p> <p>-1,725 —nonrecurring projects.</p> <p>-3,450 —to reflect 160 community placements.</p> <p>-10,282 —to reflect the closure of Torrance MR Unit and the Embreeville and Laurelton centers.</p> <p>2,000 —to provide maintenance for closed facilities.</p> <p>705 —PRR — Promoting Independence for Persons with Disabilities. This Program Revision provides additional assistive technology devices and durable medical equipment for persons residing in State Mental Retardation Centers. See the Program Revision following the Human Services Program for additional information.</p> <hr/> <p>\$ -6,569 <i>Appropriation Decrease</i></p> <p>Intermediate Care Facilities — Mentally Retarded</p> <p>\$ -758 —to reflect reductions in hearings and appeals and waivers.</p> <p>-550 —revision of Federal financial participation rate from 53.26% to 53.48%.</p> <p>-3,015 —to reflect facility conversions to the Community MR program.</p> <p>1,975 —to provide a two percent cost-of-living adjustment.</p> <hr/> <p>\$ -2,348 <i>Appropriation Decrease</i></p> <p>Assistive Technology</p> <p>\$ 70 —PRR — Promoting Independence for Persons with Disabilities. This Program Revision expands the Statewide Assistive Technology Lending Library. See the Program Revision following the Human Services Program for additional information.</p>	<p>Community Mental Retardation Services</p> <p>\$ 299 —to continue current program.</p> <p>13,768 —to annualize prior years' expansion.</p> <p>-1,099 —revision of Federal financial participation rate from 53.26% to 53.48%.</p> <p>9,652 —to provide a two percent cost-of-living adjustment.</p> <p>9,807 —Initiative — Enhancing Community Mental Retardation Services. To provide community placements for 300 persons currently residing in State Mental Retardation Centers and for 538 persons on county waiting lists. Funding is also included for consumer and family monitoring teams and an independent evaluation of compliance with the Pennshurst court order.</p> <hr/> <p>\$ 32,427 <i>Appropriation Increase</i></p> <p>Pennhurst Dispersal</p> <p>\$ 58 —to provide a two percent cost-of-living adjustment.</p> <p>Early Intervention</p> <p>\$ 47 —to continue current program.</p> <p>-679 —to reflect reduced requirement for FY 1996-97 expansion initiative.</p> <p>885 —to provide a two percent cost-of-living adjustment.</p> <hr/> <p>\$ 253 <i>Appropriation Increase</i></p> <p>MR Residential Services — Lansdowne</p> <p>\$ 7 —to provide a two percent cost-of-living adjustment.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
State Centers for the Mentally Retarded	\$ 132,420	\$ 136,541	\$ 129,972	\$ 127,212	\$ 129,849	\$ 132,539	\$ 135,282
Intermediate Care Facilities —							
Mentally Retarded	107,382	113,693	111,345	111,345	111,345	111,345	111,345
Assistive Technology	0	700	770	770	770	770	770
Community Mental Retardation Services	432,662	464,633	497,060	508,369	508,369	508,369	508,369
Pennhurst Dispersal	2,819	2,875	2,933	2,933	2,933	2,933	2,933
Early Intervention	35,420	44,230	44,483	44,483	44,483	44,483	44,483
MR Residential Services — Lansdowne	371	371	378	378	378	378	378
TOTAL GENERAL FUND	\$ 711,074	\$ 763,043	\$ 786,941	\$ 795,490	\$ 798,127	\$ 800,817	\$ 803,560

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 which 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 which 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. Other services include temporary placement services for children who cannot live with their own family, adoption services, assistance to provide a permanent legal family for any child who cannot be returned to his own family, day treatment services, child protective services, emergency shelter services, 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. 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 provide residential programs for the treatment of Pennsylvania's serious juvenile offenders and those with special problems. The purpose of the system is to bring about positive changes in the juveniles by developing skills and attitudes which will enable them to become responsible, productive members of society.

Administrative Complex	Projected July 1998 Capacity	July 1996 Population	July 1997 Population	Projected July 1998 Population	Projected July 1998 % of Capacity
Bensalem	120	118	116	120	100%
YFC - Hickory Run	49	51	49	49	100%
YFC - Trough Creek	62	66	69	62	100%
New Castle	312	309	313	319	102%
Loysville	194	250	246	204	105%
Subtotal					
Current Program	737	794	793	754	102%
New programs					
Cresson	50	0	0	50	100%
South Mountain	50	0	0	50	100%
Danville	64	0	0	64	100%
Subtotal					
New Programs	164	0	0	164	100%
Total	901	794	793	918	102%

The YDCs/YFCs have a total capacity of 901 youth. Included in the system are specialized treatment services for sex offenders, arsonists, drug and alcohol abusers, emotionally disturbed and mentally retarded youth.

Treatment of youth within the YDCs/YFCs is guided by the Master Case Planning System. 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 form the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to break the cycle of dependency and prepare youth for return to the community. Each program provides vocational training and ongoing education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are encouraged and, in some cases, 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: Day Care

Subsidized day care is provided to low-income families who need child day care in order to work or to be trained in marketable job skills. The purpose of this subsidy is to encourage families to be self-supporting and self-sufficient. Revenue to support this program comes from Federal and State funds and parent fees.

Parents can receive subsidized child day care from various child care facilities including licensed centers, group homes, registered family day care homes and minimally certified facilities. All child care facilities must meet health and safety standards developed by the department. To receive subsidized funding for nonlicensed care, a provider must register with the Local Management Agency (LMA) that administers the subsidized funds in the provider's area.

Local Management Agencies operate Statewide. The objectives of the LMA program are to increase parent choice for child care service, serve more children with the same amount of funding, allow more licensed/registered providers to participate in the State subsidized system, eliminate sole source contracts for day care services and allow the Commonwealth to purchase services at the prevailing local rate.

Program Element: Family Planning and Breast Cancer Screening

Family planning services meet contraceptive needs or infertility problems through the provision of educational, medical and social services. Persons 16 years of age and over are served at 200 clinics in the State.

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is all new family planning clients, all women 35 years of age and older and women with a family history of breast cancer.

Program Element: Services for the Visually Impaired

The department provides a full range of services to individuals who are blind or visually impaired.

The Vocational Rehabilitation Services Program includes the direct provision or purchase of services which assist persons who are blind or visually impaired to obtain and/or maintain gainful employment. This program includes the operation of the Business Enterprise Program which establishes, maintains and supervises small business facilities operated by people who are blind.

The Social Casework Services Program provides special activities to assist persons who are blind or visually impaired to adjust to blindness, to enable them to cope with the activities of daily living and to allow them to function independently in the least costly manner within their family and community.

Rehabilitation teaching and orientation and mobility services provide instruction on the adaptive skills needed to function in the home, community and workplace.



Program: Human Services (continued)

Prevention of blindness activities are provided in 27 counties of the Commonwealth through contractual arrangements with private providers.

Program Element: Attendant Care

This service provides attendant care for adults ages 18-59 through a variety of program models. Personal care services such as dressing and grooming are those which non-disabled persons would do for themselves. Service enables recipients to remain in or return to their own homes and maintain an independent lifestyle. Persons age 60 and over receive attendant care through funding provided by the Department of Aging.

Program Element: Legal Services

The department contracts with the Pennsylvania Legal Services Center, a private, nonprofit corporation, to provide civil legal assistance for low-income persons with family, consumer, employment and other problems. The emphasis of the service delivery is to provide emergency legal services in situations which threaten the basic needs of individuals. These services do not include political activities, services to organizations, or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a Statewide coalition which, in turn, subcontracts for services at the local level. The services to victims of domestic violence include: crisis intervention, counseling, victim advocacy, information and referral and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community at large.

Rape crisis services are provided through a contract with a Statewide coalition which, in turn, subcontracts for services at the local level. Rape crisis programs provide crisis intervention services, counseling, victim advocacy, information and referral and accompaniment through police,

medical and judicial systems. Prevention and educational programs are also provided to lessen the risk of sexual assault for adults and children in the community at large.

Program Element: Homeless Assistance

The Homeless Assistance Program provides 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 is a cash payment to an individual or family to prevent or end homelessness. Housing assistance can include assistance to prevent homelessness by intervening in cases 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 provided to assure ongoing coordination with the client. This assists 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 Element: Services to the Developmentally Disabled

This program provides services to persons with cerebral palsy and other impairments (excluding mental illness) which affect general mental and physical functioning. 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. These individuals had been receiving services in a nursing home environment; however, Federal regulations require that services be provided at the most appropriate level and location.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Services for the Visually Impaired							
Persons who are blind or visually impaired	8,089	10,000	10,500	11,000	11,500	12,000	12,500
Persons who are blind or visually impaired placed in employment	349	440	500	550	625	650	675
Youth Development Centers							
YDC — youth served	1,921	2,053	2,085	2,085	2,085	2,085	2,085
YDC — occupancy rates	105%	102%	102%	102%	102%	102%	102%
YDC — youth in work experience	457	457	470	483	483	483	483
Family Support Services							
Children receiving child welfare services at home	150,173	140,735	141,742	141,750	141,750	141,750	141,750
Out of home placement in:							
Community residential programs	19,712	20,350	21,033	21,030	21,030	21,030	21,030
Institutional care programs	6,229	5,910	5,544	5,540	5,540	5,540	5,540
Agency arranged adoptions	1,415	1,500	1,450	1,450	1,450	1,450	1,450
Children waiting for adoption	1,835	1,800	1,750	1,750	1,570	1,750	1,750
Children receiving day care	51,102	54,261	57,061	57,060	57,060	57,060	57,060
Percent of child abuse reports substantiated	26.1%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%

The visually impaired persons served decreased from the 1997-98 budget because the department experienced difficulty in recruiting vocational rehabilitation counselors and instructors.

The YDC youth served decreased from last year's budget due to delays in the planned opening of three new facilities.

Program: Human Services (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Homeless Assistance							
Total persons receiving homeless services*	91,779	111,430	108,681	106,000	104,000	102,000	100,000
Other Human Services							
Domestic violence persons served	54,822	55,197	58,074	58,070	56,990	55,910	54,850
Rape crisis/sexual assault persons served	15,256	14,670	15,344	15,340	15,060	14,770	14,490
Breast cancer screening clients	108,376	110,500	110,500	110,500	110,500	110,500	110,500
Legal service clients	31,661	26,904	26,904	26,370	25,840	25,320	24,860
Attendant care persons served	2,300	2,474	3,131	3,131	3,131	3,131	3,131
Persons with developmental disabilities							
served in nursing facilities	718	768	818	870	920	970	1,020
served in the community	138	205	219	210	210	210	210

The agency arranged adoptions and the number of children waiting for adoption have changed from last year's budget because of a delay in finalization of pending adoptions.

The number of persons receiving legal services increased from last year's budget because the cases handled were less complex and therefore less time consuming than anticipated.

The number of persons receiving attendant care reflects changes from the PRR — Promoting Independence for Persons with Disabilities.

The persons with developmental disabilities served in nursing facilities decreased from last year's budget due to revised intake criteria.

The persons with developmental disabilities served in the community changed from last year's budget due to anticipated implementation of a project to serve people before they would require nursing home placement.

*New program measure added this year.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 75 88</p> <hr/> <p>\$ 163</p>	<p>Services for the Visually Impaired —to continue current program. —to increase services to 500 clients.</p> <p><i>Appropriation Increase</i></p>	<p>\$ 26,039 6,600</p> <hr/> <p>—23,730</p> <p>101 —4,431</p> <p>300</p> <hr/> <p>\$ 4,879</p>	<p>County Child Welfare —to provide for county needs-based budgets as mandated by Act 30 of 1991. —to provide a two percent cost-of-living adjustment for services not provided by county staff. —to reflect increased Federal funds for foster care resulting from a policy change regarding eligibility. —to provide for other program increases. —nonrecurring technology improvement projects. —to provide technical assistance to counties to document Federal claims.</p> <p><i>Appropriation Increase</i></p>
<p>\$ 1,871 3,635</p> <hr/> <p>—2,755 66</p> <p>187</p> <p>194</p> <hr/> <p>\$ 3,198</p>	<p>Youth Development Institutions and Forestry Camps —to continue current program. —to reflect full year operation of the new Cresson, South Mountain and Danville facilities. —nonrecurring projects. —to provide matching funds for two DCSI projects to review and assess YDC programs including medical and psychiatric services. —to provide match for a DCSI mental health initiative. —Initiative — Summer Competency Development Program. To provide summer programming, on a pilot basis, to enhance the employability of older youth upon release from the YDC/YFC system.</p> <p><i>Appropriation Increase</i></p>	<p>\$ 1,000</p>	<p>Community Based Family Centers —to provide for increased services.</p>



Program: Human Services (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Day Care Services</p> <p>\$ 954 —to provide a two percent cost-of-living adjustment.</p> <p>6,874 —to provide services to 3,253 children whose families have transitioned from cash assistance to employment.</p> <p>1,000 —for special child care initiatives in Pittsburgh and Philadelphia.</p> <p>1,000 —Initiative — Day Care Quality Enhancements. To increase the training opportunities for day care providers, caregivers and parents regarding early childhood development issues.</p> <hr/> <p>\$ 9,828 <i>Appropriation Increase</i></p> <p>Domestic Violence</p> <p>\$ 195 —to provide a two percent cost-of-living adjustment.</p> <p>781 —Initiative — Expansion of Domestic Violence Services. To provide domestic violence services to an additional 2,877 individuals.</p> <hr/> <p>\$ 976 <i>Appropriation Increase</i></p> <p>Rape Crisis</p> <p>\$ 83 —to provide a two percent cost-of-living adjustment.</p> <p>334 —Initiative — Expansion of Rape Crisis Services. To provide rape crisis services to an additional 674 individuals.</p> <hr/> <p>\$ 417 <i>Appropriation Increase</i></p>	<p>Breast Cancer Screening</p> <p>\$ 18 —to provide a two percent cost-of-living adjustment.</p> <p>Human Services Development Fund</p> <p>\$ 694 —to provide a two percent cost-of-living adjustment.</p> <p>Legal Services</p> <p>\$ 250 —to provide for increased services.</p> <p>Homeless Assistance</p> <p>\$ 496 —to provide a two percent cost-of-living adjustment.</p> <p>Services to Developmentally Disabled</p> <p>\$ 158 —to provide a two percent cost-of-living adjustment.</p> <p>Attendant Care</p> <p>\$ 83 —to continue current program.</p> <p>344 —to provide a two percent cost-of-living adjustment.</p> <p>2,874 —PRR — Promoting Independence for Persons with Disabilities. This Program Revision provides attendant care services to an additional 681 individuals. See the Program Revision following this program for additional information.</p> <hr/> <p>\$ 3,301 <i>Appropriation Increase</i></p>
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All other appropriations are recommended at the current year funding level.

In addition, the Promoting Independence for Persons with Disabilities Program Revision following this program provides \$1,994,000 in Long-Term Care Intergovernmental Transfer funds and \$2,636,000 in Federal funds to provide attendant care services for an additional 681 individuals.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Services for the Visually Impaired	\$ 6,413	\$ 8,160	\$ 8,323	\$ 8,489	\$ 8,659	\$ 8,832	\$ 9,009
Youth Development Institutions and Forestry Camps	65,283	75,354	78,552	80,241	81,960	83,585	85,243
County Child Welfare	354,863	398,740	403,619	432,604	461,884	492,627	524,907
Community Based Family Centers	2,021	2,061	3,061	3,061	3,061	3,061	3,061
Day Care Services	48,309	47,717	57,545	57,545	57,545	57,545	57,545
Domestic Violence	9,350	9,758	10,734	10,734	10,734	10,734	10,734
Rape Crisis	3,500	4,166	4,583	4,583	4,583	4,583	4,583
Breast Cancer Screening	867	884	902	902	902	902	902
Human Services Development Fund	34,000	34,680	35,374	35,374	35,374	35,374	35,374
Legal Services	2,000	2,000	2,250	2,250	2,250	2,250	2,250
Homeless Assistance	16,881	24,805	25,301	25,301	25,301	25,301	25,301
Services to Developmentally Disabled	6,755	7,878	8,036	8,036	8,036	8,036	8,036
Attendant Care	15,942	17,224	20,525	22,047	22,047	22,047	22,047
Arsenal Family and Children's Center	160	160	160	160	160	160	160
Beacon Lodge Camp — Blind Services	124	124	124	124	124	124	124
TOTAL GENERAL FUND	\$ 566,468	\$ 633,711	\$ 659,089	\$ 691,451	\$ 722,620	\$ 755,161	\$ 789,276



Program Revision: Promoting Independence for Persons with Disabilities

Approximately 48 million Americans have some type of disability. It is estimated that as many as one in four Pennsylvanians have difficulty performing everyday functions, half of whom report that their disability is severe enough to completely prevent them from performing at least one function of daily living on their own. To afford people with disabilities the opportunity to be as productive as possible and to fully participate in society, this Program Revision provides a total of \$13.3 million to implement new or expanded programs.

The Attendant Care Program provides in-home personal care and ancillary services for adults with physical disabilities to enable them to remain in their homes and communities as opposed to being placed in an institutional setting. This Program Revision provides \$2.9 million in State funds and \$4.6 million in Federal and Other funds to provide attendant care services for 681 additional individuals to support activities of daily living, self-care and mobility.

To enable unserved persons with disabilities to obtain employment and move towards self-sufficiency, this Program Revision recommends \$2 million in State funds for the Department of Labor and Industry to provide vocational rehabilitation services for 750 individuals who are not able to receive services through the existing Vocational Rehabilitation Program. These services would include diagnosis, guidance and counseling, restoration, training, placement and post-employment services. Through vocational rehabilitation, persons with disabilities are provided the opportunities to be productive and independent members of society.

Assistive technology devices have great potential to enrich the lives of people with disabilities. With the appropriate technology, individuals have fewer health problems, are less dependent on family members for assistance with activities of daily living, are more productive at work which increases earning potential, are able to more fully participate in social activities, and are less likely to enter nursing homes. In recognition of the role that assistive technology plays to significantly improve the quality of life for persons with disabilities, this Program Revision recommends several initiatives to increase the availability of assistive technology throughout the Commonwealth.

For persons residing in State Mental Retardation Centers, this Program Revision provides \$705,000 in State funds for additional assistive technology devices and durable medical equipment which would increase resident independence, choice and comfort. This Program Revision also provides \$70,000 to enhance the Statewide Assistive Technology Lending Library

which provides individuals with disabilities and older Pennsylvanians opportunities to learn about, try and borrow assistive technology devices prior to making purchasing decisions.

To assist persons with disabilities to purchase assistive technology devices, this Program Revision provides \$100,000 to the Department of Community and Economic Development to establish an Assistive Technology Loan Guarantee Program. Through the loan guarantee, financial institutions would be able to offer more favorable financing conditions, such as lower interest rates or longer repayment terms. The \$100,000 in State funds would be used to generate up to \$200,000 in private funds, for a total Assistive Technology Loan Guarantee Program of up to \$300,000.

This Program Revision also provides \$1 million to the Department of Community and Economic Development to expand employment and business opportunities for persons with disabilities. The Independence Capital Access Network Program would provide grants of up to \$50,000 to businesses of 100 employees or less to support the purchase of specialized or adaptive equipment for employees with disabilities.

Participation in recreation activities improves the health, productivity and overall quality of life for all people, including those with disabilities. To increase opportunities for recreational activities, this Program Revision provides \$100,000 for the Department of Health to develop and implement a recreation information and referral network for persons with disabilities. Through the Governor's Council on Physical Fitness and Sports, a centralized communications network would be developed, including a toll-free telephone number and an Internet website, to provide information, referral and research regarding the availability of recreation, leisure and sports activities that are accessible to persons with disabilities.

To further promote recreation activities, this Program Revision provides \$1.5 million for the Department of Conservation and Natural Resources to improve access to and availability of State Parks facilities for persons with disabilities. Of this amount, \$20,000 would be used to obtain training in best practices for improving access to State recreation facilities, State Parks and State tourism attractions for persons with disabilities. The remaining \$1.48 million would be used for structural improvement to State Parks facilities, including the rehabilitation and/or repair of cabins, campsites, restrooms, educational centers, fishing piers, offices and parking lots to improve accessibility for persons with disabilities.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Additional persons receiving attendant care services							
Current	2,300	2,474	2,450	2,450	2,450	2,450	2,450
Program Revision	0	0	3,131	3,131	3,131	3,131	3,131
Additional persons receiving vocational rehabilitation services							
Program Revision	0	0	750	750	750	750	750
Independence Capital Access Network Fund grants awarded							
Program Revision	0	0	20	20	20	20	20



Program Revision: Promoting Independence for Persons with Disabilities (continued)

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>PUBLIC WELFARE Attendant Care \$ 2,874 —to provide attendant care services to an additional 681 individuals.</p> <p>State Centers for the Mentally Retarded \$ 705 —to provide additional assistive technology devices and durable medical equipment for persons residing in State Mental Retardation Centers.</p> <p>Assistive Technology \$ 70 —to expand the Statewide Assistive Technology Lending Library.</p> <p>LABOR AND INDUSTRY Vocational Rehabilitation Services \$ 2,000 —to provide vocational rehabilitation services to an additional 750 individuals.</p> <p>COMMUNITY AND ECONOMIC DEVELOPMENT General Government Operations \$ 100 —to establish an Assistive Technology Loan Guarantee Program.</p>	<p>\$ 1,000</p> <p>\$ 100</p> <p>\$ 20</p> <p>1,480</p> <p>\$ 1,500</p> <p>\$ 8,349</p>	<p>Entrepreneurial Assistance —to expand employment and business opportunities for persons with disabilities through the Independence Capital Access Network Fund.</p> <p>HEALTH General Government Operations —to establish a recreation information and referral network for persons with disabilities.</p> <p>CONSERVATION AND NATURAL RESOURCES State Parks Operations —to obtain training in best practices for improving access to State recreation facilities, State Parks and State tourism attractions for persons with disabilities. —to improve access to State Parks facilities for persons with disabilities.</p> <p>Appropriation Total</p> <p>Program Revision Total</p>
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In addition, this budget provides \$1,994,000 in Intergovernmental Transfer funds and \$2,636,000 in Federal funds for the Attendant Care Program expansion component of this Program Revision. This budget also provides \$295,000 in Federal funds for additional assistive technology devices and durable medical equipment for persons residing in State Mental Retardation Centers.

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Public Welfare							
Attendant Care	\$ 0	\$ 0	\$ 2,874	\$ 4,396	\$ 4,396	\$ 4,396	\$ 4,396
State Centers for the Mentally Retarded	0	0	705	705	705	705	705
Assistive Technology	0	0	70	70	70	70	70
Community and Economic Development							
Entrepreneurial Assistance	0	0	1,000	1,000	1,000	1,000	1,000
General Government Operations	0	0	100	100	100	100	100
Conservation and Natural Resources							
State Parks Operations	0	0	1,500	1,500	1,500	1,500	1,500
Health							
General Government Operations	0	0	100	100	100	100	100
Labor and Industry							
Vocational Rehabilitation Services	0	0	2,000	2,000	2,000	2,000	2,000
Total	\$ 0	\$ 0	\$ 8,349	\$ 9,871	\$ 9,871	\$ 9,871	\$ 9,871





COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF REVENUE

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.

The department also administers the State Lottery and the Lottery funded Property Tax and Rent Assistance Program.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 105,800	\$ 108,186	\$ 118,956
(A)Cigarette Fines and Penalties.....	21	15	15
(A)Cigarette Tax Enforcement.....	676	747	754
(A)Services to Special Funds.....	6,288	7,477	7,598
(A)EDP and Staff Support.....	5,190	6,758	6,817
(A)Tax Information.....	186	140	140
(A)Private Letter Valuation Charges.....	2	0	2
(A)Local Sales Tax.....	5,873	2,500	2,500
(A)Small Games of Chance.....	236	240	240
(A)Tax Amnesty.....	1,254	433	0
Commissions - Inheritance & Realty Transfer Taxes.....	4,955	6,137	5,847
Computer Acquisitions.....	0	875	711
Subtotal - State Funds.....	\$ 110,755	\$ 115,198	\$ 125,514
Subtotal - Augmentations.....	19,726	18,310	18,066
Total - General Government.....	\$ 130,481	\$ 133,508	\$ 143,580
<i>Grants and Subsidies:</i>			
Distribution of Public Utility Realty Tax.....	\$ 158,366	\$ 161,574	\$ 163,971
STATE FUNDS.....	\$ 269,121	\$ 276,772	\$ 289,485
AUGMENTATIONS.....	19,726	18,310	18,066
GENERAL FUND TOTAL.....	\$ 288,847	\$ 295,082	\$ 307,551
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Collections - Liquid Fuels Tax.....	\$ 9,430	\$ 11,483	\$ 12,053
(A)Fuel Tax Enforcement.....	246	50	25
(A)International Fuel Tax Agreement.....	111	46	25
Subtotal - State Funds.....	\$ 9,430	\$ 11,483	\$ 12,053
Subtotal - Augmentations.....	357	96	50
Total - General Government.....	\$ 9,787	\$ 11,579	\$ 12,103
<i>Refunds:</i>			
Refunding Liquid Fuels Tax (EA).....	\$ 1,603	\$ 5,400	\$ 3,500
STATE FUNDS.....	\$ 11,033	\$ 16,883	\$ 15,553
AUGMENTATIONS.....	357	96	50
MOTOR LICENSE FUND TOTAL.....	\$ 11,390	\$ 16,979	\$ 15,603
LOTTERY FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 50,100	\$ 54,364	\$ 56,460
(A)License Fees.....	16	120	19
(A)Telephone Lines.....	4,446	4,790	5,164
(A)Sale of Automobiles.....	16	0	0
(A)Winning Number Line.....	153	228	180
On-Line Vendor Commissions (EA).....	24,023 ^a	23,610 ^b	22,879
Instant Vendor Commissions (EA).....	9,098	12,091	12,118
Personal Income Tax for Lottery Prizes (EA).....	25,209	26,020	24,869
Payment of Prize Money (EA).....	185,052	180,428	160,211



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Subtotal - State Funds.....	\$ 293,482	\$ 296,513	\$ 276,537
Subtotal - Augmentations.....	4,631	5,138	5,363
Total - General Government.....	<u>\$ 298,113</u>	<u>\$ 301,651</u>	<u>\$ 281,900</u>
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians(EA).....	\$ 88,517	\$ 86,000	\$ 83,300
STATE FUNDS.....	\$ 381,999	\$ 382,513	\$ 359,837
AUGMENTATIONS.....	4,631	5,138	5,363
LOTTERY FUND TOTAL.....	<u>\$ 386,630</u>	<u>\$ 387,651</u>	<u>\$ 365,200</u>
RACING FUND:			
<i>General Government:</i>			
Collections - Racing (EA).....	\$ 294	\$ 204	\$ 209
RACING FUND TOTAL.....	<u>\$ 294</u>	<u>\$ 204</u>	<u>\$ 209</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 269,121	\$ 276,772	\$ 289,485
SPECIAL FUNDS.....	393,326	399,600	375,599
AUGMENTATIONS.....	24,714	23,544	23,479
TOTAL ALL FUNDS.....	<u><u>\$ 687,161</u></u>	<u><u>\$ 699,916</u></u>	<u><u>\$ 688,563</u></u>

^a Actually appropriated as part of \$74,123,000 for General Operations.

^b Actually appropriated as part of \$77,974,000 for General Operations.

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND.....	\$ 110,755	\$ 115,198	\$ 125,514	\$ 124,440	\$ 126,914	\$ 129,438	\$ 131,301
SPECIAL FUNDS.....	304,809	313,600	292,299	290,707	293,181	295,667	298,152
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,714	23,544	23,479	23,992	24,311	24,841	25,178
SUBCATEGORY TOTAL.....	\$ 440,278	\$ 452,342	\$ 441,292	\$ 439,139	\$ 444,406	\$ 449,946	\$ 454,631
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND.....	\$ 158,366	\$ 161,574	\$ 163,971	\$ 169,896	\$ 176,267	\$ 182,877	\$ 189,735
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.....	\$ 158,366	\$ 161,574	\$ 163,971	\$ 169,896	\$ 176,267	\$ 182,877	\$ 189,735
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	88,517	86,000	83,300	82,300	81,300	80,300	79,300
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 88,517	\$ 86,000	\$ 83,300	\$ 82,300	\$ 81,300	\$ 80,300	\$ 79,300
ALL PROGRAMS:							
GENERAL FUND.....	\$ 269,121	\$ 276,772	\$ 289,485	\$ 294,336	\$ 303,181	\$ 312,315	\$ 321,036
SPECIAL FUNDS.....	393,326	399,600	375,599	373,007	374,481	375,967	377,452
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,714	23,544	23,479	23,992	24,311	24,841	25,178
DEPARTMENT TOTAL.....	\$ 687,161	\$ 699,916	\$ 688,563	\$ 691,335	\$ 701,973	\$ 713,123	\$ 723,666



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 and beverage and realty transfer taxes. Tax revenue is also collected from the first and second class county sales tax and for the Motor License and Racing Funds.

The department has extensively automated procedures thereby permitting staff to quickly deposit funds and review a tax return's accuracy. This has permitted the department to keep the cost of collection under \$.90 for every \$100 collected.

To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is

extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

During 1995-96, the department administered its first Tax Amnesty Program, which resulted in collections of \$93.1 million. After the amnesty period ended in January 1996 more rigorous enforcement efforts were instituted to locate and prosecute tax delinquents.

This program is also responsible for the administration of the State Lottery. Through a network of private retailers, the Commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Collections from delinquent accounts (in millions)	\$518	\$529	\$545	\$561	\$578	\$596	\$613
Amounts due as a result of audit assessments (in millions)	\$141	\$154	\$162	\$170	\$178	\$187	\$197
Personal Income Tax:							
Returns Processed	5,740,593	5,777,000	5,819,000	5,860,000	5,901,000	5,942,000	5,985,000
Corporation Taxes Settlement Time:							
Tax Liabilities Less than \$10,000							
Settled in 9 months or less	2,440	10,000	80,000	140,000	160,000	180,000	200,000
Settled in 10 months or longer	172,632	220,000	157,000	60,000	40,000	20,000	0
Tax Liabilities \$10,000 - \$50,000							
Settled in 9 months or less	128	200	5,000	8,000	10,000	12,000	13,000
Settled in 10 to 13 months	11,007	11,000	5,500	4,000	2,500	1,000	0
Tax Liabilities Greater than \$50,000							
Settled in 9 months or less	70	150	2,000	2,500	4,000	4,200	4,400
Settled in 10 to 13 months	4,620	4,500	2,500	2,000	500	200	0
Returns requiring manual processing	40,476	41,000	41,800	42,600	43,500	44,500	45,500
Total Settled Accounts	231,373	286,850	293,800	259,100	260,500	261,900	262,900
Total Active Accounts	264,040	267,500	269,000	271,000	273,000	275,000	277,000
Lottery operating costs as a percent of ticket sales	3.08%	3.45%	3.44%	3.56%	3.66%	3.75%	3.85%

Corporation tax accounts settled decreased compared to last year's estimate because the estimated time period for processing the backlog in returns was revised. In addition, assumptions on the time frame in which automated systems will significantly modify processing time for corporation returns has been revised.

The decline in amounts due as a result of audit assessments is the result of revised agency procedures.

Fewer corporation tax returns require manual processing as increased use is made of automated systems.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
	General Government Operations		
\$	-809	—nonrecurring costs.	165
	2,500	—to acquire imaging systems to speed processing of taxes and to eliminate movement of paper records.	3,500
	5,414	—to continue current programs, including the conversion of additional tax systems into the Keystone Integrated Tax System.	
			\$ 10,770
			<i>Appropriation Increase</i>



Program: Revenue Collection and Administration (continued)

Program Recommendation: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Commissions — Inheritance and Realty Transfer Tax Collections	\$	-731	On-Line Vendor Commissions
\$ -290	—computed cost based on tax estimates.			—to continue current program based on Lottery sales estimates.
\$ -164	Computer Acquisitions	\$	27	Instant Vendor Commissions
	—to continue current program.			—to continue current program based on Lottery sales estimates.
\$ 413	MOTOR LICENSE FUND: Collections — Liquid Fuels Tax	\$	-1,151	Personal Income Tax for Lottery Prizes
157	—to enhance auditing capabilities as required by the International Fuels Tax Agreement.			—to continue current program based on Lottery sales estimates.
\$ 570	—to continue current program.	\$	-20,217	Payment of Prize Money
	<i>Appropriation Increase</i>			—to continue current program based on Lottery sales estimates.
\$ -1,900	Refunding Liquid Fuels Tax			RACING FUND: Collections — Racing
	—nonrecurring costs.	\$	5	—to continue current program.
\$ -3,183	LOTTERY FUND: General Operations			
3,515	—nonrecurring costs.			
1,000	—to maintain and increase on-line game sales.			
764	—ADA compliance.			
\$ 2,096	—to continue current program.			
	<i>Appropriation Increase</i>			



Includes accomplishment of PRIME recommendation to develop software to help Pennsylvania businesses file their taxes electronically. This will save \$130,000 per year to the taxpayer and reduce the time the agency spends to reconcile accounts.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 105,800	\$ 108,186	\$ 118,956	\$ 117,765	\$ 120,120	\$ 122,522	\$ 124,972
Commissions — Inheritance and Realty							
Transfer Tax Collections	4,955	6,137	5,847	5,964	6,083	6,205	6,329
Computer Acquisitions	0	875	711	711	711	711	0
TOTAL GENERAL FUND	\$ 110,755	\$ 115,198	\$ 125,514	\$ 124,440	\$ 126,914	\$ 129,438	\$ 131,301
MOTOR LICENSE FUND:							
Collections — Liquid Fuels Tax	\$ 9,430	\$ 11,483	\$ 12,053	\$ 12,294	\$ 12,540	\$ 12,791	\$ 13,047
Refunding Liquid Fuels Tax	1,603	5,400	3,500	3,500	3,500	3,500	3,500
TOTAL MOTOR LICENSE FUND	\$ 11,033	\$ 16,883	\$ 15,553	\$ 15,794	\$ 16,040	\$ 16,291	\$ 16,547
LOTTERY FUND:							
General Operations	\$ 50,100	\$ 54,364	\$ 56,460	\$ 57,589	\$ 58,741	\$ 59,916	\$ 61,114
On-Line Vendor Commissions	24,023	23,610	22,879	22,550	22,318	22,095	21,801
Instant Vendor Commissions	9,098	12,091	12,118	11,710	12,071	12,372	12,682
Personal Income Tax for Lottery Prizes	25,209	26,020	24,869	24,446	24,468	24,499	24,542
Payment of Prize Money	185,052	180,428	160,211	158,406	159,327	160,274	161,242
TOTAL LOTTERY FUND	\$ 293,482	\$ 296,513	\$ 276,537	\$ 274,701	\$ 276,925	\$ 279,156	\$ 281,381
RACING FUND:							
Collections — Racing	\$ 294	\$ 204	\$ 209	\$ 212	\$ 216	\$ 220	\$ 224



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.

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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Taxing authorities receiving funds	3,061	3,070	3,075	3,075	3,075	3,075	3,075

Program Recommendation:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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Public Utility Realty Tax Distribution
 \$ 2,397 —to continue current program.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Public Utility Realty Tax Distribution	\$ 158,366	\$ 161,574	\$ 163,971	\$ 169,896	\$ 176,267	\$ 182,877	\$ 189,735



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 for household incomes under \$5,000. In 1996-97, the average tax assistance payment was \$252.27 and the average rent rebate was \$274.88.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Households provided property tax or rent assistance	336,482	329,752	323,157	316,694	310,360	304,133	298,070

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Property Tax and Rent Assistance for Older Pennsylvanians

\$ -2,700 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
LOTTERY FUND:							
Property Tax and Rent Assistance for Older Pennsylvanians	\$ 88,517	\$ 86,000	\$ 83,300	\$ 82,300	\$ 81,300	\$ 80,300	\$ 79,300





COMMONWEALTH OF PENNSYLVANIA

SECURITIES COMMISSION

The Securities Commission oversees the State controlled securities industry to ensure compliance with Commonwealth statutes.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 2,136	\$ 2,135	\$ 2,071
(A)Consumer Protection.....	2,552	3,272	3,331
Subtotal - State Funds.....	\$ 2,136	\$ 2,135	\$ 2,071
Subtotal - Augmentations.....	2,552	3,272	3,331
Total - General Government.....	\$ 4,688	\$ 5,407	\$ 5,402
STATE FUNDS.....	\$ 2,136	\$ 2,135	\$ 2,071
AUGMENTATIONS.....	2,552	3,272	3,331
GENERAL FUND TOTAL.....	\$ 4,688	\$ 5,407	\$ 5,402

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
SECURITIES INDUSTRY REGULATION							
GENERAL FUND.....	\$ 2,136	\$ 2,135	\$ 2,071	\$ 2,112	\$ 2,154	\$ 2,197	2,241
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,552	3,272	3,331	3,398	3,466	3,535	3,606
SUBCATEGORY TOTAL.....	\$ 4,688	\$ 5,407	\$ 5,402	\$ 5,510	\$ 5,620	\$ 5,732	5,847
ALL PROGRAMS:							
GENERAL FUND.....	\$ 2,136	\$ 2,135	\$ 2,071	\$ 2,112	\$ 2,154	\$ 2,197	2,241
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,552	3,272	3,331	3,398	3,466	3,535	3,606
DEPARTMENT TOTAL.....	\$ 4,688	\$ 5,407	\$ 5,402	\$ 5,510	\$ 5,620	\$ 5,732	5,847



Securities Commission

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, issues cease and desist orders to persons and corporations attempting to sell securities without approval, and seeks 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 automated technology to monitor the offering and sale of securities via electronic means. Compliance and enforcement activities, as well as a portion of ongoing operations of the commission, are supported by fees collected from the securities industry.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Dollar amounts of securities cleared for sale (trillions):	\$199.9	\$200	\$200	\$200	\$200	\$200	\$200
Formal investigations conducted	217	225	235	245	255	265	275
Securities filings received	4,813	4,800	4,800	4,800	4,800	4,800	4,800
Securities filings cleared	4,285	4,300	4,300	4,300	4,300	4,300	4,300
Broker-dealers registered	2,330	2,469	2,617	2,774	2,940	3,116	3,303
Agents registered	107,447	110,670	113,990	117,409	120,931	124,559	128,926
Investment advisers registered	977	1,100	1,210	1,330	1,463	1,585	1,728
Associated persons registered	4,337	4,811	5,322	5,879	6,497	6,757	7,364

The dollar value of securities filings cleared has increased from the prior year as the result of the expanded market of mutual funds.

In addition, the Securities Commission published a comprehensive information packet for small businesses seeking to raise capital through public offering of equity securities. The Commission offers several workshops each year to discuss this information with small businesses through its Entrepreneur Education Program.

The Securities Commission presented three investor education seminar sessions for the general public in 1997-98, provided information and education material from booths at ten consumer fairs during 1996, and distributed 1,400 copies of its securities fraud awareness handbook to investors in 1996-97.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ -64 —nonrecurring costs.

This budget also recommends \$60,000 in augmenting funds for expanded enforcement of securities offerings.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 2,136	\$ 2,135	\$ 2,071	\$ 2,112	\$ 2,154	\$ 2,197	\$ 2,241



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF STATE

The Department of State compiles, publishes and certifies all election ballots and returns; monitors campaign expense reports; issues all commissions to elected and appointed officials; records all laws passed by the General Assembly and proclamations issued by the Governor; administers corporate and selected noncorporate business laws; administers the professional and occupational licensing boards; and regulates solicitation activities, boxing and wrestling matches.

The Department of State is administered by the Secretary of the Commonwealth and includes the State Athletic Commission, the Bureau of Charitable Organizations, the Bureau of Commissions, Elections and Legislation, the Corporation Bureau and 27 professional and occupational licensing boards.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1,238	\$ 2,245 ^a	\$ 2,746
(A)Professional Licensure Augmentation Account.....	0 ^b	0 ^b	0 ^b
(A)Registration of Charitable Organizations.....	1,054	407	0
(R)Professional Licensure Augmentation Account.....	15,289 ^c	15,135 ^c	16,449 ^c
(R)State Board of Medicine.....	2,756 ^c	2,851 ^c	2,936 ^c
(R)State Board of Medicine Operations Loan.....	0	300 ^c	0
(R)State Board of Osteopathic Medicine.....	410 ^c	428 ^c	470 ^c
(R)State Board of Podiatry.....	138 ^c	143 ^c	158 ^c
(R)State Athletic Commission.....	224 ^c	282 ^c	305 ^c
(R)Athletic Commission Augmentation Account.....	0 ^d	0 ^d	0 ^d
(R)Corporation Bureau.....	0 ^e	0 ^e	0 ^e
(R)Corporation Bureau (EA).....	4,859	3,361	3,306
Voter Registration.....	1,088 ^f	924	933
Subtotal.....	\$ 27,056	\$ 26,076	\$ 27,303
Publishing Constitutional Amendments (EA).....	1,003	1,400 ^g	600
Electoral College.....	8	0	0
Subtotal - State Funds.....	\$ 3,337	\$ 4,569	\$ 4,279
Subtotal - Augmentations.....	1,054	407	0
Subtotal - Restricted Revenues.....	23,676	22,500	23,624
Total - General Government.....	\$ 28,067	\$ 27,476	\$ 27,903
<i>Grants and Subsidies:</i>			
Voting of Citizens in Military Service.....	\$ 20	\$ 8	\$ 8
County Election Expenses.....	41	0	0
Total - Grants and Subsidies.....	\$ 61	\$ 8	\$ 8
STATE FUNDS.....	\$ 3,398	\$ 4,577	\$ 4,287
FEDERAL FUNDS.....	0	0	0
AUGMENTATIONS.....	1,054	407	0
RESTRICTED REVENUES.....	23,676	22,500	23,624
GENERAL FUND TOTAL.....	\$ 28,128	\$ 27,484	\$ 27,911
OTHER FUNDS:			
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments.....	\$ 253	\$ 300	\$ 300
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 3,398	\$ 4,577	\$ 4,287
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	1,054	407	0
RESTRICTED.....	23,676	22,500	23,624
OTHER FUNDS.....	253	300	300
TOTAL ALL FUNDS.....	\$ 28,381	\$ 27,784	\$ 28,211

^a Actually appropriated as \$1,699,000 for General Government Operations and \$546,000 for the Registration of Charities.

^b Not added to the total to avoid double counting: 1996-97 Actual is \$1,877,000, 1997-98 Available is \$1,957,000, and 1997-98 Budget is \$2,147,000.

^c Appropriation from a restricted revenue account.

^d Not added to the total to avoid double counting: 1996-97 Actual is \$28,000, 1997-98 Available is \$74,000, and 1998-99 Budget is \$78,000.

^e Not added to the total to avoid double counting: 1996-97 Actual is \$582,000, 1997-98 Available is \$684,000, and 1998-99 Budget is \$805,000.

^f Actually appropriated as \$688,000 for Voter Registration and \$400,000 for Voter Registration by Mail.

^g Includes recommended supplemental executive authorization of \$600,000.

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
CONSUMER PROTECTION							
GENERAL FUND.....	\$ 3,398	\$ 4,577	\$ 4,287	\$ 4,418	\$ 4,513	\$ 4,570	\$ 4,649
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,983	23,207	23,924	24,317	24,795	25,285	25,785
SUBCATEGORY TOTAL.....	\$ 28,381	\$ 27,784	\$ 28,211	\$ 28,735	\$ 29,308	\$ 29,855	\$ 30,434
ALL PROGRAMS:							
GENERAL FUND.....	\$ 3,398	\$ 4,577	\$ 4,287	\$ 4,418	\$ 4,513	\$ 4,570	\$ 4,649
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,983	23,207	23,924	24,317	24,795	25,285	25,785
DEPARTMENT TOTAL.....	\$ 28,381	\$ 27,784	\$ 28,211	\$ 28,735	\$ 29,308	\$ 29,855	\$ 30,434



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. Nomination petitions for Statewide and legislative offices are reviewed for compliance with statutory standards and are processed for inclusion on the ballot. Campaign expense reports are filed and reviewed as required by the Election Code. The public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the Commonwealth's 9,464 election precincts.

The National Voter Registration Act mandated that the states implement a variety of voter registration reforms by January 1, 1995, including integrating voter registration into driver's license applications, offering agency based registration as well as mail-in registration, and revised criteria for removal from voter rolls. Act 25 of 1995, the Pennsylvania Voter Registration Act, puts the Commonwealth in compliance with the Federal mandate.

Other functions in this program include commissioning gubernatorial appointees to boards and commissions, and preparing commissions for judges, justices of the peace and notaries public as well as enforcement of the Notary Public Law. In addition, extraditions are prepared for the Governor and bond issues for the Commonwealth are processed. Finally, a record of all legislation passed by the General Assembly is maintained by docketing the bills and assigning act numbers.

Program Element: Protection of Professional Licensing

The focus of this program element is on assuring acceptable professional and technical services to the Commonwealth's residents. To accomplish this, twenty-seven boards of the Bureau of Professional and Occupational Affairs (BPOA) utilize licensing, enforcement and administrative authority to regulate and service the various professions.

The department investigates complaints against licensees for legal or ethical violations which 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.

After experience with the PLAA concept and the current exposure to the sunset review process, it has been determined that each individual board must take steps to equalize revenues with expenditures over each two-year period by adjusting license fees where required. The methodology to accomplish this task is in place and fee adjustment packages are being submitted.

Program Element: Regulation of Consumer Products and Promotion of Fair Business Practices

This program element encompasses the activities of the Corporation Bureau, the Bureau on Charitable Organizations and the State Athletic Commission.

The Corporation Bureau is responsible for both profit and nonprofit businesses incorporation filings and submission of Uniform Commercial Code (UCC) filings. There are approximately 1.6 million corporate entities in the database and the bureau processes approximately 25,000 new corporations annually. It also registers approximately 30,000 trademarks and fictitious names as well as 100,000 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 executivevely authorized by the Governor to fund the Corporation Bureau.

The Bureau on Charitable Organizations is responsible for the registration of charitable organizations, professional fund raisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The major objective of the bureau is to increase the awareness and understanding of the Charitable Solicitations Act among Pennsylvania consumers and charitable organizations.

Act 55 of 1997 increased the number of charities required to register with the Department of State from 5,600 to over 25,000. The Act also established a system of mandatory arbitration to resolve complaints of unfair competition filed by small businesses against charities.

The State Athletic Commission monitors and regulates all professional and amateur boxing and kickboxing, amateur wrestling contests, and the licensing of all persons who participate in these events. There are eleven categories of licenses issued by the Athletic Commission. These categories include announcer, boxer, judge, manager, matchmaker, physician, promoter (including those promoting professional wrestling), referee, second, timekeeper and trainer.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Voter registration transactions.....	1,359,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Professional licenses and renewals issued..	421,512	400,000	400,000	400,000	400,000	400,000	400,000
Disciplinary actions by boards.....	1,091	1,100	1,100	1,100	1,100	1,100	1,100
Case files closed (BPOA).....	5,748	5,200	5,000	5,100	5,100	5,100	5,100
Case files opened (BPOA).....	4,609	4,750	4,800	4,800	4,900	5,000	5,000
Uniform Commercial Code financing statement filings and information requests fulfilled.....	164,000	170,000	175,000	175,000	175,000	175,000	175,000

Program: Consumer Protection (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Charity registrations*	5,500	6,000	26,000	26,000	26,000	26,000	26,000
Open charities investigations*	328	600	850	860	870	880	880
Closed charities investigations*	156	250	300	305	310	315	315
Reviews of fictitious names, business corporations, trademark applications	155,000	165,000	170,000	180,000	180,000	180,000	180,000

The number of disciplinary actions by the boards was higher than estimated in last year's budget due to increased regulation and enforcement activities.

The number of case files closed was higher than estimated in last year's budget due to increased productivity.

*New program measure added.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -370 —nonrecurring election bureau automation project.</p> <p>314 —to continue current program.</p> <p>331 —to replace augmentations with State funds as a result of Act 55 of 1997, Purely Public Charities.</p> <p>226 —Initiative — Enhanced Enforcement of Charitable Organization Activities. To enhance the enforcement of provisions governing the registration and operation of charitable organizations.</p> <hr/> <p>\$ 501 <i>Appropriation Increase</i></p>	<p>General Government Operations</p>	<p>\$ 9 —to continue current program.</p> <p>\$ -800 —nonrecurring advertisements.</p>	<p>Voter Registration</p> <p>Publishing Constitutional Amendments</p>
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Voting of citizens in military service is recommended at the current year funding level.

In addition this budget recommends the following changes in the Bureau of Professional and Occupational Affairs for the Professional Licensure Augmentation Account (PLAA) as well as for the State Boards of Medicine, Osteopathic Medicine, Podiatry, the State Athletic Commission and the Corporation Bureau.

<p>\$ -94 —nonrecurring projects.</p> <p>707 —to continue current program.</p> <p>262 —Initiative — Outsourcing Cosmetology Inspections. To improve cosmetology enforcement through the outsourcing of inspections of licensed cosmetologists and manicuring establishments.</p> <p>200 —Initiative — Automated Call Distribution System. To purchase an automated attendant telephone system to improve customer services and use of administrative resources.</p> <p>144 —Initiative — Expansion of Enforcement Activities. To enhance and expedite the enforcement and adjudication of complaints involving licensed professionals.</p> <p>95 —Initiative — Strengthening Enforcement and Investigations. For the enhanced investigation of complaints involving medical professionals and enforcement of professional standards.</p> <hr/> <p>\$ 1,314 <i>Appropriation Increase</i></p>	<p>Professional Licensure Augmentation Account</p>	<p>23 —to continue current program.</p> <p>\$ 3 —to continue current program.</p> <p>44 —Initiative — Expansion of Enforcement Activities. To enhance and expedite the enforcement and adjudication of complaints involving licensed professionals.</p> <p>21 —Initiative — Strengthening Enforcement and Investigations. For the enhanced investigation of complaints involving medical professionals and enforcement of professional standards.</p> <p>17 —Initiative — Automated Call Distribution System. To purchase an automated attendant telephone system to improve customer services and use of administrative resources.</p> <hr/> <p>\$ 85 <i>Appropriation Increase</i></p>	<p>State Athletic Commission</p> <p>State Board of Medicine</p>
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Program: Consumer Protection (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

State Board of Osteopathic Medicine	
\$ 30	—to continue current program.
8	—Initiative — Expansion of Enforcement Activities. To enhance and expedite the enforcement and adjudication of complaints involving licensed professionals.
2	—Initiative — Strengthening Enforcement and Investigations. For the enhanced investigation of complaints involving medical professionals and enforcement of professional standards.
2	—Initiative — Automated Call Distribution System. To purchase an automated attendant telephone system to improve customer services and use of administrative resources.
<hr/>	
\$ 42	<i>Appropriation Increase</i>

State Board of Podiatry	
\$ 8	—to continue current program.
5	—Initiative — Expansion of Enforcement Activities. To enhance and expedite the enforcement and adjudication of complaints involving licensed professionals.
1	—Initiative — Strengthening Enforcement and Investigations. For the enhanced investigation of complaints involving medical professionals and enforcement of professional standards.
1	—Initiative — Automated Call Distribution System. To purchase an automated attendant telephone system to improve customer services and use of administrative resources.
<hr/>	
\$ 15	<i>Appropriation Increase</i>

Corporation Bureau	
\$ -275	—nonrecurring projects.
220	—to continue current program.
<hr/>	
\$ -55	<i>Appropriation Decrease</i>

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 1,238	\$ 2,245	\$ 2,746	\$ 2,858	\$ 2,914	\$ 2,972	\$ 3,031
Voter Registration	1,088	924	933	952	971	990	1,010
Publishing Constitutional Amendments	1,003	1,400	600	600	600	600	600
Electoral College Expenses	8	0	0	0	8	0	0
Voting of Citizens in Military Service	20	8	8	8	20	8	8
County Election Expenses	41	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 3,398	\$ 4,577	\$ 4,287	\$ 4,418	\$ 4,513	\$ 4,570	\$ 4,649



COMMONWEALTH OF PENNSYLVANIA

STATE EMPLOYEES' RETIREMENT SYSTEM

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

State Employees' Retirement System

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
National Guard - Employer Contribution.....	\$ 543	\$ 33	\$ 15
Annuitant Cost of Living Increase.....	0	0	17,000
Total - Grants and Subsidies.....	\$ 543	\$ 33	\$ 17,015
GENERAL FUND TOTAL.....	\$ 543	\$ 33	\$ 17,015
OTHER FUNDS:			
STATE EMPLOYES' RETIREMENT FUND:			
State Employees' Retirement Administration.....	\$ 15,980	\$ 18,335	\$ 18,386
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 543	\$ 33	\$ 17,015
SPECIAL FUNDS.....	0	0	0
OTHER FUNDS.....	15,980	18,335	18,386
TOTAL ALL FUNDS.....	\$ 16,523	\$ 18,368	\$ 35,401

State Employees' Retirement System

Program Funding Summary

	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
STATE EMPLOYES' RETIREMENT							
GENERAL FUND.....	\$ 543	\$ 33	\$ 17,015	\$ 17,865	\$ 18,758	\$ 19,695	\$ 20,679
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,980	18,335	18,386	18,754	19,129	19,512	19,402
SUBCATEGORY TOTAL.....	\$ 16,523	\$ 18,368	\$ 35,401	\$ 36,619	\$ 37,887	\$ 39,207	\$ 40,081
ALL PROGRAMS:							
GENERAL FUND.....	\$ 543	\$ 33	\$ 17,015	\$ 17,865	\$ 18,758	\$ 19,695	\$ 20,679
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,980	18,335	18,386	18,754	19,129	19,512	19,402
DEPARTMENT TOTAL.....	\$ 16,523	\$ 18,368	\$ 35,401	\$ 36,619	\$ 37,887	\$ 39,207	\$ 40,081

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 which 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 \$20 billion dollars. The system is funded in accordance with accepted actuarial standards; the funding is reviewed annually by a contracted actuarial firm and an experience review is completed every five years.

The greatest source of current income to the system is earnings from investments. Payments from member employers are the second major source of income. The contribution rate for employers is established annually by the board upon the recommendation of the actuary. Employer

contributions 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. Member contributions are the third source of income. Current members contribute five percent of pay to the system.

Normal retirement from the system is at age 60, age 50 for safety employees and members of the Legislature, or at any age with 35 years of service. Retirement before those times is possible after ten years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement.

Act 81 of 1987 established the Commonwealth Deferred Compensation Program which allows Commonwealth employees to defer a portion of their salaries to a retirement savings account. The State Employees' Retirement Board is responsible for its administration. The Deferred Compensation Fund is shown in the Special Funds Appendix.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Benefit payments processed	6,824	7,000	7,000	7,000	7,000	7,000	7,000
Average processing time for benefit payments (in days)	12	12	12	12	12	12	12
Return on investment (in millions)	\$1,394	\$1,492	\$1,596	\$1,709	\$1,827	\$1,953	\$2,084

The increase in the return on investment measure in 1996-97 compared to last year's budget reflects exceptionally strong investment performance in excess of long-term assumptions.

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	STATE EMPLOYEES' RETIREMENT FUND
\$ -18 National Guard — Employer Contribution —reduced employer contribution costs.	\$ 1,851 -1,800	State Employees' Retirement Administration —to continue current program. —nonrecurring expenditures for Optical Imaging project.
\$ 17,000 Annuitant Cost of Living Increase —to provide for a cost of living adjustment for current annuitants.	\$ 51	Appropriation Increase

Appropriations within this Program:

 (Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
National Guard—Employer Contribution ...	\$ 543	\$ 33	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Annuitant Cost of Living Increase	0	0	17,000	17,850	18,743	19,680	20,664
TOTAL GENERAL FUND	\$ 543	\$ 33	\$ 17,015	\$ 17,865	\$ 18,758	\$ 19,695	\$ 20,679
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement Administration	\$ 15,980	\$ 18,335	\$ 18,386	\$ 18,754	\$ 19,129	\$ 19,512	\$ 19,402





COMMONWEALTH OF PENNSYLVANIA

STATE POLICE

The State Police enforce the law and preserve the peace through detection of crime and apprehension of criminals, patrol of highways, enforcement of the Vehicle Code and enforcement of the Liquor Code.

The State Police receive a General Fund appropriation for criminal law enforcement and a Motor License Fund transfer for traffic patrol activities. In 1998-99, the recommended ratio is 32 percent General Fund and 68 percent Motor License Fund. In addition, the State Police receive augmentations from the Turnpike Commission for turnpike patrol and from the State Stores Fund for liquor control enforcement.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	1998-99 State Funds (in thousands)
GENERAL FUND		
Enhancing Public Safety		
	Municipal Police Training.....	\$ 270
<p>This Program Revision provides administrative support and resources for the development of informational and training programs as part of the multi-agency effort to improve community and law enforcement relations. This is part of a \$15.2 million Enhancing Public Safety Program Revision. Please see the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information on this Program Revision.</p>		
Enhancing Information Technology to Better Serve Pennsylvania		
	CLEAN SYSTEM.....	\$ 3,820
MOTOR LICENSE FUND		
	CLEAN SYSTEM.....	\$ 8,116
	Subtotal.....	\$ 11,936
<p>This Program Revision continues the development of the Commonwealth Law Enforcement Assistance Network System which will facilitate dissemination of time-critical information to law enforcement agencies. This is part of the \$95.8 million Enhancing Information Technology to Better Serve Pennsylvania Program Revision. Please see the Program Revision following the Executive Direction Program in the Executive Offices for additional information on this Program Revision.</p>		
	Department Total.....	\$ 12,206

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

1996-97 1997-98 1998-99
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 115,418	\$ 120,113	\$ 125,723
(F)Drug Enforcement.....	122	150	130
(F)DNA Laboratory Improvement.....	0	375	0
(F)DCSI - Ballistics.....	0	216	0
(F)DCSI - Protection From Abuse.....	248	435	0
(F)Program Management.....	19	20	20
(F)Motor Carrier Safety.....	1,274	1,500	1,500
(F)DUI Enforcement.....	395	570	600
(F)Safety Education.....	25	25	25
(F)Interstate Highway Enforcement.....	171	300	300
(F)Highway Incident Management.....	22	50	0
(F)Sobriety Test Training.....	15	30	24
(F)Construction Zone Patrolling.....	1,500	1,500	1,500
(F)Criminal Record Improvement.....	1,371	1,457	0
(F)Corridor Safety.....	0	50	50
(F)Criminal Records Server.....	0	180	0
(F)Electronic Photo Imaging.....	0	540	0
(F)Criminal Investigation Computers.....	0	121	0
(F)Wiretap Repository.....	0	577	0
(F)Regulatory Checkpoints.....	0	150	50
(F)Occupant Protection.....	0	0	4
(F)Seat Belt Demonstrator.....	0	0	5
(F)Firearms Training Simulator.....	0	150	0
(F)CLEAN Probation Link.....	0	372	0
(F)Computerized Identification.....	0	130	0
(A)Turnpike Commission.....	15,701	19,300	19,500
(A)Sale of Automobiles.....	41	0	0
(A)Criminal History Record Checks.....	3,872	3,900	4,153
(A)Training Fees.....	31	38	39
(A)Miscellaneous Services.....	603	680	690
(A)Criminal History Fees - DPW.....	12	170	50
(A)Police Pursuits.....	8	10	15
(A)Bank Alarm Fees.....	0	0	60
(A)Transfer From Motor License Fund.....	0 ^a	0 ^a	0 ^a
Subtotal.....	<u>\$ 140,848</u>	<u>\$ 153,109</u>	<u>\$ 154,438</u>
CLEAN System.....	0	2,042	3,820
(F)CLEAN System Upgrade.....	0	1,800	0
Subtotal.....	<u>\$ 0</u>	<u>\$ 3,842</u>	<u>\$ 3,820</u>
Municipal Police Training.....	3,726	4,085	4,403
(A)Transfer From Motor License Fund.....	0 ^a	0 ^a	0 ^a
Subtotal.....	<u>\$ 3,726</u>	<u>\$ 4,085</u>	<u>\$ 4,403</u>
Patrol Vehicles.....	3,606	2,829	2,914
(A)Automobile Sales.....	1,184	1,500	1,500
(A)Transfer From Motor License Fund.....	0 ^a	0 ^a	0 ^a
Subtotal.....	<u>\$ 4,790</u>	<u>\$ 4,329</u>	<u>\$ 4,414</u>
Automated Fingerprint Identification System.....	506	580	591
(F)AFIS Livescan.....	0	200	0
(F)DCSI - AFIS Upgrade.....	0	800	0
(F)Criminal History Data.....	0	1,968	0
Subtotal.....	<u>\$ 506</u>	<u>\$ 3,548</u>	<u>\$ 591</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Subtotal - State Funds.....	\$ 123,256	\$ 129,649	\$ 137,451
Subtotal - Federal Funds.....	5,162	13,666	4,208
Subtotal - Augmentations.....	21,452	25,598	26,007
Total - General Government.....	\$ 149,870	\$ 168,913	\$ 167,666
STATE FUNDS.....	\$ 123,256	\$ 129,649	\$ 137,451
FEDERAL FUNDS.....	5,162	13,666	4,208
AUGMENTATIONS.....	21,452	25,598	26,007
GENERAL FUND TOTAL.....	\$ 149,870	\$ 168,913	\$ 167,666
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 245,717	\$ 255,240	\$ 267,214
CLEAN System.....	0	4,341	8,116
Municipal Police Training.....	3,732	3,978	4,133
Patrol Vehicles.....	5,881	6,012	6,192
Subtotal.....	\$ 255,330	\$ 269,571	\$ 285,655
Total - General Government.....	\$ 255,330	\$ 269,571	\$ 285,655
MOTOR LICENSE FUND TOTAL.....	\$ 255,330	\$ 269,571	\$ 285,655
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - Federal.....	\$ 390	\$ 300	\$ 300
State Drug Act Forfeiture Funds - Municipalities.....	0	200	200
State Drug Act Forfeiture Funds - Attorney General.....	600	0	0
State Criminal Enforcement Forfeiture Funds.....	10	10	10
Crime Lab User Fees.....	240	120	200
Auto Theft and Arson Fund.....	738	400	1,000
Insurance Fraud Prevention.....	0	125	250
Firearms Ownership Fund.....	0	1,198	1,570
GENERAL FUND TOTAL.....	\$ 1,978	\$ 2,353	\$ 3,530
DNA DETECTION FUND:			
DNA Detection Fund.....	\$ 0	\$ 50	\$ 50
STATE STORES FUND:			
Liquor Control Enforcement.....	\$ 15,110	\$ 15,481	\$ 16,270
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 123,256	\$ 129,649	\$ 137,451
SPECIAL FUNDS.....	255,330	269,571	285,655
FEDERAL FUNDS.....	5,162	13,666	4,208
AUGMENTATIONS.....	21,452	25,598	26,007
OTHER FUNDS.....	17,088	17,884	19,850
TOTAL ALL FUNDS.....	\$ 422,288	\$ 456,368	\$ 473,171

^a Not added to total to avoid double counting. See Motor License Fund section of this summary for dollar amounts.

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 123,256	\$ 129,649	\$ 137,451	\$ 140,734	\$ 143,547	\$ 146,418	\$ 149,346
SPECIAL FUNDS.....	255,330	269,571	285,655	292,505	298,354	304,321	310,407
FEDERAL FUNDS.....	5,162	13,666	4,208	4,268	4,338	4,400	4,449
OTHER FUNDS.....	38,540	45,262	45,857	46,778	47,713	48,667	49,638
SUBCATEGORY TOTAL.....	\$ 422,288	\$ 458,148	\$ 473,171	\$ 484,285	\$ 493,952	\$ 503,806	\$ 513,840
ALL PROGRAMS:							
GENERAL FUND.....	\$ 123,256	\$ 129,649	\$ 137,451	\$ 140,734	\$ 143,547	\$ 146,418	\$ 149,346
SPECIAL FUNDS.....	255,330	269,571	285,655	292,505	298,354	304,321	310,407
FEDERAL FUNDS.....	5,162	13,666	4,208	4,268	4,338	4,400	4,449
OTHER FUNDS.....	38,540	45,262	45,857	46,778	47,713	48,667	49,638
DEPARTMENT TOTAL.....	\$ 422,288	\$ 458,148	\$ 473,171	\$ 484,285	\$ 493,952	\$ 503,806	\$ 513,840



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. Included in this program are protection for the Governor and visiting dignitaries, security of the executive residence and background investigations on State job applicants.

Program Element: Vehicle Standards Control

The vehicle inspection program within the Commonwealth is currently conducted jointly by the Department of Transportation and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the Commonwealth's highways. The administrative supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers was transferred to the Department of Transportation on January 1, 1998. State Police continue to administer the school bus and mass transit vehicle inspection function.

Program Element: Traffic Supervision

Enforcing the Commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic accidents and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. Traffic patrol and enforcement are provided by the State Police in those municipalities where there are no full-time police departments and on all Interstate highways. Traffic assistance is also provided, upon request, to municipalities with full-time police departments.

The State Police utilize various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic accidents. In this regard, the State Police attempt to allocate patrol activities to those areas and locations with high traffic and accident volume. Supplemental patrolling is provided in construction zones for the safety of motorists and construction workers.

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.

Since many crimes are preventable, the State Police have elicited citizen participation by providing guidance on: precautions individuals

may take to protect his/her person, family and property from crime; steps that neighbors may take towards protecting one another from crime; measures which individuals may take to reduce physical danger and property loss should they become a victim of crime; and steps individuals may take to help police solve crimes.

Program Element: Criminal Law Enforcement

State Police activities in this program are geared toward controlling the incidence of crime. Many factors affect the type and volume of crime that occurs within the Commonwealth. Some of the more important factors are density and size of community population, economic conditions including job availability, cultural conditions and effective strength of law enforcement agencies.

There are two ways to measure the productivity of the police effort in the criminal justice system. The first is the clearance rate, the percentage of reported crimes for which an arrest is made. The second is the conviction rate, the percentage of convictions resulting from total arrests.

Program Element: Emergency Assistance

The State Police are normally called upon whenever any emergency situation occurs within the Commonwealth. The department has primary police jurisdiction in large areas of the Commonwealth and also provides assistance to a variety of local and State agencies, particularly law enforcement agencies. A special emergency response team has been trained and equipped to assist with high-risk and emergency situations. The department classifies emergency assistance into two separate categories: civil disorder and disturbances, and emergency management.

Civil disorder and disturbances are incidents that are or may become criminal in nature in such categories as prison disturbances, labor disorders, strikes, campus-school disorders, youth group disorders, terrorism and hostage situations. Emergency management deals with prevention, mitigation and response to natural and/or man-made hazards to prevent loss of life and property, economic loss and disruption of normal living conditions.

Program Element: Liquor Control Enforcement

This program enforces 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, performing establishment audits and border patrols.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Vehicle Standards Control							
Inspection station visitations	17,001	8,800	0	0	0	0	0
School bus and mass transit vehicle inspections	24,817	24,000	24,000	24,000	24,000	24,000	24,000



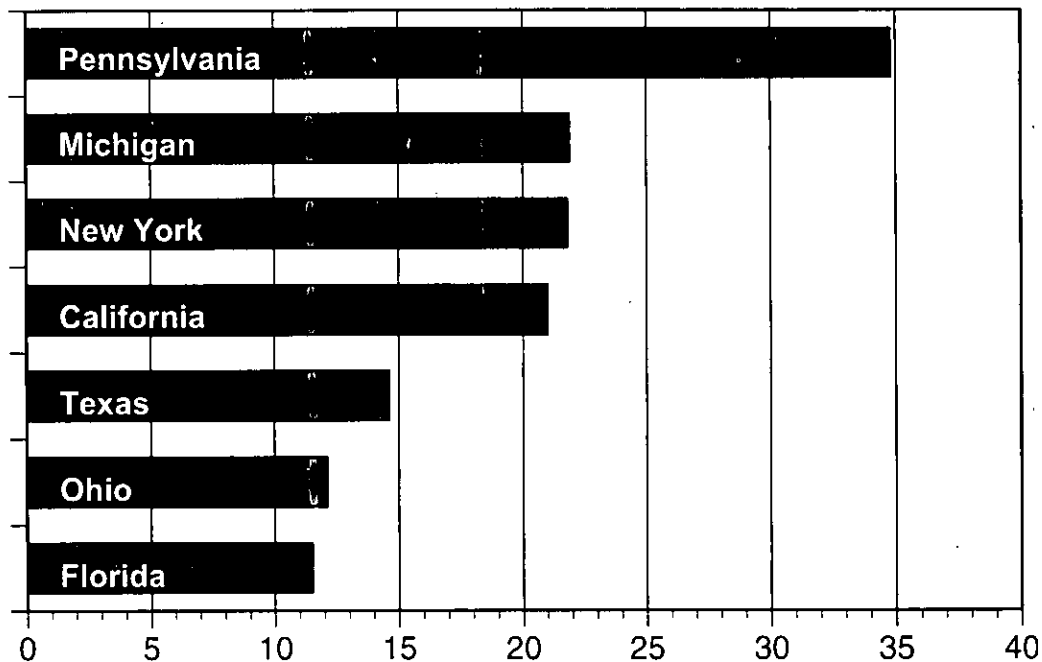
Program: Public Protection and Law Enforcement (continued)

Program Measures: (continued)	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Traffic Supervision							
Accidents per 1,000 miles of highway in Pennsylvania	1,298	1,303	1,308	1,313	1,318	1,323	1,328
Accidents per 1,000 miles of highway patrolled by State Police	605	607	609	611	613	615	617
Traffic citations issued	440,007	445,000	450,000	450,000	450,000	450,000	450,000
Crime Prevention							
Crimes per 100,000 population in State Police jurisdiction areas:							
Against persons	109	105	106	107	108	109	110
Against property	1,210	1,214	1,216	1,226	1,236	1,246	1,257
Criminal Law Enforcement							
Crimes against persons:							
Persons arrested	1,867	1,900	1,920	1,940	1,960	1,980	2,000
Clearance rate	64%	63%	63%	63%	63%	63%	63%
Percent of those arrested who are convicted	57%	60%	60%	60%	60%	60%	60%
Crimes against property:							
Persons arrested	9,238	9,250	9,300	9,350	9,400	9,450	9,500
Clearance rate	22%	22%	22%	22%	22%	22%	22%
Percent of those arrested who are convicted	87%	82%	82%	82%	82%	82%	82%
Liquor Control Enforcement							
Enforcement investigations	33,737	36,000	36,000	36,000	36,000	36,000	36,000

The program measure for inspection station visitations reflects the transfer of this function to the Department of Transportation in 1997-98.

State Police

Per 100,000 Population



Full-time law enforcement officers as of October 1996.

Program: Public Protection and Law Enforcement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND AND MOTOR LICENSE FUND COMBINED:			
	General Government Operations	\$	270	Municipal Police Training
\$ 5,806	—for the training of 244 State Police Cadets in order to maintain the number of enlisted personnel close to the maximum authorized level.			—PRR — Enhancing Public Safety. This Program Revision provides administrative support and resources for informational and training programs developed as part of a multi-agency effort to improve community and law enforcement relations. See the Program Revision following the Institutionalization of Offenders Program in the Department of Corrections for additional information.
3,998	—for equipment to improve criminal investigations and law enforcement activities.			—to continue current program.
1,500	—to replace one helicopter used for traffic enforcement and criminal investigations.	203		Appropriation Increase
1,796	—to replace and upgrade equipment at the six crime laboratories.	\$ 473		
500	—for automated technology conversion costs.			Patrol Vehicles
3,984	—to continue current program.	\$ 265		—to replace approximately 500 patrol vehicles.
<u>\$ 17,584</u>	Appropriation Increase			
	CLEAN System			Automated Fingerprint Identification System
\$ 5,553	—PRR — Enhancing Information Technology to Better Serve Pennsylvania. This Program Revision continues development of the Commonwealth Law Enforcement Assistance Network. This amount is part of the \$11.936 million CLEAN System appropriation included in the Program Revision. See the Program Revision following the Executive Direction Program in the Executive Offices for additional information.	\$	11	—to continue current program.
				Liquor Control Enforcement
		\$	150	—to replace high mileage vehicles.
			110	—to relocate a district office.
			529	—to continue current program.
		\$	<u>789</u>	Appropriation Increase

This budget also recommends \$153,000 in augmentations to implement criminal history reporting requirements for certain individuals seeking employment in an array of long-term care settings.



Includes the PRIME recommendation to refurbish older patrol vehicles. It is estimated that \$150,000 will be saved by the State Police.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 115,418	\$ 120,113	\$ 125,723	\$ 128,237	\$ 130,802	\$ 133,418	\$ 136,086
Clean System	0	2,042	3,820	4,431	4,519	4,610	4,702
Municipal Police Training	3,726	4,085	4,403	4,491	4,580	4,671	4,764
Patrol Vehicles	3,606	2,829	2,914	2,972	3,031	3,092	3,154
Automated Fingerprint Identification System	506	580	591	603	615	627	640
TOTAL GENERAL FUND	<u>\$ 123,256</u>	<u>\$ 129,649</u>	<u>\$ 137,451</u>	<u>\$ 140,734</u>	<u>\$ 143,547</u>	<u>\$ 146,418</u>	<u>\$ 149,346</u>
MOTOR LICENSE FUND:							
General Government Operations	\$ 245,717	\$ 255,240	\$ 267,214	\$ 272,558	\$ 278,009	\$ 283,569	\$ 289,240
Clean System	0	4,341	8,116	9,415	9,603	9,795	9,991
Municipal Police Training	3,732	3,978	4,133	4,216	4,300	4,386	4,474
Patrol Vehicles	5,881	6,012	6,192	6,316	6,442	6,571	6,702
TOTAL MOTOR LICENSE FUND	<u>\$ 255,330</u>	<u>\$ 269,571</u>	<u>\$ 285,655</u>	<u>\$ 292,505</u>	<u>\$ 298,354</u>	<u>\$ 304,321</u>	<u>\$ 310,407</u>
STATE STORES FUND:							
Liquor Control Enforcement	\$ 15,110	\$ 15,481	\$ 16,270	\$ 16,595	\$ 16,927	\$ 17,266	\$ 17,611





COMMONWEALTH OF PENNSYLVANIA

TAX EQUALIZATION BOARD

The State Tax Equalization Board annually determines the aggregate market value of assessed taxable real property throughout the Commonwealth for use in calculating the amount and allocation of Commonwealth subsidies to school districts, for State support of public libraries and for determining certain tax limitations.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1,233	\$ 1,219	\$ 1,275
GENERAL FUND TOTAL.....	\$ 1,233	\$ 1,219	\$ 1,275

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 1,233	\$ 1,219	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,354	1,381
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.....	\$ 1,233	\$ 1,219	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,354	1,381
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,233	\$ 1,219	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,354	1,381
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.....	\$ 1,233	\$ 1,219	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,354	1,381



PROGRAM OBJECTIVE: To provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Program: Education Support Services

The Tax Equalization Board is an independent administrative board created to ensure equitable distribution of tax funds among the State's school districts. The board, in accordance with Act 147 of 1947, determines annually the aggregate market value of taxable real property in each of the more than 2,500 municipalities and 501 school districts in the Commonwealth and certifies the market value to the Secretary of Education. The results are used in determining distribution of State subsidies to school districts and local libraries, in lieu of tax payments

under Project 70 Land Acquisitions, limitations on real estate taxes in school districts lying in more than one county, tax limitations in financing community colleges, and overall tax limitations for political subdivisions and school districts. The program includes holding of hearings and analysis of 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)

\$ 56 **General Government Operations**
 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
General Government Operations	\$ 1,233	\$ 1,219	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,354	\$ 1,381



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF TRANSPORTATION

The responsibility of the Department of Transportation is to provide fast, efficient and safe movement of people and goods within the Commonwealth through a balanced intermodal transportation system. The department was formed July 1, 1970 by an act of the Legislature combining the former Department of Highways with other transportation related activities in various departments.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

PROGRAM REVISION**Budgeted Amounts Include the Following Program Revisions:**

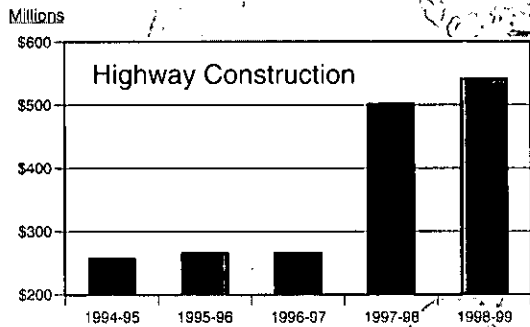
Title	Appropriation	1998-99 State Funds (in thousands)
Transitioning to Self-Sufficiency		

This Program Revision provides \$1 million in Federal funds to develop local transportation options, primarily in rural areas, for welfare recipients and low-income individuals to obtain and retain employment. This is part of the \$21.8 million Transitioning to Self-Sufficiency Program Revision. Please see the Program Revision following the Income Maintenance Program in the Department of Public Welfare for additional information on this Program Revision.



State Funding for Transportation Construction and Maintenance Projects

HIGHWAY CONSTRUCTION



Planned expenditures for highway construction and bridges are anticipated to increase by over \$283 million, or 110%, from fiscal year 1994-95 to 1998-99.

This has allowed the Department of Transportation to dedicate additional resources to new road projects on the State road system which not only improve traffic flow and safety, but will have far reaching economic benefits. The number of miles of new highway construction is planned to increase over 73% from 1994-95 to 1998-99 while the number of State bridges replaced/repared will increase a planned 22% over the same period.

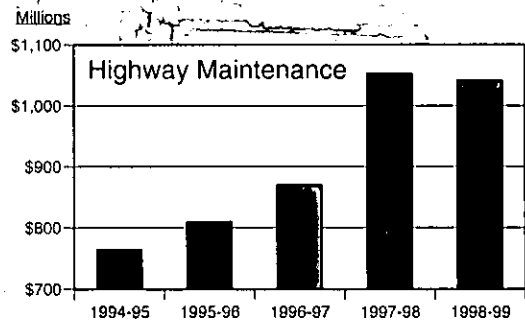
Projects such as the Milroy Bypass (US 322) in Mifflin County, the Tunkhannock Bypass (US 6) in Wyoming County, the Warren Street Extension (US 22) in Berks County and PA 60 from the Ohio River to TR51 in Beaver County are now able to be advanced to the final design and project award stages.

HIGHWAY MAINTENANCE

Increases of over \$278 million, or 37%, from 1994-95 to 1998-99 and planned expenditures for 1998-99 that will exceed one billion dollars will enable the Department to upgrade its maintenance program on the 40 thousand miles of State maintained highway.

While patching and other surface repairs are still an important part of the maintenance program, more emphasis is now being placed on better riding and longer lasting improvements such as resurfacing and structural restoration. For example, the number of miles of State maintained highways scheduled for structural restoration is planned to increase over 80% from 1994-95 to 1998-99.

These actions will facilitate the flow of traffic for drivers on Pennsylvania's highways.



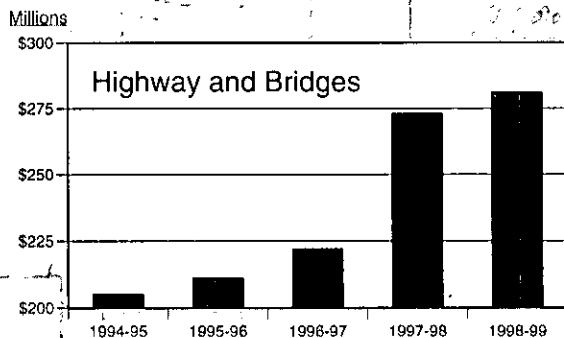
Local Highway and Transit Assistance

LOCAL HIGHWAY AND BRIDGES

Locally administered highways in the Commonwealth total over seventy-three thousand miles. This represents over 64% of all highways in Pennsylvania. In addition there are over six thousand local bridges greater than 20 feet in length.

Planned spending has increased the amount of State grants available for Pennsylvania's municipalities from \$205 million in 1994-95 to a recommended \$281 million in 1998-99, an increase of over 37%.

This will enable our local governments to increase the number of bridges brought up to standard and the miles of local highways improved by over 150 miles or an increase of almost 11%.

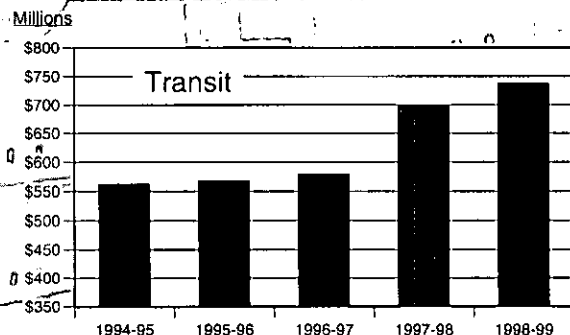


MASS AND RURAL TRANSIT

Funding for transit, including capital and Older Pennsylvanians Free Transit Lottery, funds has increased by \$174 million, or over 31%, from 1994-95 to 1998-99 recommended amounts. This money will be used for various new capital projects, operations and asset maintenance.

Increases in funding has enabled transit entities to utilize their full fleet of buses, restore previously discontinued service and add new bus routes.

Capital and maintenance funding provided by the State has enabled the transit entities to construct and modernize facilities, build park and ride facilities, upgrade communications equipment and maintain and replace vehicles. This has contributed to more convenient and comfortable transit trips for traveling Pennsylvanians.



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Transit and Rail Freight Operations.....	\$ 1,644	\$ 1,685	\$ 1,760
(F)FTA - Technical Studies Grants.....	2,360	2,686	2,686
(F)Capital Assistance.....	78	87	94
(F)Surface Transportation Assistance.....	586	816	816
(F)FTA - Capital Improvement Grants.....	3,550	3,700	3,700
(F)Title IV Rail Assistance.....	16	59	23
(R)Project Management Oversight - PTAF (EA).....	304	1,000	1,000
(A)Local Contribution - Rail Freight.....	1	30	25
(A)PTAF - Oversight.....	0 ^a	0 ^a	0 ^a
Comprehensive Rail Freight Study.....	91	0	0
Rail Safety Inspection.....	407	407	419
Vehicle Sales Tax Collections.....	1,757	1,757	1,810
Welcome Centers.....	1,243	1,494	1,765
Relocation of Transportation and Safety Operations.....	169	169	169
Voter Registration.....	762	629	648
Subtotal - State Funds.....	\$ 6,073	\$ 6,141	\$ 6,571
Subtotal - Federal Funds.....	6,590	7,348	7,319
Subtotal - Augmentations.....	1	30	25
Subtotal - Restricted Revenues.....	304	1,000	1,000
Total - General Government.....	\$ 12,968	\$ 14,519	\$ 14,915
<i>Grants and Subsidies:</i>			
Mass Transportation Assistance.....	\$ 254,663	\$ 254,663	\$ 254,663
Rural Transportation Assistance.....	0	2,000	2,000
(F)TANFBG - Rural Transportation.....	0	0	1,000
Fixed Route Transit.....	12,731	25,090	25,090
Intercity Rail and Bus Transportation.....	1,886	1,888	1,945
(F)Surface Transportation - Operating.....	5,496	6,500	6,500
(F)Surface Transportation Assistance Capital.....	1,331	4,000	4,000
(F)FTA - Capital Improvements.....	0	3,000	8,000
(F)Maglev Feasibility Study (EA).....	166	0	0
(R)Technical Assistance - PTAF (EA).....	3,341	3,599	4,085
(R)Community Transportation Equipment Grants - PTAF (EA).....	2,541	3,160	2,300
(R)Mass Transit Grants (EA).....	0	69,000	69,000
(R)Rural Transit Grants (EA).....	0	4,800	4,800
(R)Community Transportation (EA).....	0	1,200	1,200
Rail Freight Assistance.....	3,600	8,000	8,000
(A)Rail Freight - Reimbursement.....	0	200	0
Subtotal - State Funds.....	\$ 272,880	\$ 291,641	\$ 291,698
Subtotal - Federal Funds.....	6,993	13,500	19,500
Subtotal - Augmentations.....	0	200	0
Subtotal - Restricted Revenues.....	5,882	81,759	81,385
Total - Grants and Subsidies.....	\$ 285,755	\$ 387,100	\$ 392,583
STATE FUNDS.....	\$ 278,953	\$ 297,782	\$ 298,269
FEDERAL FUNDS.....	13,583	20,848	26,819
AUGMENTATIONS.....	1	230	25
RESTRICTED REVENUES.....	6,186	82,759	82,385
GENERAL FUND TOTAL.....	\$ 298,723	\$ 401,619	\$ 407,498
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 27,233	\$ 28,073	\$ 28,915



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Highway Systems Technology	0	12,080	35,275
Refunding Collected Monies (EA)	3,161	3,300	3,300
Relocation of Transportation and Safety Operations	15,720	9,071	8,887
(F)Reimbursement - General Government.....	7	7	7
(A)Reimbursement - Other Agencies.....	758	511	175
(A)Mass Transportation.....	0	78	78
(A)Duplicating Services.....	82	66	66
(A)Aviation Restricted Revenue.....	0	170	170
(A)Administrative Hearings.....	46	40	40
(A)State Work Study Program.....	0	55	55
(A)Reimbursement - General Fund.....	20	0	0
Subtotal.....	<u>\$ 47,027</u>	<u>\$ 53,451</u>	<u>\$ 76,968</u>
Highway and Safety Improvements	143,301	165,000	179,600
Highway Capital Projects (EA)	0	172,985	179,600
Metric Conversion	2,091	3,400	1,000
(F)Highway Research, Planning and Construction.....	520,103	528,009	552,608
(F)Highway Safety Program.....	99	100	100
(A)Highway Construction Contributions.....	7,397	9,022	7,150
(A)Reimbursements - Accident Damage Claims.....	4	0	0
(A)Reimbursement - General Fund.....	70	0	0
(R)Highway Capital Projects - Excise Tax (EA).....	50,739	50,540	55,235
(R)Highway Bridge Projects (EA).....	31,715	75,000	85,000
(R)Bridges - Excise Tax (EA).....	41,302	38,648	42,238
(F)Federal Aid - Highway Bridge Projects.....	105,040	105,000	110,000
(F)Federal Disaster Reimbursement - FHWA.....	2,258	0	0
(A)Bridge Construction Contributions.....	490	5,000	2,500
(A)Bridge Reimbursement from Local Governments.....	317	500	500
Subtotal.....	<u>\$ 904,926</u>	<u>\$ 1,153,204</u>	<u>\$ 1,215,531</u>
Highway Maintenance	546,942	625,585	609,932
Secondary Roads - Maintenance and Resurfacing (EA)	58,061	61,100	60,398
Highway Maintenance - Supplemental	78,797	0	0
Highway Maintenance - Resurfacing	61,000	0	0
Highway Maintenance One Time Surface Improvements	0	41,000	0
Preventive Maintenance	0	0	50,000
Reinvestment - Facilities	8,500	6,000	7,175
(F)Highway Research, Planning and Construction.....	85,982	127,500	145,000
(F)State and Community Highway Safety.....	1,724	2,500	2,800
(F)Federal Disaster Reimbursement - FEMA.....	20,337	5,000	0
(F)Federal Disaster Reimbursement - FHWA.....	32,677	5,000	0
(R)Highway Maintenance - Excise Tax (EA).....	125,352	124,866	136,463
(R)Highway Maintenance Enhancement (EA).....	0	94,271	105,725
(R)Highway Betterment (EA).....	0	106,304	79,757
(A)Highway Maintenance Contributions.....	7,711	7,656	7,980
(A)Sale of Automobiles.....	295	175	300
(A)Sale of Gas, Oil and Antifreeze.....	596	2,000	1,000
(A)Sale of Equipment.....	1,846	2,225	2,500
(A)Heavy Hauling - Bonded Roads.....	499	500	600
(A)Sale of Signs.....	121	200	200
(A)Accident Damage Claims.....	4,145	4,000	4,500
(A)Litter Fine Receipts.....	9	9	9
(A)Recovered Permit Compliance Cost.....	1	35	11
(A)Reimbursement - Maintenance of Drivers Exam Sites.....	0 ^b	0 ^b	0 ^b
Subtotal.....	<u>\$ 1,034,595</u>	<u>\$ 1,215,926</u>	<u>\$ 1,214,350</u>
Safety Administration and Licensing	87,830	89,431	93,593
Enhanced Titling and Registration	0	0	1,400
(F)State and Community Highway Safety.....	0	450	115
(F)Reimbursement - Drivers License Suspension/Denial.....	0	56	56
(F)Reimbursement - Advertising Emission Inspection.....	0	0	1,025
(A)Administrative Support.....	99	100	100

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
(A)Computer Support.....	249	220	220
(A)Photo ID Program.....	10,305	10,600	10,600
(A)Vehicle Sales Tax Collections.....	0 ^c	0 ^c	0 ^c
(A)Emission Mechanic Training Courses.....	4	10	10
(A)Reimbursement - Advertising Emission Inspection.....	0	1,500	0
(A)Commercial Vehicle Information System.....	0	0	300
(A)Temporary TAG System.....	0	0	770
(A)Reimbursement - Organ Donor Fund.....	0 ^d	0 ^d	0 ^d
Subtotal.....	<u>\$ 98,487</u>	<u>\$ 102,367</u>	<u>\$ 108,189</u>
(R)Aviation Operations.....	10,841 ^e	16,687 ^e	4,319 ^{ef}
(R)Airport Divestiture Payment.....	0	8,994 ^{gh}	0
(F)Airport Development Aid Program.....	60	17	11
(F)Airport Inspections.....	17	247	6
(F)Federal Aid - HIA.....	1,212	1,717	0 ^f
(F)Federal Aid - Other State Airports.....	167	2,340	0 ^f
(F)Environmental Remediation - HIA.....	14	0	0
(F)Environmental Remediation - Industrial Park.....	58	0	0
(F)Federal Reimbursement - HIA Passenger Facility Charge Proj.....	0	3,438	0
(A)HIA Improvement Project - Passenger Facility Charges.....	0	1,222	0
(A)Passenger Facility Charges HIA Project.....	0	1,660	0 ^f
(A)HIA Utility Services.....	133	239	0 ^f
(A)Other State Airports Utility Services.....	47	30	0 ^f
(A)Flight Operations.....	380	288	365
(A)Police Citations - HIA.....	10	4	0 ^f
(A)Airport Inspections and Licensing.....	5	2	5
(A)Airport Improvement Program - Other State Airports.....	387	130	0 ^f
(A)Industrial Park Reimbursements.....	188	271	0 ^f
(A)Improvement Program - HIA.....	181	151	0 ^f
(A)Airport Operations Reimbursement.....	670	0	0
(A)Reimbursements - Other State Airports.....	36	0	0
(A)Reimbursement - Statewide Program.....	31	25	10
Subtotal.....	<u>\$ 14,437</u>	<u>\$ 37,462</u>	<u>\$ 4,716</u>
Subtotal - State Funds.....	<u>\$ 1,032,636</u>	<u>\$ 1,217,025</u>	<u>\$ 1,259,075</u>
Subtotal - Federal Funds.....	769,755	781,381	811,728
Subtotal - Augmentations.....	37,132	48,694	40,214
Subtotal - Restricted Revenues.....	259,949	515,310	508,737
Total - General Government.....	<u>\$ 2,099,472</u>	<u>\$ 2,562,410</u>	<u>\$ 2,619,754</u>
Grants and Subsidies:			
Local Road Maintenance and Construction Payments.....	\$ 171,989	\$ 173,941	\$ 181,173
Supplemental Local Road Maintenance and Construction Payment.....	5,000	5,000	5,000
Payment to Turnpike Commission (EA).....	0	28,000	28,000
(R)Local Road Payments - Excise Tax (EA).....	35,819	35,753	38,988
(R)Payments to Municipalities (EA).....	0	27,352	25,293
(R)Local Grants For Bridge Projects (EA).....	5,005	25,000	22,000
(R)County Bridges - Excise Tax (EA).....	3,941	5,612	8,604
(F)Federal Aid - Local Grants for Bridge Projects.....	385	1,500	1,600
(F)Federal Aid - County Bridges.....	36	100	300
(A)Local Governments.....	81	300	300
(R)Toll Roads - Excise Tax (EA).....	42,313	42,347	42,759
(R)Annual Maintenance Payments - Highway Transfer (EA).....	9,922	10,258	10,533
(R)Restoration Projects - Highway Transfer (EA).....	6,898	7,699	5,891
(R)Airport Development.....	6,488 ^e	6,500 ^e	6,500 ^e
(F)Federal Reimbursement - Airport Development.....	0	9,000	9,000
(R)Real Estate Tax Rebate.....	233 ^e	250 ^e	250 ^e
Subtotal.....	<u>\$ 288,110</u>	<u>\$ 378,612</u>	<u>\$ 386,191</u>



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Subtotal - State Funds.....	\$ 176,989	\$ 206,941	\$ 214,173
Subtotal - Federal Funds.....	421	10,600	10,900
Subtotal - Augmentations.....	81	300	300
Subtotal - Restricted Revenues.....	110,619	160,771	160,818
Total - Grants and Subsidies.....	\$ 288,110	\$ 378,612	\$ 386,191
STATE FUNDS.....	\$ 1,209,625	\$ 1,423,966	\$ 1,473,248
FEDERAL FUNDS.....	770,176	791,981	822,628
AUGMENTATIONS.....	37,213	48,994	40,514
RESTRICTED REVENUES.....	370,568	676,081	669,555
MOTOR LICENSE FUND TOTAL.....	\$ 2,387,582	\$ 2,941,022	\$ 3,005,945
LOTTERY FUND:			
<i>Grants and Subsidies:</i>			
Older Pennsylvanians Shared Rides (EA).....	\$ 55,116	\$ 61,070	\$ 61,070
Older Pennsylvanians Free Transit (EA).....	58,393	60,152	61,957
Total - Grants and Subsidies.....	\$ 113,509	\$ 121,222	\$ 123,027
LOTTERY FUND TOTAL.....	\$ 113,509	\$ 121,222	\$ 123,027
OTHER FUNDS:			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation.....	\$ 54	\$ 1,000	\$ 1,000
Emission Inspection Settlement.....	44,230	44,800	42,400
GENERAL FUND TOTAL.....	\$ 44,284	\$ 45,800	\$ 43,400
MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program.....	\$ 4,705	\$ 6,200	\$ 6,000
Reimbursements to Municipalities - Vehicle Code Fines.....	11,798	18,000	19,000
Federal Reimbursements - Flood Related Costs.....	20,340	1,500	1,000
Reimbursements to Other States- Apportioned Registration Plan.....	27,526	25,000	25,000
Federal Reimbursements - Bridge Projects.....	17,906	25,000	25,000
Federal Reimbursement - Delisting HIA.....	0	72	19
Motorcycle Safety Education.....	2,891	2,750	2,750
Equipment Rental Security Deposits.....	0	100	100
Payments to Blind/Visually Handicapped.....	1,507	1,600	1,600
Federal Reimbursements - Political Subdivisions.....	31,729	25,000	30,000
License and Registration Pickups.....	1	20	25
MOTOR LICENSE FUND TOTAL.....	\$ 118,403	\$ 105,242	\$ 110,494
HIGHWAY BEAUTIFICATION FUND:			
Control of Junkyards (EA).....	\$ 5	\$ 15	\$ 15
Control of Outdoor Advertising (EA).....	387	700	700
HIGHWAY BEAUTIFICATION FUND TOTAL.....	\$ 392	\$ 715	\$ 715
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation.....	\$ 791	\$ 205	\$ 215
LIQUID FUELS TAX FUND:			
Payments to Counties.....	\$ 28,414	\$ 29,033	\$ 29,097

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Transfer to General Fund (EA).....	\$ 0i	\$ 0i	\$ 0i
Mass Transit Grants (EA).....	163,517	150,455	183,629
Rural Transit Grants (EA).....	5,075	4,470	5,428
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL.....	\$ 168,592	\$ 154,925	\$ 189,057
ORGAN DONATION AWARENESS TRUST FUND:			
Reimbursement to Transportation.....	\$ 70	\$ 230	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 278,953	\$ 297,782	\$ 298,269
SPECIAL FUNDS.....	1,323,134	1,545,188	1,596,275
FEDERAL FUNDS.....	783,759	812,829	849,447
AUGMENTATIONS.....	37,214	49,224	40,539
RESTRICTED.....	376,754	758,840	751,940
OTHER FUNDS.....	360,946	336,150	372,978
TOTAL ALL FUNDS.....	\$ 3,160,760	\$ 3,800,013	\$ 3,909,448

- ^a Not added to the total to avoid double counting: 1996-97 Actual is \$9,000, 1997-98 Available is \$7,000, and 1998-99 Budget is \$10,000.
- ^b Not added to the total to avoid double counting: 1996-97 Actual is \$50,000, 1997-98 Available is \$500,000, and 1998-99 Budget is \$500,000.
- ^c Not added to the total to avoid double counting: 1996-97 Actual is \$1,757,000, 1997-98 Available is \$1,757,000, and 1998-99 Budget is \$1,810,000.
- ^d Not added to the total to avoid double counting: 1996-97 Actual is \$70,000, 1997-98 Available is \$230,000, and 1998-99 Budget is -0-.
- ^e Appropriated from a restricted revenue account.
- ^f Reflects divestiture of the Harrisburg International Airport and Capital City Airport from the Commonwealth to a local authority effective January 2, 1998.
- ^g Executively Authorized from a restricted revenue account.
- ^h Per the divestiture agreement and Act 60 of 1997, this amount will be paid to the local authority that assumed operations of the Harrisburg International Airport and Capital City Airport.
- ⁱ Not added to the total to avoid double counting: 1996-97 Actual is \$4,733,000, 1997-98 Available is \$4,699,000, and 1998-99 Budget is \$4,785,000.



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 1,904	\$ 1,854	\$ 1,929	\$ 1,967	\$ 2,006	\$ 2,047	\$ 1,905
SPECIAL FUNDS.....	46,114	52,524	76,377	51,236	52,227	53,244	48,067
FEDERAL FUNDS.....	6,597	7,355	8,326	9,326	9,326	9,326	9,326
OTHER FUNDS.....	1,210	1,920	1,584	1,596	1,608	1,621	1,634
SUBCATEGORY TOTAL.....	\$ 55,825	\$ 63,653	\$ 88,216	\$ 64,125	\$ 65,167	\$ 66,238	\$ 60,932
STATE HIGHWAY AND BRIDGE CONSTRUCTION/RECONSTRUCTION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	145,392	369,385	388,200	390,600	393,700	411,800	429,900
FEDERAL FUNDS.....	627,500	633,109	662,708	667,708	564,208	667,708	667,708
OTHER FUNDS.....	138,142	189,324	199,859	181,947	177,270	151,607	154,452
SUBCATEGORY TOTAL.....	\$ 911,034	\$ 1,191,818	\$ 1,250,767	\$ 1,240,255	\$ 1,135,178	\$ 1,231,115	\$ 1,252,060
STATE HIGHWAY AND BRIDGE MAINTENANCE							
GENERAL FUND.....	\$ 1,243	\$ 1,494	\$ 1,765	\$ 1,820	\$ 1,856	\$ 1,893	\$ 1,931
SPECIAL FUNDS.....	753,300	733,685	727,505	666,829	702,563	703,701	720,144
FEDERAL FUNDS.....	140,720	140,000	147,800	137,800	137,800	137,800	137,800
OTHER FUNDS.....	203,724	384,089	383,983	373,520	376,390	379,291	382,224
SUBCATEGORY TOTAL.....	\$ 1,098,987	\$ 1,259,268	\$ 1,261,053	\$ 1,179,969	\$ 1,218,609	\$ 1,222,685	\$ 1,242,099
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	176,989	178,941	186,173	180,509	181,748	183,031	184,308
FEDERAL FUNDS.....	421	1,600	1,900	1,800	1,800	1,800	1,800
OTHER FUNDS.....	151,513	209,007	214,706	209,975	213,851	217,734	221,625
SUBCATEGORY TOTAL.....	\$ 328,923	\$ 389,548	\$ 402,779	\$ 392,284	\$ 397,399	\$ 402,565	\$ 407,733
MASS TRANSPORTATION							
GENERAL FUND.....	\$ 255,070	\$ 257,070	\$ 257,082	\$ 257,090	\$ 257,099	\$ 257,108	\$ 257,117
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	168,592	223,925	258,057	263,502	268,692	274,601	280,843
SUBCATEGORY TOTAL.....	\$ 423,662	\$ 480,995	\$ 515,139	\$ 520,592	\$ 525,791	\$ 531,709	\$ 537,960
INTERCITY RAIL AND BUS TRANSPORTATION							
GENERAL FUND.....	\$ 5,486	\$ 9,888	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	6,993	13,500	18,500	18,500	18,500	18,500	18,500
OTHER FUNDS.....	3,396	9,629	9,910	7,324	7,400	7,354	7,369
SUBCATEGORY TOTAL.....	\$ 15,875	\$ 33,017	\$ 38,355	\$ 35,769	\$ 35,845	\$ 35,799	\$ 35,814

Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
AIR TRANSPORTATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,528	16,759	9,017	9,017	9,017	9,017	9,017
OTHER FUNDS.....	19,630	36,525	11,468	11,507	11,545	11,594	11,638
SUBCATEGORY TOTAL.....	\$ 21,158	\$ 53,284	\$ 20,485	\$ 20,524	\$ 20,562	\$ 20,611	\$ 20,655
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND.....	\$ 2,519	\$ 2,386	\$ 2,458	\$ 2,507	\$ 2,557	\$ 2,608	\$ 2,660
SPECIAL FUNDS.....	87,830	89,431	94,993	95,465	97,374	99,321	101,307
FEDERAL FUNDS.....	0	506	1,196	171	171	171	171
OTHER FUNDS.....	86,166	85,435	82,390	40,244	40,503	40,768	41,037
SUBCATEGORY TOTAL.....	\$ 176,515	\$ 177,758	\$ 181,037	\$ 138,387	\$ 140,605	\$ 142,868	\$ 145,175
OLDER PENNSYLVANIANS TRANSIT							
GENERAL FUND.....	\$ 12,731	\$ 25,090	\$ 25,090	\$ 25,090	\$ 25,090	\$ 25,090	\$ 25,090
SPECIAL FUNDS.....	113,509	121,222	123,027	125,487	127,996	130,555	133,163
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,541	4,360	3,500	3,500	3,500	3,500	3,500
SUBCATEGORY TOTAL.....	\$ 128,781	\$ 150,672	\$ 151,617	\$ 154,077	\$ 156,586	\$ 159,145	\$ 161,753
ALL PROGRAMS:							
GENERAL FUND.....	\$ 278,953	\$ 297,782	\$ 298,269	\$ 298,419	\$ 298,553	\$ 298,691	\$ 298,648
SPECIAL FUNDS.....	1,323,134	1,545,188	1,596,275	1,510,126	1,555,608	1,581,652	1,616,889
FEDERAL FUNDS.....	783,759	812,829	849,447	844,322	740,822	844,322	844,322
OTHER FUNDS.....	774,914	1,144,214	1,165,457	1,093,115	1,100,759	1,088,070	1,104,322
DEPARTMENT TOTAL.....	\$ 3,160,760	\$ 3,800,013	\$ 3,909,448	\$ 3,745,982	\$ 3,695,742	\$ 3,812,735	\$ 3,864,181



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 support the operation of programs necessary for the achievement of Commonwealth and department objectives.

The non-highway related activities include providing administrative coordination, planning and support for all urban, rural and intercity mass transit and rail freight transportation. Another part of the non-highway related activity is the oversight of the Public Transportation Assistance Fund created by Act 26 of 1996. To promote efficient and effective urban mass transit the program conducts analysis of local transit operations and procedures, coordination and funding of urban planning and study projects, and review of local operating subsidy and capital grant projects. Activities 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 develop basic guidelines for the highway program. This part of the program directs and coordinates specific construction, maintenance and safety and licensing activities. Support is also provided in legal, budgetary, accounting, personnel, procurement, information systems and public relations matters. The department supports its portion of the work of the Inspector General's office along with the activities of the State Transportation Commission and the Transportation Advisory Committee through this program.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:	
	Transit and Rail Freight Operations	Relocation of Transportation and Safety Operations
\$ 75	—to continue current program.	\$ -184 —to relocate operations during the reconstruction of the Transportation and Safety Building.
	MOTOR LICENSE FUND:	
	General Government Operations	
\$ 842	—to continue current program.	
	Highway Systems Technology	
\$ 362	—to continue current program.	
22,833	—Initiative — Highway Systems Technology. To expand intelligent highway systems, implement improved maintenance technologies and purchase advanced winter maintenance equipment.	
\$ 23,195	<i>Appropriation Increase</i>	

Relocation of Transportation and Safety Operations (General Fund) and Refunding Collected Monies are recommended at current year funding levels.

In addition, the Transitioning to Self-Sufficiency Program Revision following the Income Maintenance program in the Department of Public Welfare provides \$1,000,000 in Federal funds to develop local transportation options, primarily in rural areas, for welfare recipients and low-income individuals to obtain and/or retain employment.



Includes the PRIME recommendation to review rigorously all requests for major investments in information technology. This process has saved the Department of Transportation \$7 million in the past year.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Transit and Rail Freight Operations	\$ 1,644	\$ 1,685	\$ 1,760	\$ 1,795	\$ 1,831	\$ 1,868	\$ 1,905
Comprehensive Rail Freight Study	91	0	0	0	0	0	0
Relocation of Transportation and Safety Operations	169	169	169	172	175	179	0
TOTAL GENERAL FUND	\$ 1,904	\$ 1,854	\$ 1,929	\$ 1,967	\$ 2,006	\$ 2,047	\$ 1,905



Program: Transportation Support Services (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
MOTOR LICENSE FUND:							
General Government Operations	\$ 27,233	\$ 28,073	\$ 28,915	\$ 29,493	\$ 30,083	\$ 30,685	\$ 31,299
Highway Systems Technology	0	12,080	35,275	12,691	12,945	13,204	13,468
Refunding Collected Monies	3,161	3,300	3,300	3,300	3,300	3,300	3,300
Relocation of Transportation and Safety Operations	15,720	9,071	8,887	5,752	5,899	6,055	0
TOTAL MOTOR LICENSE FUND	\$ 46,114	\$ 52,524	\$ 76,377	\$ 51,236	\$ 52,227	\$ 53,244	\$ 48,067



PROGRAM OBJECTIVE: To provide a highway and bridge system capable of meeting the economic and recreational needs of the Commonwealth.

Program: State Highway and Bridge Construction/Reconstruction

This program involves major construction or reconstruction work on the Commonwealth's Interstate Highway System, on other priority State highways and on State bridges that contribute to the economic growth of the Commonwealth and the mobility of the State's citizens.

This program includes Interstate and major primary roads, as well as those State roads that are not part of the Federal aid system. Within the funding available from Federal aid, local construction contributions and current State revenues, the Department of Transportation has the responsibility of developing and executing a program that will correct the most critical deficiencies on the State-administered highway system including projects to enhance safety and mobility.

Included in this program are improvements to State-owned bridges listed in Act 235 of 1982, the Highway, Railroad and Highway Bridge

Capital bill and later amendments. Funding for these bridge improvements comes from annual registration fees for Commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and a 55 mill Oil Company Franchise Tax based on the average wholesale price of motor fuel used by motor carriers in the operation of their commercial vehicles on highways within the Commonwealth.

Act 26 of 1991 provides additional State highway and bridge construction/reconstruction funds through a 55 mill Oil Company Franchise Tax of which 17 percent is specifically dedicated to highway capital projects and 13 percent to bridges.

Act 3 of 1997 provides additional State highway construction/reconstruction funds through a vehicle registration fee increase with \$28 million earmarked for the Turnpike Commission.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Miles of new highway construction	25	41	45	40	40	40	40
Miles of Interstate reconstruction	60	62	65	75	75	75	75
Miles of non-Interstate reconstruction	57	38	55	50	50	50	50
Intersections improved to increase safety and capacity	181	185	185	185	185	185	185
Bridges maintained (larger than 8 feet)	25,927	25,930	25,933	25,936	25,939	25,942	25,945
Bridges replaced/repaired	372	440	405	400	400	385	385

New and reconstructed miles and intersections improved to increase safety and capacity measures are project specific and are subject to fluctuations as a result of factors such as changes in scheduling, completions and priorities on a year to year basis.

Starting in fiscal year 1998-99, miles of new highway construction and miles of non-Interstate reconstruction measures are higher than in last year's budget due to the impact of additional revenues generated by Act 3 of 1997.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Highway and Safety Improvement
 \$ 14,600 —to continue current program.
 This funding is in combination with Act 26 of 1991 revenues for 1998-99 of \$55.634 million (17 percent of 55 mills) and Highway Capital Projects which was authorized in Act 3 of 1997. With the completion of the Commonwealth's Interstate Highway System in 1991, new construction has shifted to highway projects that will spur economic development. Key projects in 1998-99 include continuing construction of the Lackawanna Valley Industrial Highway in Lackawanna County; relocation of US 22/322 in Dauphin County; relocation of US 322 (Milroy Bypass) in Mifflin County; widening of US 11/15 in Perry County; relocation of US 15 from Bloss Mountain to Blossburg in Tioga County; restoration of US 22 in Lehigh County; relocation of US 6 (Tunkhannock Bypass) in Wyoming County; relocation of US 219 (Meyersdale Bypass) in Somerset

County; reconstruction and widening of PA 413 in Bucks County; and relocation of US 202 in Montgomery County.

Another priority is the reconstruction of the Interstate Highway System. During 1998-99 key projects in this area will include various restoration projects on I-79 with the most significant being 11.5 miles in Erie County, 8 miles in Mercer County, and 4 miles in Washington County; restoration of 4.6 miles of I-81 in Dauphin County, 15 miles of I-84 in Pike County, 6 miles of I-83 in York County; construction of the I-78/PA33 interchange in Northampton County and the I-95 Aramingo Avenue Connector in Philadelphia County.

\$ 6,615 **Highway Capital Projects**
 —to continue current program.

\$ -2,400 **Metric Conversion**
 —nonrecurring projects.

Program: State Highway and Bridge Construction/Reconstruction (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Bridge Restricted Revenue

—Major bridge projects started or underway during 1998-99 include the Conneaut Swamp bridge in Crawford County, the Constitution Avenue Bridge in Clinton County, the Little Wysox Creek Bridge in Bradford County, the Sans Souci Bridge in Luzerne County, Edelmans Bridge in Northampton County, the University Avenue Bridge in Philadelphia County, the Market Street Bridge in Dauphin County, the Lambs Bridge in Cambria County, the Ford City Bridge in Armstrong County, the McKnight Road Bridge in Allegheny County and the Cheat River Bridge in Fayette County.

Payment to Turnpike Commission is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
MOTOR LICENSE FUND:							
Highway and Safety Improvement	\$ 143,301	\$ 165,000	\$ 179,600	\$ 180,000	\$ 180,000	\$ 195,000	\$ 210,000
Highway Capital Projects	0	172,985	179,600	182,600	185,700	188,800	191,900
Metric Conversion	2,091	3,400	1,000	0	0	0	0
Payment to Turnpike Commission	0	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND	\$ 145,392	\$ 369,385	\$ 388,200	\$ 390,600	\$ 393,700	\$ 411,800	\$ 429,900



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, restabilization 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 in the case of weight restrictions or special operating restrictions on certain highways and bridges. By issuing these permits, the department is able to facilitate the movement of goods over Pennsylvania's roadways without adversely

affecting the structural integrity of the highways and bridges or the safe and convenient passage of traffic.

The Motor Carrier Safety Enforcement Program is credited with reducing maintenance costs for highways and bridges and increasing the public safety by minimizing the number of dangerously overloaded trucks. The department continues to provide state-of-the-art training and equipment technology to maximize enforcement efficiency. At the same time, delays to motor carriers have been minimized through the use of weigh-in-motion technology.

The accident analysis program uses computer programs to identify those highway locations which 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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Miles of State maintained highways	40,327	40,258	40,223	40,190	40,163	40,141	40,124
Miles of State maintained highways improved:							
Structural restoration	168	176	307	268	282	241	251
Maintenance resurfacing	1,789	2,795	2,491	2,363	2,480	2,294	2,342
Surface repairs	4,138	3,792	3,378	3,545	3,495	3,495	3,495
Total	6,095	6,763	6,176	6,176	6,257	6,030	6,088
Truck weight and safety enforcement:							
Trucks weighed	231,557	240,000	500,000	500,000	500,000	500,000	500,000
Weight violations	5,518	5,100	7,600	7,600	7,600	7,600	7,600
Trucks inspected	21,365	21,000	21,000	21,000	21,000	22,000	22,000
Safety violations	62,994	50,000	50,000	52,000	52,000	54,000	54,000

Miles of State maintained highways improved data is higher than in last year's budget due to additional revenues generated by Act 3 of 1997 starting in 1997-98.

Structural restoration includes three inches or more of new surface with base, drainage, bridge structure, shoulder and guiderail repair or replacement as necessary.

Maintenance resurfacing includes one and one-half to three inches of new surface and shoulder repair. Surface repairs include light resurfacing, spot patching and oil and chip treatments.

The trucks weighed measure is lower in 1996-97 and 1997-98 than in last year's budget due to the temporary closing of a weight station for equipment upgrade. The weight violations measure has increased due to the upgraded equipment and the continued use of weigh-in-motion technology.

The trucks inspected measure has increased over last year's budget due to increased emphasis on this program. The safety violations measure has increased due to the increase in the number of inspections as well as the addition of inspection components.



Program: State Highway and Bridge Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:	
	Welcome Centers	Highway Maintenance One Time Surface Improvements
\$ 11	—to continue current program.	\$ -41,000 —nonrecurring item.
260	—Initiative — Expanded Hours for Welcome Centers. To expand the hours of operation at twelve Welcome Centers from the current 8 a.m. to 5 p.m. period to 7 a.m. to 7 p.m.	\$ 50,000
		Preventive Maintenance
		—Initiative — Preventative Maintenance. To provide for enhanced structural restoration, resurfacing, surface repair, lane and shoulder widening and bridge preservation in 67 counties.
<u>\$ 271</u>	<i>Appropriation Increase</i>	
	MOTOR LICENSE FUND:	
	Highway Maintenance	Reinvestment Facilities
\$ -15,653	—to continue current program.	\$ 1,175 —to continue current program.
	Secondary Roads—Maintenance and Resurfacing	
\$ -702	—to continue current program.	

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Welcome Centers.....	\$ 1,243	\$ 1,494	\$ 1,765	\$ 1,820	\$ 1,856	\$ 1,893	\$ 1,931
MOTOR LICENSE FUND:							
Highway Maintenance.....	\$ 546,942	\$ 625,585	\$ 609,932	\$ 600,000	\$ 635,300	\$ 636,000	\$ 652,000
Secondary Roads — Maintenance and Resurfacing.....	58,061	61,100	60,398	60,829	61,263	61,701	62,144
Highway Maintenance Supplemental.....	78,797	0	0	0	0	0	0
Highway Maintenance Resurfacing.....	61,000	0	0	0	0	0	0
Highway Maintenance One Time Surface Improvements.....	0	41,000	0	0	0	0	0
Preventive Maintenance.....	0	0	50,000	0	0	0	0
Reinvestment — Facilities.....	8,500	6,000	7,175	6,000	6,000	6,000	6,000
TOTAL MOTOR LICENSE FUND.....	<u>\$ 753,300</u>	<u>\$ 733,685</u>	<u>\$ 727,505</u>	<u>\$ 666,829</u>	<u>\$ 702,563</u>	<u>\$ 703,701</u>	<u>\$ 720,144</u>

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. The first one-half cent of the twelve cent gallonage tax is deposited directly into the Liquid Fuels Tax Fund and apportioned to the 67 counties. Of the remaining eleven and one-half cent fuels tax, twenty percent is distributed from the Motor License Fund to 2,572 municipalities. Also included in the distribution to municipalities are (a) 35 mills of the first 60 mill portion of the oil franchise tax (b) 12 percent of the 55 mill portion of the oil franchise tax as provided by Act 26 of 1991 and (c) 12 percent of an additional 38.5 mill Oil Company Franchise Tax created by Act 3 of 1997. In addition, in 1980 the General Assembly established an annual appropriation of \$5 million to be returned to local governments for further highway improvements.

Act 32 of 1983 established a local highway turnback program by authorizing the establishment of a separate restricted revenue account within the Motor License Fund. Funding for this program currently consists of three mills of the oil franchise tax. Funds deposited into this account are used for restoration work to upgrade State designated roads that function as local roads to acceptable standards and to provide annual maintenance payments in the amount of \$2,500 per mile. Since inception of the program in 1983 more than 4,100 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. As with the State bridges contained in these capital acts, the improvements are funded through annual registration fees for Commonwealth registered vehicles having a registered weight in excess of 26,000 pounds and a 55 mill Oil Company Franchise Tax, effective October 1, 1997, based on the average wholesale price of motor fuel used by motor carriers in the operation of their commercial vehicles on highways within the Commonwealth. The 55 mills, Act 3 of 1997, replaced a six cents per gallon tax on motor fuels previously charged. Another source of local bridge funds was provided by Act 26 of 1991 through one percent of an additional 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 non-compliance 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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Miles of highway locally administered:							
Total	73,022	73,412	73,782	74,140	74,487	74,849	75,226
Percent of all highways in the Commonwealth	64.4%	64.6%	64.7%	64.8%	65.0%	65.1%	65.2%
Miles of local highways improved	1,576	1,600	1,650	1,700	1,700	1,700	1,700
Local bridges:							
Total (greater than 20 feet)	6,345	6,350	6,355	6,360	6,365	6,370	6,375
Brought up to standard through State Bridge Program	37	70	70	70	65	65	65

Starting in fiscal year 1998-99, the miles of local highways improved data for the budget and future years is higher than reflected in last year's budget document due to additional revenues generated by Act 3 of 1997.

The local bridges brought up to standard through the State Bridge Program measure for the 1996-97 fiscal year is lower than projected in last year's budget due to the deferral of certain projects.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	Local Road Maintenance and Construction Payments
\$ 7,232	—to continue program based on current year estimated revenue collections.

Supplemental Local Road Maintenance and Construction Payments is recommended at the current year level.

Program: Local Highway and Bridge Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments	\$ 171,989	\$ 173,941	\$ 181,173	\$ 175,509	\$ 176,748	\$ 178,031	\$ 179,308
Supplemental Local Road Maintenance and Construction Payments	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND	\$ 176,989	\$ 178,941	\$ 186,173	\$ 180,509	\$ 181,748	\$ 183,031	\$ 184,308

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. This fund provides a dedicated source of revenue to the Commonwealth's transit providers that can be used for capital replacement or asset maintenance. The new 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, farebox 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 is required to adopt a specific series of service

standards and performance evaluation measures. The Commonwealth, along with Federal and local governments, provides grants to the State's twenty-one urban transit systems.

Current State authorizing legislation for mass transportation assistance, 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. Beginning with 1995-96, rural and small urban entities are funded from the Mass Transportation Assistance appropriation since the trigger amount was 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, for this purpose.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Passengers carried by State-assisted operators (millions annually)	292.7	294.5	298.1	299.0	300.3	301.3	302.3
Passengers per vehicle hour	28.4	27.8	27.8	27.7	27.5	27.4	27.3
Percentage share of average income of mass transit trips:							
From passenger	44.2	40.5	40.3	43.9	43.7	43.6	43.4
From Commonwealth	42.1	47.1	47.5	42.9	43.0	43.0	43.1
From Federal Government	3.4	2.6	2.3	2.6	2.5	2.4	2.4
From local government	10.3	9.8	9.9	10.6	10.8	11.0	11.1

The passengers per vehicle hour measure has been restated from last year's budget, which reflected a small overall increase, to reflect a slight overall decrease. This is due to the anticipated reinstatement of some cancelled routes made possible by additional revenues generated by Act 3 of 1997.

The percentage shares of average income of mass transit trips have been restated from last year's budget starting with fiscal year 1997-98, to reflect the impact of Act 3 of 1997.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Rail Safety Inspection
\$ 12 —to continue current program.

The Mass Transportation Assistance and Rural Transportation Assistance appropriations are recommended at the current year level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Rail Safety Inspection	\$ 407	\$ 407	\$ 419	\$ 427	\$ 436	\$ 445	\$ 454
Mass Transportation Assistance	254,663	254,663	254,663	254,663	254,663	254,663	254,663
Rural Transportation Assistance	0	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL GENERAL FUND	\$ 255,070	\$ 257,070	\$ 257,082	\$ 257,090	\$ 257,099	\$ 257,108	\$ 257,117

PROGRAM OBJECTIVE: To facilitate the development of improved rail passenger, 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 Rail and Bus Transportation

Commonwealth activities involve three separate intercity transportation programs: intercity bus service of the nature operated by Greyhound and Trailways, 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 330,000 passengers will utilize Commonwealth subsidized intercity bus services in 1997-98. As private operators propose termination of such services, the Department of Transportation will continue to evaluate the economic and social impacts of service termination and the merits of public subsidy. Federal funds are also available to support intercity bus operations and supplement the existing State-sponsored program.

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. Because service frequency has been insufficient to meet Pennsylvania's needs, the department has contracted with Amtrak to provide additional service to supplement Amtrak's national system schedule. This supplemental service is provided on the Philadelphia/Harrisburg corridor.

The Commonwealth's rail freight network provides a competitive cost advantage for business and industry that depend upon cost effective transportation of bulk commodities.

In reaction to the pending abandonments of former Penn Central, Erie/Lackawanna and Lehigh Valley rail lines, Pennsylvania became

actively involved in a rail freight assistance program in the late 1970's. With financial assistance from the Federal Railroad Administration, the Department of Transportation purchased 155 miles of track that was not retained in the Conrail system. Additional lines were saved from abandonment through acquisition by the private sector or local government with financial assistance from the Federal Government. While the Federal Government initially provided operating subsidies for lines that were not included in the Conrail System, the Federal operating subsidy program was terminated after 1981.

The Commonwealth continues to own 103 miles of rail line that serve 45 industries. Commonwealth assistance is provided in the form of program maintenance grants for which the State provides 80 percent of the project funding.

Another component of the Commonwealth's rail freight program is assistance for accelerated maintenance and capital projects on non-State-owned lines. The Accelerated Maintenance Program was established in 1982 in response to a substantial, expedited abandonment program undertaken by Conrail in accordance with provisions of the Northeast Rail Service Act (NERSA) of 1981. NERSA allowed Conrail to rid itself of unprofitable lines in an unappealable procedure, as one of a number of ways for the Conrail system to achieve profitability. Under this Commonwealth program, funding is provided for basic track rehabilitation and other infrastructure improvements.

The State share for the larger capital projects comes from bond funds and generally represents 50 percent of the total project cost. Accelerated maintenance projects are funded from current revenues through the Rail Freight Assistance appropriation. Transportation generally provides 80 percent of the funding for accelerated maintenance projects.

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Intercity Bus:							
Passengers handled	326,000	330,000	331,000	332,000	333,000	334,000	334,000
Subsidy per bus mile .....	.55	.55	.55	.55	.55	.55	.55
Intercity Rail:							
Passengers handled	177,520	180,000	180,000	180,000	180,000	180,000	180,000
Subsidy per passenger mile .....	.15	.19	.19	.19	.19	.19	.19
Rail Freight:							
Miles of rail lines:							
State assisted	350	350	350	350	350	350	350
State owned	103	103	103	103	103	103	103
Miles of rail lines rehabilitated:							
State assistance program	170	300	300	300	300	300	300

The intercity rail passengers handled measure has increased from last year due to increased utilization. This, in turn, has caused a decrease in the subsidy per passenger mile measure from last year's budget.

Starting with 1997-98, the measure miles of rail lines rehabilitated State assistance program has been revised from last year's budget to reflect an increase in the Commonwealth's support for this program.

Program: Intercity Rail and Bus Transportation (continued)

Program Recommendations:

This budget recommends the following:

\$ 57 Intercity Rail and Bus Transportation
 —to continue current program.

Rail Freight Assistance is recommended at the current year level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Intercity Rail and Bus Transportation	\$ 1,886	\$ 1,888	\$ 1,945	\$ 1,945	\$ 1,945	\$ 1,945	\$ 1,945
Rail Freight Assistance	3,600	8,000	8,000	8,000	8,000	8,000	8,000
TOTAL GENERAL FUND	\$ 5,486	\$ 9,888	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945



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 835 landing areas, Pennsylvania is fourth nationally in both the number of airports and in landing facilities per square mile. In addition to facilitating the movement of people and goods, air transportation facilities bring substantial economic benefits to the State directly through air transportation or related jobs and indirectly through additional incentives to industry to locate and conduct business in Pennsylvania. On January 2, 1998, the Commonwealth signed an agreement with a local authority to divest itself of Harrisburg International and Capital City Airports. This action had previously been approved by Act 60 of 1997. The local authority assumed operations of these airports immediately. All airline service 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. These program activities include the highway directional sign program, the program to

place high visibility markers on power lines near runways, maintenance of 42 aviation weather information systems throughout the State, and an airport inspection and licensing program.

The department also administers grant programs which 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
- Business airport and runway rehabilitation grants. Grants provide a maximum of twelve and one-half percent of the total project cost for Federally funded projects and a maximum of seventy-five percent of the total project costs for nonfederally funded projects.
- A real estate tax rebate program for public airports which is funded exclusively from the Statewide aviation fuel tax.

Program Measures:

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Airports receiving State grants:							
Airport development grants	77	90	75	90	75	90	75

The airport development grants measure has been restated from last year's budget, to more accurately reflect actual experience.

Program Recommendations:

This budget recommends the Airport Development Grants Program at the current year level of \$6.5 million. It is funded from the Aviation Restricted Revenue Account.

PROGRAM OBJECTIVE: To minimize traffic accidents attributable to driver error and mechanically defective vehicles and to promote highway safety programs.

Program: Safety Administration and Licensing

The Safety Administration and Licensing Program is responsible for a number of front-line customer services that affect most of Pennsylvania's adult population such as the issuance of vehicle registrations and driver's licenses. The department is responsible for processing applications and collecting fees for all vehicle registrations, titles and operator licenses. Last year, over 9.5 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 175,000 heavy trucks greater than 17,000 pounds and more than 104,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained constant over the past few years at 8 million, including 320,000 commercial drivers. The four-year drivers license expiration cycle is staggered so that about two million renewals are processed each year.

The testing, inspection and revocation aspects of operator and vehicular licensing activities fall within the Safety Administration Program. The driver's testing program is designed to screen out applicants with insufficient driving knowledge or skills as well as identify applicants with mental or physical disabilities. The department also operates the Driver's License Examination Program. More than a million driving knowledge tests are conducted each year so those applicants can be certified to operate passenger and commercial vehicles. A Statewide network of facilities is utilized to conduct written, oral and skills tests. In compliance with the Federal Commercial Motor Vehicle Safety Act of 1986, commercial and bus operators receive a specialized written and driving test.

The safety inspection program for the Commonwealth's more than 9 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. The department licenses inspection stations, trains and licenses vehicle inspectors, and monitors the work of mechanics to assure compliance with approved safety standards.

The Commonwealth's current emission inspection program inspects 3.2 million vehicles annually with the intended purpose of improving air quality. However, the Clean Air Act Amendments of November 1990 required an expansion of the program which will eventually result in the inspection of an estimated 6 million vehicles. The new enhanced inspection program began in nine counties in October 1997 and will start in the remaining 16 required counties in 1999.

Pennsylvania enforcement officials are responsible for the issuance of citations for vehicle code violations. Over one-half of the one million

citations issued annually result in the department having to take some action against a driver or vehicle record. In addition to assigning points for driver infractions, the department suspends or revokes licenses for an accumulation of points. Commercial drivers may be sanctioned by having their commercial driving privilege revoked for certain offenses if committed in a commercial motor vehicle. The department, however, is authorized to issue an Occupational Limited License (OLL) to certain suspended drivers if mandated criteria for eligibility is met. The license is limited to specific hours and destinations as described by the applicant and approved by the department. A new law that affects "habitual offenders" took effect in September 1995. 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 "Probational License," which is not restricted to work-related uses. Successful applicants must meet strict criteria.

The Safety Administration and Licensing Program also administers provisions of the National Voter Registration Act of 1993, better known as "Motor Voter," and the Commonwealth's Organ Donor Program.

The department also processes cancellation notices received from insurance companies. Notification of cancellation prompts the department to have registrants revalidate proper insurance coverage for the vehicle. This program combined with the authority granted enforcement officials to cite motorists detected as not having insurance can result in a revocation or suspension of vehicle registration.

The Department of Transportation currently has 98 offices Statewide that offer driver examination and/or photo licensing services and is working with private business to further decentralize its driver and vehicle services to improve access. The computerized on-line messenger program, which connects the private business with the Department of Transportation, has been the cornerstone in this effort. Other efforts to improve service include more efficient linkage between the department and automobile dealers, leasing and rental agencies, and fleet owners for the immediate processing of registration and titling transactions. In addition the department has instituted a mobile driver and services unit and is implementing a pilot program that enables driver education teachers at schools to administer the skill test to their students.



Program: Safety Administration and Licensing (continued)

Program Measures:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Vehicles inspected:							
Safety inspections	8,940,000	9,029,400	9,119,694	9,210,891	9,303,000	9,396,030	9,489,990
Emission inspections	3,290,000	3,330,000	3,366,300	6,000,000	6,100,000	6,150,000	6,200,000
Registrations:							
New	1,593,521	1,601,488	1,609,995	1,617,542	1,625,630	1,633,758	1,641,927
Renewed	7,917,790	7,959,389	7,999,186	8,039,182	8,079,378	8,119,775	8,160,374
Licensed drivers:							
New	312,170	312,100	312,100	312,100	312,100	312,100	312,100
Renewed	1,884,828	1,834,000	1,949,000	2,000,000	1,950,000	1,900,000	1,910,000
New commercial drivers licensed	19,440	19,440	19,440	19,440	19,440	19,440	19,440
Photo identification cards issued (non-driver photo)							
	155,789	155,789	155,789	155,789	155,789	155,789	155,789

The emission inspections measure will increase in 1999-00 when the required inspection expansion will be effective for all applicable counties.

The number of new licensed drivers is higher than in last year's budget based upon more recent actual figures.

The number of photo identification cards issued is higher than in last year's budget due to the increased number and accessibility of photo license centers as well as an increase in demand.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND: Vehicle Sales Tax Collections \$ 53 —to continue current program.</p> <p>Voter Registration \$ 19 —to continue current program.</p> <p>MOTOR LICENSE FUND: Safety Administration and Licensing \$ 4,162 —to continue current program.</p>	<p>Enhanced Titling and Registration —Initiative — Information Technology Enhancement. To provide for the enhancement of information technology systems to insure the proper registration and titling of motor vehicles.</p>
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Appropriations within this Program

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections	\$ 1,757	\$ 1,757	\$ 1,810	\$ 1,846	\$ 1,883	\$ 1,921	\$ 1,959
Voter Registration	762	629	648	661	674	687	701
TOTAL GENERAL FUND	\$ 2,519	\$ 2,386	\$ 2,458	\$ 2,507	\$ 2,557	\$ 2,608	\$ 2,660
MOTOR LICENSE FUND:							
Safety Administration and Licensing	\$ 87,830	\$ 89,431	\$ 93,593	\$ 95,465	\$ 97,374	\$ 99,321	\$ 101,307
Enhanced Titling and Registration	0	0	1,400	0	0	0	0
TOTAL MOTOR LICENSE FUND	\$ 87,830	\$ 89,431	\$ 94,993	\$ 95,465	\$ 97,374	\$ 99,321	\$ 101,307

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. Under this program, Pennsylvanians 65 years of age or older are eligible for free rides on participating local fixed route operations during off-peak hours on weekdays and all day on weekends and holidays. In July 1980, the free service was extended to commuter rail lines.

The Shared Ride Program for older Pennsylvanians authorized by Act 101 of 1980, and amended by Act 36 of 1991, permits citizens 65

years of age or older to ride on shared-ride services, demand responsive transportation operating on a nonfixed 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:	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Free transit trips	50,293,848	50,297,351	51,596,902	52,628,840	53,681,417	54,755,045	55,850,146
Trips on State assisted shared ride vehicles	6,570,000	6,800,000	7,014,000	7,100,000	7,190,000	7,280,000	7,370,000
Cost to the Commonwealth per trip:							
Free Transit	\$1.44	\$1.48	\$1.48	\$1.48	\$1.48	\$1.48	\$1.48
State assisted shared ride vehicles	\$8.09	\$8.43	\$8.76	\$9.02	\$9.29	\$9.57	\$9.76

The free transit and trips on State assisted shared ride vehicles measures are lower than in the prior year's budget based on projections reflecting actual ridership.

The cost to the Commonwealth per trip for free transit includes Fixed Route Transit and Older Pennsylvanians Free Transit funding.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

LOTTERY FUND:
Older Pennsylvanians Free Transit
 —to continue current program.

\$ 1,805

Older Pennsylvanians Shared Rides and Fixed Route Transit are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Fixed Route Transit	\$ 12,731	\$ 25,090	\$ 25,090	\$ 25,090	\$ 25,090	\$ 25,090	\$ 25,090
LOTTERY FUND:							
Older Pennsylvanians Free Transit	\$ 58,393	\$ 60,152	\$ 61,957	\$ 63,196	\$ 64,460	\$ 65,749	\$ 67,064
Older Pennsylvanians Shared Rides	55,116	61,070	61,070	62,291	63,536	64,806	66,099
TOTAL LOTTERY FUND	\$ 113,509	\$ 121,222	\$ 123,027	\$ 125,487	\$ 127,996	\$ 130,555	\$ 133,163



COMMONWEALTH OF PENNSYLVANIA

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 Governor.

GOVERNOR'S EXECUTIVE BUDGET 1998-99



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
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GENERAL FUND:

General Government:

Senate:

Fifty Senators.....	\$ 4,050	\$ 3,674	\$ 3,968
Employees of Senate President.....	257	257	263
National Conference of State Legislatures - Conference.....	200	400	0
Employees of Chief Clerk.....	4,600	4,600	4,600
Salaried Officers and Employees.....	5,850	5,810	6,265
Incidental Expense.....	1,824	1,900	1,995
Postage - Chief Clerk and Legislative Journal.....	1,270	1,290	1,450
President.....	5	5	5
President Pro Tempore.....	20	20	20
Floor Leader (R).....	7	7	7
Floor Leader (D).....	7	7	7
Whip (R).....	6	6	6
Whip (D).....	6	6	6
Chairman of the Caucus (R).....	3	3	3
Chairman of the Caucus (D).....	3	3	3
Secretary of the Caucus (R).....	3	3	3
Secretary of the Caucus (D).....	3	3	3
Chairman of the Appropriations Committee (R).....	6	6	6
Chairman of the Appropriations Committee (D).....	6	6	6
Chairman of the Policy Committee (R).....	2	2	2
Chairman of the Policy Committee (D).....	2	2	2
Caucus Administrator (R).....	2	2	2
Caucus Administrator (D).....	2	2	2
Committee on Appropriations (R).....	2,314	2,771	2,840
Committee on Appropriations (D).....	2,314	2,771	2,840
Expenses - Senators.....	525	575	575
Legislative Printing and Expenses.....	7,931	6,851	7,022
Computer Services (R).....	2,688	3,167	3,246
Computer Services (D).....	2,688	3,167	3,246
Special Leadership Account (R).....	7,322	7,929	8,127
Special Leadership Account (D).....	7,322	7,929	8,127
Legislative Management Committee (R).....	4,532	5,032	5,158
Legislative Management Committee (D).....	5,232	5,032	5,158
Senate Flag Purchase.....	24	24	24
Subtotal.....	\$ 61,026	\$ 63,262	\$ 64,987

House of Representatives:

Members' Salaries, Speaker's Extra Compensation.....	\$ 10,627	\$ 15,978	\$ 16,457
House Employees (R).....	7,880	8,266	8,514
House Employees (D).....	7,880	8,266	8,514
Speaker's Office.....	710	745	767
Bi-Partisan Committee, Chief Clerk, Comptroller.....	4,213	6,315	6,504
Mileage - Representatives, Officers and Employees.....	548	200	200
Chief Clerk and Legislative Journal.....	969	1,500	1,500
Speaker.....	20	20	20
Chief Clerk.....	630	643	643
Floor Leader (R).....	6	7	7
Floor Leader (D).....	6	7	7
Whip (R).....	4	6	6
Whip (D).....	4	6	6
Chairman - Caucus (R).....	3	3	3
Chairman - Caucus (D).....	3	3	3
Secretary - Caucus (R).....	3	3	3
Secretary - Caucus (D).....	3	3	3
Chairman - Appropriations Committee (R).....	6	6	6
Chairman - Appropriations Committee (D).....	6	6	6
Chairman - Policy Committee (R).....	2	2	2

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97	1997-98	1998-99
	ACTUAL	AVAILABLE	BUDGET
Chairman - Policy Committee (D).....	2	2	2
Caucus Administrator (R).....	2	2	2
Caucus Administrator (D).....	2	2	2
Administrator for Staff (R).....	20	20	20
Administrator for Staff (D).....	20	20	20
Legislative Office for Research Liaison.....	458	492	507
Incidental Expenses.....	4,275	5,775	5,775
Expenses - Representatives.....	1,909	3,100	3,100
Legislative Printing and Expenses.....	12,100	19,500	19,500
Members' Home Office Expenses.....	1,928	2,100	2,100
National Legislative Conference - Expenses.....	190	194	194
Committee on Appropriations (R).....	1,471	1,543	1,589
Committee on Appropriations (D).....	1,471	1,543	1,589
Special Leadership Account (R).....	8,694	9,120	9,394
Special Leadership Account (D).....	8,694	9,120	9,394
Legislative Management Committee (R).....	10,002	10,492	10,807
Legislative Management Committee (D).....	10,002	10,492	10,807
Commonwealth Emergency Medical System.....	34	35	35
House Flag Purchase.....	24	24	24
School for New Members.....	0	0	15
Asbestos Removal & Wiring-House Chamber.....	0	1,200	0
Subtotal.....	\$ 94,821	\$ 116,761	\$ 118,047
Legislative Reference Bureau:			
Salaries and Expenses.....	\$ 5,117	\$ 5,219	\$ 5,848
Contingent Expenses.....	15	15	20
Printing of PA Bulletin and PA Code.....	611	425	425
Subtotal.....	\$ 5,743	\$ 5,659	\$ 6,293
Legislative Budget and Finance Committee.....	\$ 2,020	\$ 2,020	\$ 2,020
Legislative Miscellaneous and Commissions:			
Legislative Data Processing Center.....	\$ 2,900	\$ 2,900	\$ 2,900
Joint State Government Commission.....	1,712	1,712	1,712
Local Government Commission.....	672	685	750
Local Government Codes.....	55	48	48
Joint Legislative Air and Water Pollution Control Committee.....	305	310	320
Legislative Audit Advisory Commission.....	140	143	147
Independent Regulatory Review Commission.....	1,289	1,315	1,725
Capitol Preservation Committee.....	587	500	500
Capitol Restoration.....	4,086	2,010	2,010
Colonial History.....	187	187	187
Commission on Sentencing.....	610	647	695
Center For Rural Pennsylvania.....	925	944	963
Health Care Cost Containment Council.....	2,873	2,905	2,922
State Ethics Commission.....	1,185	1,185	1,248
Subtotal.....	\$ 17,526	\$ 15,491	\$ 16,127
Total - General Government.....	\$ 181,136	\$ 203,193	\$ 207,474
GENERAL FUND TOTAL.....	\$ 181,136	\$ 203,193	\$ 207,474



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
LEGISLATURE							
GENERAL FUND.....	\$ 181,136	\$ 203,193	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474
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.....	\$ 181,136	\$ 203,193	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474
ALL PROGRAMS:							
GENERAL FUND.....	\$ 181,136	\$ 203,193	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474
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.....	\$ 181,136	\$ 203,193	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474

PROGRAM OBJECTIVE: To formulate and enact the public policy of the Commonwealth, to define the functions of State Government, to provide revenue for the Commonwealth and to appropriate money for the operation of State agencies and for other purposes.

Program: Legislature

This program provides for the operation of the General Assembly, which consists of a 50 member Senate and a 203 member House of Representatives funded by numerous General Fund appropriations.

These appropriations are detailed in the Summary by Fund and Appropriation portion of this presentation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Legislature
 \$ 4,281 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
TOTAL GENERAL FUND	\$ 181,136	\$ 203,193	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474	\$ 207,474





COMMONWEALTH OF PENNSYLVANIA

JUDICIARY

The objective of the judicial system of the Commonwealth is to provide citizens with prompt and equitable justice under the law.

The court system includes the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas and Community Courts including District Justices, Philadelphia Municipal Court, Philadelphia Traffic Court and the Pittsburgh Magistrate Court.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

1996-97 1997-98 1998-99
ACTUAL AVAILABLE * BUDGET

GENERAL FUND:

General Government:

Supreme Court:

Supreme Court.....	\$ 8,808	\$ 9,101	\$ 9,716
(A)Filing Fees.....	332	300	328
Justice Expenses.....	180	180	180
Statewide Funding - Court Administrator.....	0	0	2,859
Statewide Funding - Judicial Council.....	0	0	180
Statewide Funding - County Court Administrators.....	0	0	11,966
Statewide Funding - Court Management Education.....	0	0	200
Office of Legal Systems.....	250	192	0
Civil Procedural Rules Committee.....	317	326	337
Criminal Procedural Rules Committee.....	324	332	347
Judicial Conduct Board.....	838	866	890
Court of Judicial Discipline.....	341	360	374
Domestic Relations Committee.....	145	133	135
Court Administrator.....	4,554	5,077	5,111
(A)Miscellaneous.....	3	3	3
Study Unified Judiciary.....	0	1,357	1,357
Integrated Criminal Justice System.....	0	342	1,950
Judicial Computer System.....	95	0	266
(R)Judicial Computer System.....	12,819	10,000	13,100
District Justice Education.....	482	499	520
(A)Registration Fees.....	39	26	32
Subtotal.....	\$ 29,527	\$ 29,094	\$ 49,851

Superior Court:

Superior Court.....	\$ 17,661	\$ 18,821	\$ 20,344
(A)Filing Fees.....	281	280	280
Justice Expenses.....	237	237	237
Subtotal.....	\$ 18,179	\$ 19,338	\$ 20,861

Commonwealth Court:

Commonwealth Court.....	\$ 10,965	\$ 11,403	\$ 12,065
(A)Filing Fees.....	224	200	200
Justice Expenses.....	143	143	143
Court Security.....	0	200	150
Subtotal.....	\$ 11,332	\$ 11,946	\$ 12,558

Courts of Common Pleas:

Courts of Common Pleas.....	\$ 48,042	\$ 51,608	\$ 53,785
Senior Judges.....	3,216	3,325	3,450
Judicial Education.....	458	498	677
Subtotal.....	\$ 51,716	\$ 55,431	\$ 57,912

District Justices:

District Justices.....	\$ 41,127	\$ 41,739	\$ 42,053
Subtotal.....	\$ 41,127	\$ 41,739	\$ 42,053

Philadelphia Courts:

Traffic Court.....	\$ 544	\$ 653	\$ 667
Municipal Court.....	3,678	4,134	4,392
Law Clerks.....	39	39	39
Domestic Violence Services.....	200	200	200
Subtotal.....	\$ 4,461	\$ 5,026	\$ 5,298

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	1996-97 ACTUAL	1997-98 AVAILABLE	1998-99 BUDGET
Pittsburgh Magistrate Court.....	\$ 1,200	\$ 5,475	\$ 1,200
Subtotal - State Funds.....	\$ 143,844	\$ 157,240	\$ 175,790
Subtotal - Augmentations.....	879	809	843
Subtotal - Restricted Revenues.....	12,819	10,000	13,100
Total - General Government.....	\$ 157,542	\$ 168,049	\$ 189,733
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors.....	\$ 1,469	\$ 1,469	\$ 1,469
County Courts.....	29,071	29,071	29,071
Juvenile Court Rules Committee.....	0	0	65
Ethics Committee.....	0	0	54
Subtotal.....	\$ 30,540	\$ 30,540	\$ 30,659
Total - Grants and Subsidies.....	\$ 30,540	\$ 30,540	\$ 30,659
STATE FUNDS.....	\$ 174,384	\$ 187,780	\$ 206,449
FEDERAL FUNDS.....	0	0	0
AUGMENTATIONS.....	879	809	843
RESTRICTED REVENUES.....	12,819	10,000	13,100
GENERAL FUND TOTAL.....	\$ 188,082	\$ 198,589	\$ 220,392



Program Funding Summary

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND.....	\$ 174,384	\$ 187,780	\$ 206,449	\$ 207,710	\$ 212,244	\$ 214,847	\$ 218,520
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	13,698	10,809	13,943	14,223	14,508	14,799	15,095
SUBCATEGORY TOTAL.....	\$ 188,082	\$ 198,589	\$ 220,392	\$ 221,933	\$ 226,752	\$ 229,646	\$ 233,615
ALL PROGRAMS:							
GENERAL FUND.....	\$ 174,384	\$ 187,780	\$ 206,449	\$ 207,710	\$ 212,244	\$ 214,847	\$ 218,520
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	13,698	10,809	13,943	14,223	14,508	14,799	15,095
DEPARTMENT TOTAL.....	\$ 188,082	\$ 198,589	\$ 220,392	\$ 221,933	\$ 226,752	\$ 229,646	\$ 233,615



PROGRAM OBJECTIVE: *To provide the citizens of the Commonwealth with prompt and equitable justice*

Program: State Judicial System

The judicial power of the Commonwealth is vested in a court system consisting of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court, Pittsburgh Magistrates Court, Traffic Court of Philadelphia and District Justices.

At the first level in the court system are the special courts. In counties other than Philadelphia, these courts are presided over by district justices who have jurisdiction over summary criminal cases, landlord-tenant matters and other civil actions where the amount claimed does not exceed \$4,000. They also have jurisdiction to issue warrants, hold arraignments and preliminary hearings in all criminal cases, and to accept guilty pleas under certain circumstances.

Although district justices need not be lawyers, they must complete an educational course and pass a qualifying examination administered by the Minor Judiciary Education Board in order to be certified. They must also participate in one week of continuing education each year.

In Philadelphia, the special courts are the Municipal Court and the Traffic Court. Municipal Court is a court of record whose 22 judges must be lawyers. Its limited jurisdiction is analogous to that of the district justices.

The Philadelphia Traffic Court, composed of six judges, has jurisdiction over all summary offenses under the Motor Vehicle Code and related city ordinances.

The City of Pittsburgh has six police magistrates in addition to the county district justices who may issue arrest warrants and preside at arraignments and preliminary hearings for all criminal offenses occurring within the city.

The Courts of Common Pleas are the courts of general trial jurisdiction. They have original jurisdiction over all cases which 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 which are not within the specific statutory jurisdiction of another appellate court.

As defined by the State Constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) administers the Commonwealth's court system. The AOPC provides services for approximately 1,600 members of the Judiciary and staff, including budgeting, accounting, benefits and retirement counseling, legal representation, policy guidance, technical advice, education, research, legislative affairs, communications and data processing.

Pennsylvania's Supreme Court is continuing with a program which has the ultimate goal of computerization of the entire judicial system. Known as the Judicial Computer Project, the initial phase has computerized all of the 551 district justice offices throughout Pennsylvania. This has provided district justices with the electronic tools needed to effectively manage cases, and improve the accounting and reporting of the status of fees and fines.

The role of the Judicial Conduct Board is to investigate complaints regarding judicial conduct. Hearings are conducted by the Court of Judicial Discipline to determine whether a sanction should be imposed upon a member of the judiciary.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 2,859</p> <p>Statewide Funding — Court Administrator —Initiative — Statewide Judicial Funding Plan. To provide additional administrative resources to the Administrative Office of the Pennsylvania Courts consistent with implementation of Phase I of the Special Master's report for State funding of the judicial system.</p>	<p>\$ 200</p> <p>Statewide Funding — Court Management Education —Initiative — Statewide Judicial Funding Plan. To fund county court management education consistent with implementation of Phase I of the Special Master's report for State funding of the judicial system.</p>
<p>\$ 180</p> <p>Statewide Funding — Judicial Council —Initiative — Statewide Judicial Funding Plan. To establish a judicial council consistent with implementation of Phase I of the Special Master's report for State funding of the judicial system.</p>	<p>\$ 65</p> <p>Juvenile Court Rules Committee —Initiative — Juvenile Court Rules Committee. To provide administrative support for the Juvenile Court Rules.</p>
<p>\$ 11,966</p> <p>Statewide Funding — County Court Administrators —Initiative — Statewide Judicial Funding Plan. To fund county court administrators consistent with implementation of Phase I of the Special Master's report for State funding of the judicial system.</p>	<p>\$ 54</p> <p>Ethics Committee —Initiative — Trial Judge's Ethics Committee. To provide administrative support for the Ethics Committee of the PA Conference of State Trial Judges.</p>
	<p>\$ 266</p> <p>Judicial Computer System —Initiative — Statewide Judicial Funding Plan. To provide judicial computer system enhancements consistent with implementation of Phase I of the Special Master's report for State funding of the judicial system.</p>



Program: State Judicial System (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	1,197	Courts of Common Pleas
		—to annualize cost for 19 new judges effective January 1, 1998 per Act 2 of 1997.
	980	—to maintain current program.
\$	<u>2,177</u>	<i>Appropriation Increase</i>

This budget recommends all other appropriations either at levels based on estimated revenues or at levels to carry current programs forward. Recommendations include funding for salary increases for all judicial officers as specified in Act 51 of 1995.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL FUND:							
Supreme Court	\$ 8,808	\$ 9,101	\$ 9,716	\$ 9,910	\$ 10,108	\$ 10,310	\$ 10,516
Justice Expenses	180	180	180	180	180	180	180
Statewide Funding — Court Administrator ..	0	0	2,859	1,927	2,965	2,005	2,045
Statewide Funding — Judicial Council	0	0	180	175	179	183	186
Statewide Funding — County Court Administrators	0	0	11,966	10,963	11,182	11,406	11,634
Statewide Funding — Court Management Education	0	0	200	204	208	212	216
Office of Legal Systems	250	192	0	0	0	0	0
Civil Procedural Rules Committee	317	326	337	344	351	358	365
Criminal Procedural Rules Committee	324	332	347	354	361	368	375
Judicial Conduct Board	838	866	890	908	926	945	964
Court of Judicial Discipline	341	360	374	381	389	397	405
Domestic Relations Committee	145	133	135	138	141	144	147
Juvenile Court Rules Committee	0	0	65	71	73	74	76
Ethics Committee	0	0	54	45	46	47	48
Court Administrator	4,554	5,077	5,111	5,213	5,317	5,423	5,531
Study Unified Judiciary	0	1,357	1,357	1,384	1,412	1,440	1,469
Integrated Criminal Justice System	0	342	1,950	1,989	2,029	2,070	2,111
Judicial Computer System	95	0	266	271	277	282	288
District Justice Education	482	499	520	530	541	552	563
Superior Court	17,661	18,821	20,344	20,751	21,166	21,589	22,021
Justice Expenses	237	237	237	237	237	237	237
Commonwealth Court	10,965	11,403	12,065	12,306	12,552	12,803	13,059
Justice Expenses	143	143	143	143	143	143	143
Court Security	0	200	150	153	156	159	162
Courts of Common Pleas	48,042	51,608	53,785	54,861	55,958	57,077	58,219
Senior Judges	3,216	3,325	3,450	3,519	3,589	3,661	3,734
Judicial Education	458	498	677	691	705	719	733
District Justices	41,127	41,739	42,053	42,894	43,752	44,627	45,520
Philadelphia Traffic Court	544	653	667	680	694	708	722
Philadelphia Municipal Court	3,678	4,134	4,392	4,480	4,570	4,661	4,754
Law Clerks	39	39	39	40	41	42	43
Domestic Violence Services	200	200	200	204	208	212	216
Pittsburgh Magistrate Court	1,200	5,475	1,200	1,224	1,248	1,273	1,298
Juror Cost Reimbursement	1,469	1,469	1,469	1,469	1,469	1,469	1,469
County Courts	29,071	29,071	29,071	29,071	29,071	29,071	29,071
TOTAL GENERAL FUND	\$ 174,384	\$ 187,780	\$ 206,449	\$ 207,710	\$ 212,244	\$ 214,847	\$ 218,520



Governor's Executive Budget

CAPITAL
BUDGET

CAPITAL BUDGET

Program Summary

This section contains the 1998-99 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 all types of new buildings and renovation projects. Also included are nonstructural improvements and the acquisition of land. The majority of these projects are designed and constructed through the Department of General Services. However, the Keystone Recreation, Park and Conservation Projects will be 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.

Transportation Assistance Projects — These projects include: (a) the purchase of rolling stock and construction or improvement of facilities operated by mass transportation agencies throughout the Commonwealth; and, (b) the acquisition, construction and equipping of rural and intercity common carrier surface transportation systems or any components thereof. These projects are administered through 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.

Site Development Projects — This category provides grants for the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of any facility or system, whether publicly or privately owned, for the collection,

treatment or disposal of wastewater, including industrial waste, or for the supply, treatment, storage or distribution of drinking water. These projects are administered through the Pennsylvania Infrastructure Investment Authority.

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 through 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 through the Department of Transportation.

The Capital Budget section consists of the following subsections.

1998-99 New Project Authorizations — This Section itemizes and describes the new capital projects recommended for authorization in 1998-99 and their proposed source of funding. The projects are listed by department and capital project category.

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 are 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 are 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 contains 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 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 1998-99 through 2002-03. 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, payment of costs incurred usually occurs over several fiscal years. The estimated expenditures determine the amount of bonds which must be issued, or current revenue appropriations required, each fiscal year. The projections are listed by capital project category and subdivided by projects currently authorized, new projects proposed for 1998-99 and future projects (1999-03).



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)				
	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds:					
Public Improvement Projects - Buildings and Structures	\$ 400,000	\$ 325,000	\$ 340,000	\$ 235,000	\$ 200,000
Public Improvement Projects - Furniture and Equipment	6,000	35,000	62,000	75,000	43,000
Redevelopment Assistance	70,000	90,000	100,000	40,000	23,000
Flood Control	12,000	9,000	12,000	3,000	1,000
Transportation Assistance	150,000	140,000	145,000	145,000	145,000
Keystone Recreation, Park and Conservation Bonds	0	0	0	0	0
Less: Costs of Issue	-9,570	-8,985	-9,885	-7,470	-4,120
Miscellaneous Revenue	22,963	3,746	4,013	4,413	4,325
Change in Available Cash	-65,376	3,555	-5,600	-8,394	1,854
Total	\$ 586,017	\$ 597,316	\$ 647,528	\$ 486,549	\$ 414,059
Expenditures					
Capital Facilities Fund:					
Public Improvement Projects - Buildings and Structures	\$ 355,605	\$ 322,183	\$ 339,838	\$ 233,352	\$ 207,163
Public Improvement Projects - Furniture and Equipment	6,956	38,539	63,778	73,372	43,036
Redevelopment Assistance	71,002	89,417	98,853	40,467	23,800
Flood Control Projects	10,645	9,395	11,777	3,146	1,419
Transportation Assistance Projects	141,494	137,782	133,282	136,212	138,641
Subtotal - Capital Facilities Projects	<u>\$ 585,702</u>	<u>\$ 597,316</u>	<u>\$ 647,528</u>	<u>\$ 486,549</u>	<u>\$ 414,059</u>
Keystone Recreation, Park and Conservation Fund					
Acquisition, Improvement and Restoration Projects	\$ 315	\$ 0	\$ 0	\$ 0	\$ 0
Total - General Obligation Bonds	<u>\$ 586,017</u>	<u>\$ 597,316</u>	<u>\$ 647,528</u>	<u>\$ 486,549</u>	<u>\$ 414,059</u>
FROM CURRENT REVENUES					
Public Improvement Projects - Game Fund	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Acquisition, Improvement and Restoration Projects - Keystone Recreation, Park and Conservation Fund	5,513	7,612	7,500	7,500	7,500
Forest Bridge Replacement and Rehabilitation Projects - Forestry Bridge Excise Tax	2,808	0	0	0	0
Highway Projects - Motor License Fund	450,531	605,009	635,615	497,361	463,117
Total Current Revenues	<u>\$ 458,852</u>	<u>\$ 613,621</u>	<u>\$ 644,115</u>	<u>\$ 505,861</u>	<u>\$ 471,617</u>
TOTAL - ALL FUNDS	<u>\$ 1,044,869</u>	<u>\$ 1,210,937</u>	<u>\$ 1,291,643</u>	<u>\$ 992,410</u>	<u>\$ 885,676</u>

FORECAST OF NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the budget recommendations and potential future authorizations by department.

(Dollar Amounts in Thousands)

	1998-99	1999-00	2000-01	2001-02	2002-03	Total
Agriculture.....	\$ 240	\$ 871	\$ 1,045	\$ 1,220	\$ 1,394	\$ 4,770
Conservation and Natural Resources.....	12,375	17,703	19,743	21,784	23,824	95,429
Corrections.....	29,634	13,835	16,601	19,369	22,136	101,575
Education.....	6,860	23,263	27,916	32,568	37,221	127,828
Environmental Protection.....	5,228	4,519	5,323	5,927	6,731	27,728
Game Commission.....	0	1,000	1,000	1,000	1,000	4,000
General Services.....	0	13,851	16,622	19,392	22,162	72,027
Historical and Museum Commission.....	0	11,446	13,735	16,024	18,313	59,518
Military and Veterans Affairs.....	2,510	1,676	2,011	2,346	2,681	11,224
Public Welfare.....	6,540	10,271	12,326	14,380	16,434	59,951
State Police.....	4,250	6,029	7,235	8,440	9,646	35,600
Transportation.....	529,334	154,536	165,443	166,350	217,258	1,232,921
TOTAL.....	\$ 596,971	\$ 259,000	\$ 289,000	\$ 308,800	\$ 378,800	\$ 1,832,571



RECOMMENDED 1998-99 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.....	\$ 240	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	4,100	400	0	0
Corrections.....	29,634	0	0	0
Education.....	2,770	4,090	0	0
Environmental Protection.....	3,840	0	0	1,388
Military and Veterans Affairs.....	2,510	0	0	0
Public Welfare.....	6,540	0	0	0
State Police.....	3,950	0	0	0
Transportation.....	6,000	0	1,411	0
TOTAL.....	\$ 59,584	\$ 4,490	\$ 1,411	\$ 1,388

Current Revenues

	Highway Projects	Keystone Recreation, Park and Conservation Projects	Drug Forfeiture Funds	All Funds
Agriculture.....	\$ 0	\$ 0	\$ 0	\$ 240
Conservation and Natural Resources.....	0	7,875	0	12,375
Corrections.....	0	0	0	29,634
Education.....	0	0	0	6,860
Environmental Protection.....	0	0	0	5,228
Military and Veterans Affairs.....	0	0	0	2,510
Public Welfare.....	0	0	0	6,540
State Police.....	0	0	300	4,250
Transportation.....	521,923	0	0	529,334
TOTAL.....	\$ 521,923	\$ 7,875	\$ 300	\$ 596,971

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
1998-99 PUBLIC IMPROVEMENT PROJECTS				
Protection and Development of Agricultural Industries.....	\$ 200	\$ 0	\$ 40	\$ 240
TOTAL PROJECTS.....	\$ 200	\$ 0	\$ 40	\$ 240
 SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 200	\$ 0	\$ 40	\$ 240
TOTAL.....	\$ 200	\$ 0	\$ 40	\$ 240

Department of Agriculture 1998-99 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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PUBLIC IMPROVEMENT PROJECTS

Program: Protection and Development of Agricultural Industries

Farm Show Complex

COAL SILO REPLACEMENT: This project provides for the construction of a new coal silo with a capacity of approximately 300 tons. The silo will store and dispense fuel for the entire Farm Show complex. When completed, this project is not expected to change operating expenses.

\$ 200	\$ 0	\$ 40	\$ 240
<u>200</u>	<u>0</u>	<u>40</u>	<u>240</u>

PROGRAM TOTAL.....

<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ 40</u>	<u>\$ 240</u>
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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
1998-99 PUBLIC IMPROVEMENT PROJECTS				
Management of Recreational Areas and Facilities.....	\$ 11,825	\$ 0	\$ 550	\$ 12,375
TOTAL PROJECTS.....	\$ 11,825	\$ 0	\$ 550	\$ 12,375
 SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 3,550	\$ 0	\$ 550	\$ 4,100
Capital Facilities Fund - Furniture and Equipment.....	400	0	0	400
Subtotal General Obligation Bond Issues.....	\$ 3,950	\$ 0	\$ 550	\$ 4,500
Current Revenues				
Keystone Recreation, Park and Conservation Fund - Improvements and Restoration.....	\$ 7,875	\$ 0	\$ 0	\$ 7,875
Subtotal Current Revenues.....	\$ 7,875	\$ 0	\$ 0	\$ 7,875
TOTAL.....	\$ 11,825	\$ 0	\$ 550	\$ 12,375

Department of Conservation and Natural Resources 1998-99 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)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Management of Recreational Areas and Facilities				
Presque Isle State Park				
BEACH NOURISHMENT: This project provides for the State's 50% commitment to a project conducted by the U.S. Army Corps. of Engineers to replenish and redistribute beach sand which is subject to erosion. When complete, this project is not expected to change operating costs.	\$ 800	\$ 0	\$ 0	\$ 800
Nescopeck State Park				
ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 132-1, RECREATION FACILITIES AND FLOOD CONTROL: This project provides the necessary furniture and equipment to allow the park improvements to become operational. When completed, this project is not expected to change operating expenses.	400	0	0	400
Pymatuning State Park				
ADDITIONAL FUNDS FOR DGS PROJECT 103-7, REHABILITATE ESPYVILLE BOAT LIVERY: This project provides for the phase 3 portion of a continuing project to rehabilitate the boating facilities at Espyville. This phase will include the construction of a bulkhead to reduce erosion, a public boat launch ramp, a courtesy dock, all necessary dredging and all related site work. Initially authorized by Act 47 of 1993, this additional funding will increase the total investment in this project to \$1.5 million. When completed, this project is not expected to change operating costs.	584	0	117	701
Ricketts Glen State Park				
PARK IMPROVEMENTS: This project will provide a number of park improvements including a visitor center, parking area expansion, rehabilitation of the Glen Trail system, new public boat launching facility, new public bicycle and pedestrian trails and related site work. When completed, this project is not expected to change operating costs.	2,166	0	433	2,599
PROGRAM TOTAL	<u>\$ 3,950</u>	<u>\$ 0</u>	<u>\$ 550</u>	<u>\$ 4,500</u>

Department of Conservation and Natural Resources 1998-99 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Management of Recreational Areas and Facilities				
Forest District 5, Huntingdon County				
RESURFACE STONE CREEK ROAD. This project will resurface approximately 6 miles of roadway with bituminous material. When completed, this project may reduce operating costs by reducing maintenance requirements.	\$ 750	\$ 0	\$ 0	\$ 750
Forest District 12, Lycoming County				
CONSTRUCT NEW FOREST MAINTENANCE HEADQUARTERS. This project will construct a 3,000 sq. ft. building to replace an existing facility. When completed, this project is not expected to change operating costs.	500	0	0	500
Forest District 13, Cameron County				
CONSTRUCT NEW FOREST MAINTENANCE HEADQUARTERS. This project will construct a 3,000 sq. ft. building to replace an existing facility. When completed, this project is not expected to change operating costs.	500	0	0	500
Forest Districts 5 and 16, Lycoming and Tioga Counties				
DEVELOPMENT OF PINE CREEK RAIL/TRAIL: This project will convert approximately 16 miles of railbed to a surface suitable for hiking. When completed, this project may increase operating cost by increasing maintenance requirements.	1,000	0	0	1,000
Gifford Pinchot State Park, York County				
REHABILITATE DAY USE AREA: This project will provide additional funding to rehabilitate comfort stations, children's play areas along with improving access and parking. This project is not expected to change operating costs.	850	0	0	850
Little Buffalo State Park, Perry County				
REHABILITATE SWIMMING POOL COMPLEX: This project will install new water filtration and circulation systems, and resurface the facility. This project is not expected to change operating costs.	600	0	0	600
Moraine State Park, Butler County				
REHABILITATE SOUTH SHORE ROAD: This project will resurface approximately 4.5 miles with bituminous material. When completed, this project may reduce operating costs by reducing maintenance requirements.	675	0	0	675

Department of Conservation and Natural Resources 1998-99 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>				
Pine Grove Furnace State Park, Cumberland County				
REHABILITATE BATH HOUSE: This project will update fixtures as well as interior surfaces for a single bath house. When completed, this project is not expected to change operating costs.	\$ 500	\$ 0	\$ 0	\$ 500
Prince Gallitzen State Park, Cambria County				
REHABILITATE SEWAGE COLLECTION SYSTEM: This project will upgrade piping, pumps and treatment systems where necessary. When completed, this project is not expected to change operating costs.	500	0	0	500
Pymatuning State Park, Crawford County				
REHABILITATE DAM SPILLWAY: This project will upgrade the spillway and controls to current standards. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Shawnee State Park, Bedford County				
REHABILITATE SEWAGE COLLECTION SYSTEM: This project will upgrade piping, pumps and treatment systems where necessary. When completed, this project is not expected to change operating costs.	500	0	0	500
PROGRAM TOTAL.....	\$ 7,875	\$ 0	\$ 0	\$ 7,875



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
1998-99 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders.....	\$ 24,695	\$ 0	\$ 4,939	\$ 29,634
TOTAL PROJECTS.....	<u>\$ 24,695</u>	<u>\$ 0</u>	<u>\$ 4,939</u>	<u>\$ 29,634</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 24,695	\$ 0	\$ 4,939	\$ 29,634
TOTAL.....	<u>\$ 24,695</u>	<u>\$ 0</u>	<u>\$ 4,939</u>	<u>\$ 29,634</u>

Department of Corrections 1998-99 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Institutionalization of Offenders

State Correctional Institution at Camp Hill

CONSTRUCTION OF NEW COAL HANDLING SYSTEM: This project will provide for the construction of a new coal handling system consisting of an elevator, bunker hopper and associated mechanisms needed to move from outside storage to the three boilers used at the institution. When completed, this project is not expected to change operating costs.

\$ 573	\$ 0	\$ 115	\$ 688
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State Correctional Institution at Cresson

NEW KITCHEN AND LOADING DOCK: This project will construct a new 5,280 sq. ft. kitchen facility with outside loading dock. The existing kitchen area will be renovated for use as a storage area. When completed, this project is not expected to change operating costs.

1,800	0	360	2,160
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State Correctional Training Academy at Elizabethtown

ELECTRICAL SYSTEM RENOVATIONS: This project will upgrade the transformer for the primary electrical system. The existing transformer is undersized and obsolete. When completed, this project may reduce operating costs by reducing maintenance requirements.

2,000	0	400	2,400
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State Correctional Institution at Graterford

PLUMBING AND HEATING SYSTEM RENOVATIONS: This project will replace: all water and sewer drainage in A, B and E cell blocks; replace all condensate and steam lines in tunnel area; replace all heating system piping; and, replace all radiators in housing units along with zone controls. When completed, this project may reduce operating costs by increasing the efficiency of the heating system.

5,000	0	1,000	6,000
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State Correctional Institution at Huntingdon

SECURITY SYSTEMS UPGRADE: This project will: install approximately 800 new cell doors and locking system; install security windows; install 14' high fencing and intrusion detection for D & F yards; intrusion detection and television monitoring along perimeter wall; and renovate #2 gate at the vehicle sally port. When completed, this project is not expected to change operating costs.

6,615	0	1,323	7,938
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State Correctional Institution at Muncy

CONSTRUCTION OF A YOUTHFUL OFFENDER HOUSING UNIT: This project will construct an additional 24 cell, 3,500 sq. ft. unit to house the increasing population of youthful offenders. When completed, this project will increase annual staffing costs by \$270,000 and will have some impact on operating costs.

1,750	0	350	2,100
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Department of Corrections 1998-99 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>				
Quehanna Motivational Boot Camp, Clearfield County				
CONSTRUCTION OF A NEW SEWAGE TREATMENT PLANT: This project will construct a new 150,000 gallon per day treatment plant. This project is made necessary by the authorized expansion in bed capacity. When completed, this project will increase staffing and operating costs by approximately \$50,000 annually.				
	\$ 1,012	\$ 0	\$ 202	\$ 1,214
State Correctional Institution at Smithfield				
RECONSTRUCTION UNDERGROUND WATER SYSTEM: This project will excavate existing hot water lines and construct a concrete tunnel system through which new water lines will be placed. When completed, this project is expected to decrease operating costs by reducing maintenance requirements.				
	3,795	0	759	4,554
State Correctional Institution at Waynesburg				
ADDITION TO DIETARY: This project will construct a two story addition to the current dietary building. The addition will include a cooler/freezer area along with an increase in food preparation area. When completed, this project is not expected to increase operating costs.				
	2,150	0	430	2,580
PROGRAM TOTAL.....	\$ 24,695	\$ 0	\$ 4,939	\$ 29,634

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
1998-99 PUBLIC IMPROVEMENT PROJECTS				
State-Owned Schools.....	\$ 200	\$ 0	\$ 40	\$ 240
Higher Education - State System of Higher Education.....	452	0	90	542
Higher Education - State-Related Universities.....	6,198	0	422	6,620
TOTAL PROJECTS.....	\$ 6,850	\$ 0	\$ 552	\$ 7,402

SOURCE OF FUNDS

General Obligation Bond Issues

Capital Facilities Fund - Buildings and Structures.....	\$ 2,308	\$ 0	\$ 462	\$ 2,770
Capital Facilities Fund - Furniture and Equipment.....	4,090	0	0	4,090

State System of Higher Education Academic Facilities

Renovation Program Bond Issues

Buildings and Structures.....	452	0	90	542
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TOTAL.....	\$ 6,850	\$ 0	\$ 552	\$ 7,402
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Department of Education 1998-99 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)

FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State-Owned Schools

Scranton State School for the Deaf

STEAM LINE REPLACEMENT: This project will upgrade the steam line between the O'Donnell building and the boiler plant. Leakage from the existing line is substantial. When completed, this project is expected to decrease operating costs by reducing maintenance requirements.

\$	200	\$	0	\$	40	\$	240
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PROGRAM TOTAL.....

\$	200	\$	0	\$	40	\$	240
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Program: Higher Education - State Related Universities

Lincoln University

RENOVATION OF UNIVERSITY HALL: This project will include upgrading the electrical, heating and cooling systems as well as insulating the walls and roof and sealing the exterior. When completed, this project is expected to decrease operating costs by reducing maintenance and energy expenses.

\$	2,108	\$	0	\$	422	\$	2,530
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The Pennsylvania State University

ORIGINAL FURNITURE AND EQUIPMENT FOR PROJECT DGS 800-208, NEW CLASSROOM BUILDING AT THE DELAWARE CAMPUS: This project provides for the purchase of the necessary furniture and equipment to make the preceding construction project operational.

290	0	0	290
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The University of Pittsburgh

ORIGINAL FURNITURE AND EQUIPMENT FOR THE BASIC SCIENCES COMPLEX: This project will provide for the purchase of the necessary furniture and equipment for the future construction of the Basic Sciences Complex.

3,800	0	0	3,800
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PROGRAM TOTAL.....

\$	6,198	\$	0	\$	422	\$	6,620
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Department of Education 1998-99 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM STATE SYSTEM OF HIGHER EDUCATION FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Higher Education - State System of Higher Education

California University

REPLACEMENT OF SELECTED HIGH VOLTAGE CABLES AND SWITCHES: This project will replace all high voltage cables and switches which connect the Administration building, Health Center, Learning Research Center and other academic facilities to the power source. When completed, this project is expected to decrease operating costs by reducing maintenance requirements.

\$ 452	\$ 0	\$ 90	\$ 542
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PROGRAM TOTAL.....

<u>\$ 452</u>	<u>\$ 0</u>	<u>\$ 90</u>	<u>\$ 542</u>
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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
1998-99 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management.....	\$ 3,200	\$ 0	\$ 640	\$ 3,840
FLOOD CONTROL PROJECTS				
Environmental Protection and Management.....	\$ 1,388	\$ 0	\$ 0	\$ 1,388
TOTAL PROJECTS	<u>\$ 4,588</u>	<u>\$ 0</u>	<u>\$ 640</u>	<u>\$ 5,228</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 4,588	\$ 0	\$ 640	\$ 5,228
TOTAL	<u>\$ 4,588</u>	<u>\$ 0</u>	<u>\$ 640</u>	<u>\$ 5,228</u>

Department of Environmental Protection 1998-99 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: Environmental Protection and Management

Bethel Park Borough, Allegheny County

ADDITIONAL FUNDS FOR DGS PROJECT 184-20, FLOOD PROTECTION ALONG McLAUGHLIN RUN EXTENSION. This project provides additional funding to construct a debris basin, installation of concrete culverts and a rectangular channel on an unnamed tributary of Graesers Run. Total funding for this project will increase to \$3.02 million. Since the locality will be responsible for maintenance, there will be no change in State operating costs.

\$ 450	\$ 0	\$ 90	\$ 540
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Curwensville Borough, Clearfield County

CONSTRUCTION OF LEVEE ALONG ANDERSON CREEK: This project will construct compacted earth levees on the north and south sides of Anderson Creek. The levees will extend for 2,800 feet along the north bank and 1,100 feet along the south bank. Since the locality will be responsible for maintenance, there will be no change in State operating costs.

1,750	0	350	2,100
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Schuylkill River, Montgomery County

REMOVAL OF PLYMOUTH DAM: This project will demolish the entire structure. The dam is a stone filled timber crib design measuring about 527 feet long and 15 feet high with masonry abutments. The purpose of construction was to remove silt. This function is no longer necessary at this point on the river and it poses a barrier to shad migration. When completed, this project is not expected to change operating costs.

850	0	170	1,020
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Schuylkill River, Schuylkill County

RECONSTRUCTION OF THE ABUTMENTS FOR AUBURN DAM: This project will reconstruct the concrete abutments which have seriously deteriorated due to water infiltration. When completed, this project is not expected to change operating costs.

150	0	30	180
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PROGRAM TOTAL.....

\$ 3,200	\$ 0	\$ 640	\$ 3,840
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Department of Environmental Protection 1998-99 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
FLOOD CONTROL PROJECTS				
Program: Environmental Protection and Management				
City of Pittsburgh, Allegheny County				
ADDITIONAL FUNDS FOR LOWER SAW MILL RUN FLOOD CONTROL PROJECT: This project will provide additional funds for the State financial commitment. The U. S. Corps of Engineers has revised the total cost estimate for this project from \$9.6 million to \$14.1 million. Consequently, the State share will increase from \$1.2 million as authorized in Act 223 of 1990, to \$1.78 million. The project involves channel dredging, slope protection and retaining structures. Since the locality will be responsible for maintenance, there will be no change to State operating costs.				
	\$ 578	\$ 0	\$ 0	\$ 578
Borough of Palmerton, Carbon County				
ADDITIONAL FUNDS FOR PALMERTON FLOOD CONTROL PROJECT: This project will provide additional funding as a result of an update to the U. S. Army Corps. of Engineer's estimate of total project cost. The project involves channel excavation and removal of obstructions and was estimated \$2.5 million. The estimate has been revised to \$3.4 million. This revision will increase the State share from \$312,000, as authorized in Act 74 of 1994, to \$424,000. Since the locality will be responsible for maintenance, there will be no change to State operating costs.				
	110	0	0	110
Borough of Olyphant, Lackawanna County				
ADDITIONAL FUNDS FOR THE OLYPHANT FLOOD CONTROL PROJECT: This project will provide additional funding for the State financial commitment to this project. The U. S. Army Corps of Engineers has revised the total cost estimate from approximately \$14.8 million to \$16.6 million. This revision will increase the State share from \$2.4 million to \$2.7 million. The project involves construction of earth levees and concrete floodwalls and associated structures. Since the locality will be responsible for maintenance, there will be no increase in State operating costs.				
	300	0	0	300
City of Scranton, Lackawanna County				
ADDITIONAL FUNDS FOR SCRANTON FLOOD CONTROL PROJECT: This project will provide additional funding as a result of an update to the U. S. Army Corps of Engineer's estimate of total project cost. The project involves compacted earth levees, concrete floodwall and appurtenant features and was estimated at \$19.5 million. The estimate has been revised to \$22.5 million. This revision will increase the State share from \$2.6 million as authorized in Act 74 of 1994, to \$3 million. Since the locality will be responsible for maintenance, there will be no change to State operating costs.				
	400	0	0	400
PROGRAM TOTAL	\$ 1,388	\$ 0	\$ 0	\$ 1,388



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
1998-99 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness.....	\$ 37,746	\$ 300	\$ 2,130	\$ 40,176
Veteran's Homes and School.....	950	0	60	1,010
TOTAL PROJECTS.....	\$ 38,696	\$ 300	\$ 2,190	\$ 41,186
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 1,950	\$ 300	\$ 260	\$ 2,510
Subtotal General Obligation Bond Issues.....	\$ 1,950	\$ 600	\$ 260	\$ 2,510
Federal Funds.....	\$ 36,746	\$ 0	\$ 1,930	\$ 38,676
TOTAL.....	\$ 38,696	\$ 600	\$ 2,190	\$ 41,186

Department of Military and Veterans Affairs 1998-99 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Military Readiness				
Armory at New Milford				
CONSTRUCTION OF NEW ARMORY AND LAND ACQUISITION:				
This project will construct a new armory at New Milford, PA.				
This structure will replace the current rented facility.				
The proposed structure will be approximately 25,000 gross sq. ft. in size. When completed, this project may reduce operating costs.				
	State			
	Fed.			
	\$ 1,000	\$ 300	\$ 200	\$ 1,500
	1,800	0	90	1,890
Total State Funds.....	\$ 1,000	\$ 300	\$ 200	\$ 1,500
Total Federal Funds.....	1,800	0	90	1,890
PROGRAM TOTAL.....	\$ 2,800	\$ 300	\$ 290	\$ 3,390
Program: Veteran's Homes and School				
Southeastern Veteran's Center				
RENOVATION OF WATER STAND TANK: This project will renovate the 750,000 gallon tank to all applicable codes for safety and performance. When completed, this project is not expected to change operating costs.				
	\$ 350	\$ 0	\$ 0	\$ 350
RENOVATION OF RESERVOIR LINER: This project will install a liner to stop leakage from this masonry structure. When completed, this project is not expected to change operating costs.				
	125	0	0	125
EXTERIOR WEATHERIZATION FOR COATES HALL: This project will reconstruct damaged exterior masonry and seal the entire exterior. When completed, this project is not expected to change operating costs.				
	175	0	0	175
Scotland School for Veteran's Children				
REPLACEMENT OF UNDERGROUND FUEL OIL STORAGE TANKS:				
This project will excavate and dispose of underground fuel oil tanks and associated piping to the boiler plant. The project will also install two 30,000 gallon above ground tanks which comply with all applicable regulations. When completed, this project is not expected to change operating costs.				
	300	0	60	360
PROGRAM TOTAL.....	\$ 950	\$ 0	\$ 60	\$ 1,010



Department of Military and Veterans Affairs 1998-99 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM FEDERAL MILITARY CONSTRUCTION FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Military Readiness

Fort Indiantown Gap Military Reservation

CONSTRUCT NEW SEWAGE TREATMENT PLANT: This project will construct a new sewage treatment facility for the entire military installation. The current facility is under capacity and will not continue to meet applicable regulations. When completed, this project is not expected to change operating costs.

Fed.	\$	9,975	\$	0	\$	525	\$	10,500
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CONSTRUCT TRACK VEHICLE MANEUVER AREA: This project will construct a maneuver area capable of training a platoon size equivalent of mechanized or armor forces. The area will be sufficient for driver training and platoon size battle drills. The design will incorporate buffer zones, sedimentation ponds and other environmental protections. When completed, this project is not expected to change operating costs.

Fed.		2,850		0		150		3,000
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RENOVATION OF TANK TRAIL: This project will rehabilitate approximately 18 miles of deteriorated trail used as a tank route from storage to a training area. When completed, this project is not expected to change operating costs.

Fed.		4,560		0		240		4,800
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REPAIR TWO AERIAL WATER TOWERS: This project will remove all corrosion, reseal and paint the towers. When completed, this project is not expected to change operating costs.

Fed.		523		0		28		551
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CONSTRUCT AN AIRCRAFT MAINTENANCE TRAINING FACILITY: This project will construct an insulated pre-engineered building with capacity to accommodate as many as six aircraft. This will replace current facilities. This facility is intended to provide training to helicopter maintenance personnel. When completed, this project is not expected to change operating costs.

Fed.		450		0		25		475
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REPLACE UNDERGROUND WATER LINES: This project will replace the entire underground water distribution piping. When completed, this project is not expected to change operating costs.

Fed.		2,423		0		127		2,550
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REPLACE UNDERGROUND SANITARY SEWER LINES: This project will replace the entire underground sanitary piping on the reservation. When completed, this project is not expected to change operating costs.

Fed.		4,275		0		225		4,500
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Department of Military and Veterans Affairs 1998-99 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM FEDERAL MILITARY CONSTRUCTION FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Organization Maintenance Shop at Johnstown				
<p>CONSTRUCT AN ORGANIZATION MAINTENANCE SHOP: This project will construct a building with a capacity of nine bays and administrative support area. The building will be pre-engineered of approximately 17,000 sq. ft. with brick facing and concrete floor. The project will also include parking, fuel storage and dispensing, security fencing and other associated features. This project follows a State funded authorization to acquire land for this facility. When completed, this project may reduce operating costs due to the consolidation of activities.</p>				
Fed.	\$ 3,371	\$ 0	\$ 177	\$ 3,548
Organization Maintenance Shop at Pittsburgh				
<p>CONSTRUCT AN ORGANIZATION MAINTENANCE SHOP: This project will construct a large building of sufficient capacity to support all units assigned to the Western portion of the State. No land acquisition is required for this project. When completed, this project may reduce operating costs due to the consolidation of activities.</p>				
Fed.	6,519	0	343	6,862
Total Federal Funds.....	\$ 34,946	\$ 0	\$ 1,840	\$ 36,786
PROGRAM TOTAL.....	\$ 34,946	\$ 0	\$ 1,840	\$ 36,786



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
1998-99 PUBLIC IMPROVEMENT PROJECTS				
Mental Health.....	\$ 3,550	\$ 0	\$ 710	\$ 4,260
Mental Retardation.....	1,900	0	380	2,280
TOTAL PROJECTS.....	\$ 5,450	\$ 0	\$ 1,090	\$ 6,540
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 5,450	\$ 0	\$ 1,090	\$ 6,540
TOTAL.....	\$ 5,450	\$ 0	\$ 1,090	\$ 6,540

Department of Public Welfare 1998-99 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Mental Health				
Harrisburg State Hospital				
RENOVATE BUILDING #17: This project will renovate the heating and air conditioning systems along with eight baths and shower rooms. When completed, this project is not expected to change operating costs.	\$ 3,000	\$ 0	\$ 600	\$ 3,600
Torrance State Hospital				
UPGRADE WATER SOURCE AND DISTRIBUTION: This project will install two new wells and associated piping. Also, the project will include the installation of a water reservoir liner to stop leakage. When completed, this project is not expected to change operating costs.	550	0	110	660
PROGRAM TOTAL.....	<u>\$ 3,550</u>	<u>\$ 0</u>	<u>\$ 710</u>	<u>\$ 4,260</u>
Program: Mental Retardation				
Polk Center				
UPGRADE ELECTRICAL SERVICE: This project will upgrade the underground electrical distribution system wiring, panels and switchgear at the facility. Additional capacity will allow apartment style living to a greater degree. When completed, this project is not expected to change operating costs.	\$ 500	\$ 0	\$ 100	\$ 600
Selinsgrove Center				
REPLACE ELECTRICAL FEEDER CABLES: This project will replace cables on feeders 1, 2, 3, 5, 6 and 8. The new cables will provide the level of reliability necessary for this facility. When completed, this project is not expected to change operating costs.	1,400	0	280	1,680
PROGRAM TOTAL.....	<u>\$ 1,900</u>	<u>\$ 0</u>	<u>\$ 380</u>	<u>\$ 2,280</u>



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
1998-99 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 3,542	\$ 0	\$ 708	\$ 4,250
TOTAL PROJECTS.....	\$ 3,542	\$ 0	\$ 708	\$ 4,250
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 3,292	\$ 0	\$ 658	\$ 3,950
Current Revenues				
Drug Forfeiture Funds - Buildings and Structures.....	\$ 250	\$ 0	\$ 50	\$ 300
TOTAL.....	\$ 3,542	\$ 0	\$ 708	\$ 4,250

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Public Protection and Law Enforcement

State Police Academy, Dauphin County

ADDITIONAL FUNDS FOR DGS PROJECT 211-5, RENOVATIONS AND EXPANSION OF ACADEMY: This project provides additional funds for a phase 2 portion of a project initially authorized by Act 113 of 1988 in the amount of \$5.5 million. Phase 2 will expand kitchen, physical education facilities and instructional facilities. Also, basic building systems such as plumbing, electrical, windows and exterior masonry will be upgraded. These additional funds will bring the total investment in this project to nearly \$9.5 million. When completed, this project is not expected to change operating costs.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
\$ 3,292	\$ 0	\$ 658	\$ 3,950
<u>\$ 3,292</u>	<u>\$ 0</u>	<u>\$ 658</u>	<u>\$ 3,950</u>
PROGRAM TOTAL.....			



State Police 1998-99 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM DRUG FORFITURE FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Public Protection and Law Enforcement

State Police Academy, Dauphin County

CONSTRUCTION OF CANINE DRUG ENFORCEMENT FACILITY: This project will construct a kennel area along with office, food storage, treatment, grooming and training facilities. When completed, this project is expected to increase utilities and maintenance costs.

\$ 250	\$ 0	\$ 50	\$ 300
<u>\$ 250</u>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 300</u>

PROGRAM TOTAL.....

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
PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance.....	\$ 5,500	\$ 500	\$ 0	\$ 6,000
Subtotal.....	\$ 5,500	\$ 500	\$ 0	\$ 6,000
TRANSPORTATION ASSISTANCE PROJECTS				
Urban Mass Transportation.....	\$ 8,464	\$ 0	\$ 0	\$ 8,464
Subtotal.....	\$ 8,464	\$ 0	\$ 0	\$ 8,464
HIGHWAY PROJECTS				
State Highway and Bridge Construction/Reconstruction.....	\$ 1,043,812	\$ 52,750	\$ 93,808	\$ 1,190,370
TOTAL PROJECTS	<u>\$ 1,057,776</u>	<u>\$ 53,250</u>	<u>\$ 93,808</u>	<u>\$ 1,204,834</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 5,500	\$ 500	\$ 0	\$ 6,000
Capital Facilities Fund - Transportation Assistance.....	1,411	0	0	1,411
Subtotal General Obligation Bond Issues.....	\$ 6,911	\$ 500	\$ 0	\$ 7,411
Current Revenues				
Motor License fund.....	\$ 467,584	\$ 15,085	\$ 39,254	\$ 521,923
Federal Funds	\$ 583,000	\$ 37,665	\$ 54,504	\$ 675,169
Local Funds	\$ 281	\$ 0	\$ 50	\$ 331
TOTAL	<u>\$ 1,057,776</u>	<u>\$ 53,250</u>	<u>\$ 93,808</u>	<u>\$ 1,204,834</u>



Department of Transportation 1998-99 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

Bucks County Maintenance Facility

CONSTRUCT OR ACQUIRE A REPLACEMENT MAINTENANCE FACILITY: This project will acquire land and construct a replacement maintenance facility. The replacement facility will be constructed to support the weight of vehicles and equipment used for maintenance activities. When completed, this project is not expected to change operating costs.

\$ 2,000	\$ 500	\$ 0	\$ 2,500
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Washington County Maintenance Facility

CONSTRUCT OR ACQUIRE A REPLACEMENT MAINTENANCE FACILITY: This project will construct or acquire a replacement facility. The replacement facility will be constructed to support the weight of vehicles and maintenance equipment. When completed, this project is not expected to change operating costs.

3,500	0	0	3,500
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PROGRAM TOTAL.....

<u>\$ 5,500</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 6,000</u>
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TRANSPORTATION ASSISTANCE PROJECTS

Program: Urban Mass Transportation

Altoona Metro Transit

PURCHASE OF FOUR BUSES: This project will allow the transit operator to purchase four fully accessible transit buses.

State	\$ 177	\$ 0	\$ 0	\$ 177
Fed.	848	0	0	848
Local	35	0	0	35

Berks and Reading Transportation Authority

INTERMODAL TRANSPORTATION FACILITY: This project will permit continuation of the design, engineering and construction of this facility located in downtown Reading.

State	500	0	0	500
Fed.	2,400	0	0	2,400
Local	100	0	0	100

Centre Area Transportation Authority

FACILITY EXPANSION: This project will provide for the design, engineering and construction of an expansion to the bus storage facility and associated parking area.

State	192	0	0	192
Fed.	920	0	0	920
Local	38	0	0	38

Department of Transportation 1998-99 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Lehigh and Northampton Transportation Authority				
PURCHASE OF FIVE TRANSIT BUSES: This project will allow the operator to purchase five 35 foot, low floor and accessible city transit buses.	State \$ 208	\$ 0	\$ 0	\$ 208
	Fed. 1,000	0	0	1,000
	Local 42	0	0	42
Port Authority of Allegheny County				
97-98 TITLE I ISTEAF FLEXIBLE FUNDING: This project provides the PAT Busway improvements.	State 167	0	0	167
	Fed. 802	0	0	802
	Local 33	0	0	33
Port Authority of Allegheny County				
98-99 TITLE I ISTEAF FLEXIBLE FUNDING: This project provides the PAT Busway improvements.	State 167	0	0	167
	Fed. 802	0	0	802
	Local 33	0	0	33
TOTAL STATE FUNDS.....	\$ 1,411	\$ 0	\$ 0	\$ 1,411
TOTAL FEDERAL FUNDS.....	6,772	0	0	6,772
TOTAL LOCAL FUNDS.....	281	0	0	281
PROGRAM TOTAL.....	\$ 8,464	\$ 0	\$ 0	\$ 8,464



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
ADAMS COUNTY US 30	State	\$ 14	\$ 1	\$ 45	\$ 60
Chambersburg Rd, Cumberland Township	Federal	126	9	0	135
Signal improvement.....	Total	140	10	45	195
ADAMS COUNTY US 15	State	1,100	0	100	1,200
From PA 394 to US 30	Federal	0	0	0	0
Pavement Restoration.....	Total	1,100	0	100	1,200
ADAMS COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
ALLEGHENY COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
ALLEGHENY COUNTY I-279	State	75	0	15	90
I-279 Slope Erosion, Franklin Park Boro., Ohio and Ross Twps	Federal	675	0	135	810
Miscellaneous, slope erosion and movement remediation.....	Total	750	0	150	900
ALLEGHENY COUNTY I-279	State	65	4	29	98
Banksville Interchange	Federal	585	36	258	879
Widen to 24 feet, widen to two lanes.....	Total	650	40	287	977
ALLEGHENY COUNTY PA 51	State	37	1	7	45
51 Signals; SR 0088 to SR 3104, City of Pittsburgh	Federal	333	4	28	365
Signal improvement.....	Total	370	5	35	410
ALLEGHENY COUNTY PA 51	State	28	127	3	158
Woodruff Connector, Pittsburgh	Federal	247	1,139	25	1,411
Miscellaneous improvements.....	Total	275	1,266	28	1,569
ALLEGHENY COUNTY PA 51	State	31	7	6	44
PA 51/McKees Rocks Bridge Intersection	Federal	277	54	47	378
Widen and signalization.....	Total	308	61	53	422
ALLEGHENY COUNTY SR 0000	State	40	20	6	66
Campbells Run Road, Robinson Twp.	Federal	360	180	54	594
Construct Park and Ride Lot.....	Total	400	200	60	660
ALLEGHENY COUNTY Lorish Road	State	35	4	5	44
Lorish Road, Kennedy Twp.	Federal	315	36	48	399
Construct Park and Ride Lot.....	Total	350	40	53	443
ALLEGHENY COUNTY SR 0051	State	20	4	3	27
Brentwood	Federal	180	41	27	248
Construct Park and Ride Lot.....	Total	200	45	30	275
ALLEGHENY COUNTY I-279	State	535	0	75	610
City of Pittsburgh to Ross Township	Federal	1,370	0	300	1,670
Safety improvements, automate High Occupancy Vehicles lane.....	Total	1,905	0	375	2,280
ALLEGHENY COUNTY I-279	State	75	0	15	90
Service Road A; Mt. Nebo Rd, Ohio Twp.	Federal	675	0	135	810
Miscellaneous, slope movement remediation.....	Total	750	0	150	900

Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
ALLEGHENY COUNTY I-279	State	\$ 190	\$ 0	\$ 32	\$ 222
Mt. Nebo Rd Slide, Mt. Nebo Rd., Ohio Twp.	Federal	1,710	0	293	2,003
Miscellaneous, slide remediation.....	Total	1,900	0	325	2,225
ALLEGHENY COUNTY I-279	State	55	0	10	65
Slope instability, Macaleer Rd Bridge to Bear Run	Federal	500	0	90	590
Miscellaneous, slope stabilization.....	Total	555	0	100	655
ALLEGHENY COUNTY PA 51	State	120	2	2	124
SR 2040 TO SR 88	Federal	480	8	8	496
200 Space Park and Ride Lot.....	Total	600	10	10	620
ALLEGHENY COUNTY I-279	State	1,163	7	130	1,300
Milepost 6 North to I-79	Federal	10,467	63	1,170	11,700
Pavement rehabilitation and safety improvements.....	Total	11,630	70	1,300	13,000
ALLEGHENY COUNTY US 22	State	12,900	0	100	13,000
From Washington County to US 30	Federal	0	0	0	0
Pavement restoration.....	Total	12,900	0	100	13,000
ALLEGHENY COUNTY SR 3160	State	6,700	0	100	6,800
From White Swan to Beaver County Line	Federal	0	0	0	0
Pavement restoration.....	Total	6,700	0	100	6,800
ARMSTRONG COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
ARMSTRONG COUNTY SR 4023	State	3,000	300	93	3,393
Tartown, East Franklin Township	Federal	0	0	372	372
Restoration, resurfacing and relocation.....	Total	3,000	300	465	3,765
ARMSTRONG COUNTY PA 28	State	4,900	0	100	5,000
Distance North Climbing Lane	Federal	0	0	0	0
Pavement restoration.....	Total	4,900	0	100	5,000
BEAVER COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
BEAVER COUNTY PA 60	State	11,800	0	100	11,900
From the Ohio River to PA 51	Federal	0	0	0	0
Pavement restoration.....	Total	11,800	0	100	11,900
BEDFORD COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
BEDFORD COUNTY PA 56 EXTENSION	State	550	400	50	1,000
Bedford Township	Federal	0	0	0	0
Two lane extension.....	Total	550	400	50	1,000
BEDFORD COUNTY I-99	State	3,500	0	100	3,600
From PA Turnpike to Cessna Interchange	Federal	0	0	0	0
Pavement restoration.....	Total	3,500	0	100	3,600
BEDFORD COUNTY US 220	State	8,000	500	1,000	9,500
US 30 South to end of four-lane restoration.....	Federal	0	0	0	0
	Total	8,000	500	1,000	9,500



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
BERKS COUNTY SR 3040	State	\$ 700	\$ 0	\$ 50	\$ 750
Park Road 3; routes linked to Park Road	Federal	2,800	0	0	2,800
Miscellaneous and resigning as needed.....	Total	3,500	0	50	3,550
BERKS COUNTY US 222	State	500	0	100	600
Milling and Resurfacing	Federal	0	0	0	0
Pavement restoration.....	Total	500	0	100	600
BERKS COUNTY US 422	State	800	0	100	900
US 422 Douglassville area	Federal	0	0	0	0
Mill and resurface 1.5 miles - pavement restoration.....	Total	800	0	100	900
BERKS COUNTY US 422	State	1,000	0	200	1,200
Reading to Chester County	Federal	9,000	0	800	9,800
Pavement rehabilitation and safety improvements.....	Total	10,000	0	1,000	11,000
BERKS COUNTY SR 3055	State	2,500	0	100	2,600
Mill and resurface 4.7 miles of roadway	Federal	0	0	0	0
Pavement restoration.....	Total	2,500	0	100	2,600
BERKS COUNTY I-176	State	1,100	0	100	1,200
Grinding surface for 7.1 miles	Federal	0	0	0	0
Pavement restoration.....	Total	1,100	0	100	1,200
BLAIR COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
BLAIR COUNTY I-99	State	9,000	0	1,000	10,000
Tyrone Bypass	Federal	0	0	0	0
Restoration.....	Total	9,000	0	1,000	10,000
BLAIR COUNTY SR 1001	State	2,000	200	200	2,400
Plank Road Improvements at I-99	Federal	8,000	800	800	9,600
Corridor improvements.....	Total	10,000	1,000	1,000	12,000
BLAIR COUNTY PA 36	State	600	100	100	800
Convention Center Connector from SR 1001	Federal	2,400	400	400	3,200
Construct new four-lane road.....	Total	3,000	500	500	4,000
BUCKS COUNTY SR0332 at SR2069	State	1,000	0	0	1,000
Newtown and Lower Makefield Townships	Federal	0	0	0	0
Widening, intersection improvements, and highway restoration.....	Total	1,000	0	0	1,000
BUCKS COUNTY US 202	State	800	120	80	1,000
US 202 off-site improvements, Warrington and Doylestown	Federal	3,200	480	320	4,000
Miscellaneous improvements.....	Total	4,000	600	400	5,000
BUCKS COUNTY PA 332/I-95	State	4,500	200	300	5,000
Interchange, interchange improvements and intersection	Federal	0	0	0	0
and safety improvements in the vicinity of the interchange.....	Total	4,500	200	300	5,000
BUCKS & MONTGOMERY COUNTIES US 202	State	4,000	1,400	600	6,000
US 202: PA 63-Bristol Rd; Lower & Upper Gwynedd & Montgomery	Federal	16,000	5,600	2,400	24,000
four-lane divided relocation.....	Total	20,000	7,000	3,000	30,000

Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
BUTLER COUNTY US 422					
Butler Bypass	State	\$ 1,000	\$ 0	\$ 200	\$ 1,200
Pavement rehabilitation, interchange reconstruction, and safety improvements.....	Federal	4,000	0	800	4,800
	Total	5,000	0	1,000	6,000
BUTLER COUNTY PA 28					
Freeport north from the Allegheny County line to T-300	State	5,400	0	100	5,500
Pavement restoration.....	Federal	0	0	0	0
	Total	5,400	0	100	5,500
BUTLER COUNTY US 422					
US 422 south from PA 28 to SR 2006	State	6,300	0	100	6,400
Pavement restoration.....	Federal	0	0	0	0
	Total	6,300	0	100	6,400
BUTLER/ARMSTRONG COUNTIES PA 28					
Allegheny County to Kittanning	State	1,000	0	200	1,200
Pavement rehabilitation and safety improvements.....	Federal	4,000	0	800	4,800
	Total	5,000	0	1,000	6,000
CAMBRIA COUNTY					
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	State	80	10	10	100
	Federal	320	40	40	400
	Total	400	50	50	500
CAMBRIA COUNTY PA 271					
Pergrim Hill	State	480	140	80	700
Reconstruct and widen.....	Federal	1,920	560	320	2,800
	Total	2,400	700	400	3,500
CAMBRIA COUNTY US 219					
Airport ITS to Sidman Interchange	State	2,000	0	100	2,100
Pavement restoration.....	Federal	0	0	0	0
	Total	2,000	0	100	2,100
CAMBRIA COUNTY US 22					
Chickory Mountain	State	0	480	640	1,120
Pre-construction phases.....	Federal	0	1,920	2,560	4,480
	Total	0	2,400	3,200	5,600
CAMBRIA COUNTY PA 56, SR 3033					
Richland Township	State	50	3	17	70
Bridge replacement for PA 56 detour.....	Federal	200	12	68	280
	Total	250	15	85	350
CAMBRIA COUNTY PA 56					
From US 219 Interchange to Widman Street	State	2,000	0	100	2,100
Pavement restoration.....	Federal	0	0	0	0
	Total	2,000	0	100	2,100
CARBON COUNTY I-80					
Harmony Lake to Monroe County	State	179	1	20	200
Pavement rehabilitation and safety improvements.....	Federal	1,611	9	180	1,800
	Total	1,790	10	200	2,000
CENTRE COUNTY					
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	State	80	10	10	100
	Federal	320	40	40	400
	Total	400	50	50	500
CENTRE COUNTY US220/SR0026					
Spring Creek to Logan	State	8,640	0	0	8,640
Four-lane relocation.....	Federal	34,560	0	0	34,560
	Total	43,200	0	0	43,200
CENTRE COUNTY I-80					
Crossovers	State	3,500	0	100	3,600
From MP 117 to MP 140- pavement restoration.....	Federal	0	0	0	0
	Total	3,500	0	100	3,600



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
CENTRE/MIFFLIN COUNTIES US 322	State	\$ 3,200	\$ 0	\$ 400	\$ 3,600
Seven Mountains to Lewistown Narrows	Federal	12,800	0	1,600	14,400
Pavement rehabilitation and safety improvements.....	Total	16,000	0	2,000	18,000
CENTRE COUNTY US 322	State	1,200	0	200	1,400
Port Matilda to Philipsburg	Federal	4,800	0	800	5,600
Pavement rehabilitation and safety improvements.....	Total	6,000	0	1,000	7,000
CENTRE COUNTY US 322	State	1,200	0	200	1,400
State College Bypass	Federal	4,800	0	800	5,600
Pavement rehabilitation and safety improvements.....	Total	6,000	0	1,000	7,000
CENTRE COUNTY SR0026	State	8,640	0	0	8,640
Logan Bridge to Bellefonte Bypass	Federal	34,560	0	0	34,560
Four-lane relocation.....	Total	43,200	0	0	43,200
CHESTER COUNTY US 1	State	500	48	0	548
East Marlborough Township	Federal	2,000	194	0	2,194
Widening.....	Other	0	0	50	50
	Total	2,500	242	50	2,792
CHESTER COUNTY US 422	State	800	0	100	900
Berks County to Montgomery County	Federal	3,200	0	400	3,600
Pavement rehabilitation and safety improvements.....	Total	4,000	0	500	4,500
CLARION COUNTY I-80	State	5,500	0	100	5,600
Statenville Rehab from PA 68 to US 322	Federal	0	0	0	0
Pavement restoration.....	Total	5,500	0	100	5,600
CLARION COUNTY I-80	State	1,300	0	100	1,400
I-80 Exits 6&7 Rehabilitation	Federal	0	0	0	0
Pavement rehabilitation.....	Total	1,300	0	100	1,400
CLARION COUNTY I-80	State	1,300	0	100	1,400
From Williamsburg west for 5.2 miles	Federal	0	0	0	0
Pavement rehabilitation.....	Total	1,300	0	100	1,400
CLARION/JEFFERSON COUNTIES I-80	State	1,000	0	100	1,100
Venango County to Clearfield County	Federal	9,000	0	900	9,900
Pavement rehabilitation, interchange reconstruction, and safety improvements.....	Total	10,000	0	1,000	11,000
CLEARFIELD COUNTY I-80	State	2,000	0	100	2,100
Western Clearfield County	Federal	0	0	0	0
Pavement restoration.....	Total	2,000	0	100	2,100
CLEARFIELD COUNTY US 219	State	3,000	0	100	3,100
Exit 16 Interchange	Federal	0	0	0	0
Interchange to PA 830- Pavement restoration.....	Total	3,000	0	100	3,100
CLEARFIELD COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
CLINTON COUNTY I-80	State	500	0	0	500
Clinton County ITS	Federal	0	0	0	0
Variable message sign and weather station.....	Total	500	0	0	500

Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
COLUMBIA COUNTY I-80	State	\$ 5,000	\$ 0	\$ 100	\$ 5,100
I-80 Lime Ridge Interchange	Federal	0	0	0	0
Pavement restoration.....	Total	5,000	0	100	5,100
CRAWFORD COUNTY I-79	State	85	0	15	100
Rest Area #19 sewage	Federal	765	0	135	900
Update sewage treatment.....	Total	850	0	150	1,000
CRAWFORD COUNTY I-79	State	3,000	0	100	3,100
Mercer County to Erie County	Federal	27,000	0	900	27,900
Pavement rehabilitation and safety improvements.....	Total	30,000	0	1,000	31,000
CUMBERLAND COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
CUMBERLAND COUNTY I-81	State	400	0	100	500
I-81 from US 11 to PA 114	Federal	0	0	0	0
Pavement restoration.....	Total	400	0	100	500
CUMBERLAND COUNTY US 15	State	8,000	0	100	8,100
From PA 581 to Dillsburg	Federal	0	0	0	0
Pavement restoration.....	Total	8,000	0	100	8,100
DAUPHIN COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
DAUPHIN COUNTY I-283	State	12,000	500	1,500	14,000
PA 283 to I-83	Federal	0	0	0	0
Restoration.....	Total	12,000	500	1,500	14,000
DAUPHIN COUNTY I-83	State	10,000	500	1,500	12,000
19th Street to I-81	Federal	0	0	0	0
Restoration.....	Total	10,000	500	1,500	12,000
DAUPHIN COUNTY	State	227	0	0	227
South Road to PA 325, Middle Paxton Twp.	Federal	908	0	0	908
Resurface.....	Total	1,135	0	0	1,135
DELAWARE COUNTY PA 252/PA3 Connector	State	80,000	1,000	9,000	90,000
Interstate 95/Philadelphia International Airport,	Federal	0	0	0	0
Interchange and access improvements.....	Total	80,000	1,000	9,000	90,000
DELAWARE COUNTY PA 252/PA3 Connector	State	1,500	100	300	1,900
Connect PA 252 near Winding Way w/ PA 3 near Roe Road	Federal	0	0	0	0
Construct new roadway.....	Total	1,500	100	300	1,900
DELAWARE COUNTY PA 3	State	240	20	20	280
PA 252 to I-476	Federal	960	80	80	1,120
Intersection and corridor improvements.....	Total	1,200	100	100	1,400
DELAWARE COUNTY PA 252	State	360	20	36	416
US 1 to PA 3	Federal	1,440	80	144	1,664
Interchange improvements.....	Total	1,800	100	180	2,080
DELAWARE COUNTY I-476	State	80	10	10	100
US 1 to PA 3	Federal	320	40	40	400
Interchange improvements.....	Total	400	50	50	500



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
ELK COUNTY	State	\$ 80	\$ 10	\$ 10	\$ 100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
ERIE COUNTY SR 0000	State	1,200	60	140	1,400
19th St. in Millcreek Twp. to Downing Ave in City of Erie	Federal	4,800	240	560	5,600
Remove rail line and at-grade crossings.....	Total	6,000	300	700	7,000
ERIE COUNTY SR 4034	State	16,000	2,400	2,034	20,434
City of Erie, Port Access to I-90	Federal	64,000	9,600	8,136	81,736
New two-lane roadway	Total	80,000	12,000	10,170	102,170
ERIE COUNTY US 19 TO Bush Industrial Road Summit Township	State	400	120	100	620
Construct new roadway and intersection improvements.....	Federal	1,600	480	400	2,480
	Total	2,000	600	500	3,100
ERIE COUNTY I-90	State	1,000	0	100	1,100
Various locations	Federal	9,000	0	0	9,000
Pavement rehabilitation and safety improvements.....	Total	10,000	0	100	10,100
FAYETTE COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
FOREST COUNTY SR 666	State	20,300	1,150	2,400	23,850
US 62 to PA 948	Federal	0	0	0	0
Roadway reconstruction.....	Total	20,300	1,150	2,400	23,850
FRANKLIN COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
FRANKLIN COUNTY	State	1,700	100	200	2,000
Antrim Township between exits 2 and 3 of I-81	Federal	6,800	400	800	8,000
Construct connector road.....	Total	8,500	500	1,000	10,000
FRANKLIN COUNTY US 30	State	11	1	45	57
Lincolnway; intersection w/ Jack Rd., St. Thomas Township	Federal	99	9	0	108
Signal improvement.....	Total	110	10	45	165
FRANKLIN COUNTY US 30	State	11	1	45	57
Lincolnway; intersection w/ Hade Rd., St. Thomas Township	Federal	99	9	0	108
Signal improvement.....	Total	110	10	45	165
FULTON COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
FULTON COUNTY I-70	State	4,000	0	400	4,400
Town Hill to Crystal Spring	Federal	0	0	0	0
Restoration.....	Total	4,000	0	400	4,400
FULTON COUNTY I-70	State	1,600	0	100	1,700
From Crystal Spring to Amaranth	Federal	0	0	0	0
Pavement restoration.....	Total	1,600	0	100	1,700
FULTON COUNTY	State	185	10	5	200
SR 1001, Cito Rd. to US 522	Federal	740	40	20	800
Construct two-lane access road.....	Total	925	50	25	1,000



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost	
GREENE COUNTY						
State	\$	80	\$	10	\$	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400	
	Total	400	50	50	500	
HUNTINGDON COUNTY SR 3043,3045						
State		750	12	70	832	
Raystown Recreation Area Access Improvements	Federal	3,000	48	280	3,328	
Widen, resurface and safety improvements.....	Total	3,750	60	350	4,160	
HUNTINGDON COUNTY						
State		80	10	10	100	
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400	
	Total	400	50	50	500	
INDIANA COUNTY						
State		80	10	10	100	
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400	
	Total	400	50	50	500	
INDIANA COUNTY US 422 & US 119						
State		1,000	0	200	1,200	
Indiana Bypasses	Federal	4,000	0	800	4,800	
Pavement rehabilitation and safety improvements.....	Total	5,000	0	1,000	6,000	
JEFFERSON COUNTY I-80						
State		2,500	0	100	2,600	
Corsica east from US 322 to PA 28	Federal	0	0	0	0	
Pavement restoration.....	Total	2,500	0	100	2,600	
JEFFERSON COUNTY I-80						
State		4,500	0	100	4,600	
I-80 Restoration of 4.8 miles near Exit 15	Federal	0	0	0	0	
Pavement restoration.....	Total	4,500	0	100	4,600	
JUNIATA COUNTY						
State		80	10	10	100	
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400	
	Total	400	50	50	500	
JUNIATA COUNTY US 322/22						
State		9,500	0	100	9,600	
US 22 Thompsonstown	Federal	0	0	0	0	
The Narrows to the Perry County Line- pavement restoration.....	Total	9,500	0	100	9,600	
LACKAWANNA COUNTY						
State		80	10	10	100	
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400	
	Total	400	50	50	500	
LACKAWANNA COUNTY US 6						
State		135	10	54	199	
Route 6, 5th lane; South Abington Township	Federal	558	40	214	812	
Safety improvements.....	Total	693	50	268	1,011	
LACKAWANNA COUNTY US 11 AND SR 3002						
State		1,200	0	200	1,400	
Central Scranton Expressway	Federal	4,800	0	800	5,600	
Pavement rehabilitation and safety improvements.....	Total	6,000	0	1,000	7,000	
LACKAWANNA COUNTY I-84						
State		1,074	6	120	1,200	
I-81 to Wayne County	Federal	9,666	54	1,080	10,800	
Pavement rehabilitation and safety improvements.....	Total	10,740	60	1,200	12,000	
LANCASTER COUNTY						
State		80	10	10	100	
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400	
	Total	400	50	50	500	
LANCASTER COUNTY PA 23						
State		0	0	1,200	1,200	
US 30 to Berks County line, M.I.S.	Federal	0	0	300	300	
Roadway rehabilitation and safety improvements.....	Total	0	0	1,500	1,500	

Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
LANCASTER COUNTY PA 23	State	\$ 1,000	\$ 100	\$ 100	\$ 1,200
US 30 to Berks County Line	Federal	4,000	400	400	4,800
Corridor improvements.....	Total	5,000	500	500	6,000
LANCASTER COUNTY US 30	State	8,740	200	600	9,540
US 222 to PA 340,	Federal	34,960	800	2,400	38,160
Widening east lane and roadway rehabilitation.....	Total	43,700	1,000	3,000	47,700
LANCASTER COUNTY US 30	State	6,800	200	600	7,600
PA 741 TO PA 72	Federal	27,200	800	2,400	30,400
Widening west lane and roadway rehabilitation.....	Total	34,000	1,000	3,000	38,000
LEBANON COUNTY US 22	State	1,000	0	100	1,100
From PA 343 to US 22	Federal	0	0	0	0
Pavement restoration.....	Total	1,000	0	100	1,100
LEHIGH COUNTY SR 2044	State	3,215	600	785	4,600
Saucon Valley Road 2; Upper Saucon Twp.	Federal	0	0	0	0
Four-lane relocation.....	Total	3,215	600	785	4,600
LEHIGH COUNTY US 22	State	700	0	100	800
Mill and resurface 1.4 miles	Federal	0	0	0	0
Pavement restoration.....	Total	700	0	100	800
LUZERNE COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
LUZERNE COUNTY PA 309	State	90	10	54	154
Wilkes-Barre City, Kingston Twp., Dallas Borough	Federal	810	90	216	1,116
Safety improvements and signals.....	Total	900	100	270	1,270
LUZERNE COUNTY PA 309	State	77	2	20	99
PH 2 Upper Demunds, Dallas Borough & Twp	Federal	308	8	80	396
Safety improvements and signals.....	Total	385	10	100	495
LUZERNE COUNTY I-80	State	90	1	10	101
White Haven to Carbon County	Federal	810	9	90	909
Pavement rehabilitation and safety improvements.....	Total	900	10	100	1,010
LYCOMING COUNTY I-180	State	4,400	0	100	4,500
West Bound lanes from Faxon to US 15 North	Federal	0	0	0	0
Pavement restoration.....	Total	4,400	0	100	4,500
LYCOMING COUNTY US 15	State	3,200	0	100	3,300
North Bound lanes from Trout Run to Steam Valley	Federal	0	0	0	0
Pavement restoration.....	Total	3,200	0	100	3,300
LYCOMING COUNTY US 220	State	400	0	0	400
Clinton County to Williamsport	Federal	1,600	0	0	1,600
Pavement rehabilitation and safety improvement.....	Total	2,000	0	0	2,000
MCKEAN COUNTY US 219	State	1,118	80	179	1,377
Bradford Bypass Extension, near Owens Way	Federal	4,472	320	715	5,507
New four-lane roadway.....	Total	5,590	400	894	6,884
MERCER COUNTY I-79/PA208/PA258	State	2,500	100	100	2,700
Springfield Township	Federal	10,000	400	400	10,800
Highway and interchange improvements.....	Total	12,500	500	500	13,500



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
MERCER COUNTY PA 60	State	\$ 600	\$ 0	\$ 20	\$ 620
T-369 to Broadway	Federal	2,400	0	80	2,480
Pavement rehabilitation and safety improvements.....	Total	3,000	0	100	3,100
MIFFLIN COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
MIFFLIN COUNTY US 322	State	4,400	0	100	4,500
US 322 Lewistown Bypass	Federal	0	0	0	0
Electric Avenue to the Narrows- pavement restoration.....	Total	4,400	0	100	4,500
MONROE COUNTY I-80	State	2,000	0	100	2,100
I-80 Tunkhannock	Federal	0	0	0	0
Pavement restoration.....	Total	2,000	0	100	2,100
MONROE COUNTY I-80	State	600	0	100	700
Milling and Resurfacing for 1.4 miles	Federal	0	0	0	0
Pavement restoration.....	Total	600	0	100	700
MONROE COUNTY I-80	State	2,666	0	100	2,766
I-80 & I-380 Interchange	Federal	24,000	0	900	24,900
Interchange improvements.....	Total	26,666	0	1,000	27,666
MONTGOMERY COUNTY PA 29	State	640	200	160	1,000
Main St./1st Ave./2nd Ave	Federal	2,560	800	640	4,000
Roadway realignment.....	Total	3,200	1,000	800	5,000
MONTGOMERY COUNTY PA 63	State	130	15	20	165
Sumneytown Pike and Forty-foot Road	Federal	520	60	80	660
Widening and signals.....	Total	650	75	100	825
MONTGOMERY COUNTY US 202	State	400	1,700	116	2,216
US 202 off-site improvements, Swedesford Rd- Gulph Rd,	Federal	1,600	6,800	464	8,864
Montgomery & Chester Co. miscellaneous improvements.....	Total	2,000	8,500	580	11,080
MONTGOMERY COUNTY US 422	State	2,500	0	100	2,600
Chester County to US 202	Federal	10,000	0	400	10,400
Pavement rehabilitation and safety improvements.....	Total	12,500	0	500	13,000
NORTHAMPTON COUNTY I-78	State	268	2	30	300
Lehigh County to Delaware River	Federal	2,412	18	270	2,700
Pavement rehabilitation and safety improvements.....	Total	2,680	20	300	3,000
NORTHUMBERLAND COUNTY I-80	State	6,000	10	600	6,610
Montour County to Union County	Federal	54,000	90	5,400	59,490
Restoration.....	Total	60,000	100	6,000	66,100
NORTHUMBERLAND COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
PERRY COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
PERRY COUNTY PA 17	State	700	20	100	820
PA 274 to PA 850	Federal	2,800	180	400	3,380
Pavement rehabilitation, widening, and safety improvements.....	Total	3,500	200	500	4,200



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PERRY COUNTY US 322	State	\$ 25,000	\$ 500	\$ 2,500	\$ 28,000
Susquehanna River to west of Millerstown, Restoration.....	Federal	0	0	0	0
	Total	25,000	500	2,500	28,000
PHILADELPHIA COUNTY SR 2009	State	272	20	79	371
Harbison/Aramingo; US 1 to Allegheny Ave; City of Phila Intersection improvement and signals.....	Federal	1,088	80	314	1,482
	Total	1,360	100	393	1,853
PHILADELPHIA COUNTY I-676	State	390	0	72	462
Vine Expressway	Federal	1,560	0	288	1,848
Transportation incident management system.....	Total	1,950	0	360	2,310
PHILADELPHIA COUNTY I-76	State	7,000	0	100	7,100
Schuylkill River to Montgomery Ave	Federal	0	0	0	0
Pavement restoration.....	Total	7,000	0	100	7,100
PHILADELPHIA COUNTY SR 1001	State	134	5	36	175
Rising Sun at Adams (intersection); City of Philadelphia Intersection improvements, upgrade signals and widen.....	Federal	536	20	144	700
	Total	670	25	180	875
SCHUYLKILL COUNTY I-81	State	2,000	0	100	2,100
I-81 Foster	Federal	0	0	0	0
Pavement restoration.....	Total	2,000	0	100	2,100
SCHUYLKILL COUNTY PA 61	State	1,600	0	100	1,700
4.6 Miles of surface work	Federal	0	0	0	0
Pavement restoration.....	Total	1,600	0	100	1,700
SNYDER COUNTY US 11/15	State	1,000	100	300	1,400
Monroe Twp. to Shamokin Dam	Federal	4,000	400	0	4,400
Widen roadway and improve intersections.....	Total	5,000	500	300	5,800
SNYDER COUNTY US 11	State	600	10	140	750
Shamokin Dam to Blue Hill Bridge	Federal	2,400	40	560	3,000
Widen and reconstruct roadway.....	Total	3,000	50	700	3,750
SOMERSET COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
SOMERSET COUNTY US 219	State	0	0	120	120
Meyersdale to Somerset	Federal	0	0	480	480
Preliminary engineering.....	Total	0	0	600	600
STATEWIDE INFRASTRUCTURE BANK	State	850	0	0	850
Loans and credits for transportation projects.....	Federal	3,390	0	0	3,390
	Total	4,240	0	0	4,240
TIOGA COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects necessary to replace wetlands displaced by highway projects.....	Federal	320	40	40	400
	Total	400	50	50	500
UNION COUNTY I-80	State	6,000	0	100	6,100
West Bound US 15 to SR 1010	Federal	0	0	0	0
Pavement restoration.....	Total	6,000	0	100	6,100
VENANGO COUNTY PA 8	State	840	200	200	1,240
Rynd Hill Road to Cherrytree	Federal	3,360	800	800	4,960
Corridor improvements.....	Total	4,200	1,000	1,000	6,200



Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
WARREN COUNTY US 6	State	\$ 3,000	\$ 0	\$ 100	\$ 3,100
Youngsville to Warren	Federal	27,000	0	900	27,900
Pavement rehabilitation and safety improvements.....	Total	30,000	0	1,000	31,000
WASHINGTON COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
WASHINGTON COUNTY I-70	State	3,100	0	100	3,200
From I-79 to PA 519	Federal	0	0	0	0
Pavement restoration.....	Total	3,100	0	100	3,200
WASHINGTON COUNTY I-70	State	3,000	0	100	3,100
From Kammerer to PA 519	Federal	0	0	0	0
Pavement restoration.....	Total	3,000	0	100	3,100
WASHINGTON COUNTY SR 1002	State	760	0	0	760
McMurray/Valleybrook intersection, Peters Township	Federal	3,040	0	0	3,040
Intersection improvement.....	Total	3,800	0	0	3,800
WESTMORELAND COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
WESTMORELAND COUNTY US 30	State	4,500	0	100	4,600
From Beatty to PA 981	Federal	0	0	0	0
Pavement restoration.....	Total	4,500	0	100	4,600
WESTMORELAND COUNTY US 30	State	3,100	0	100	3,200
From PA 981 to Kingston	Federal	0	0	0	0
Pavement restoration.....	Total	3,100	0	100	3,200
WESTMORELAND COUNTY US 119	State	1,000	200	200	1,400
Mr. Pleasant/Scottdale Interchanges	Federal	4,000	800	800	5,600
Interchange improvements.....	Total	5,000	1,000	1,000	7,000
WESTMORELAND COUNTY US 119	State	80	40	20	140
New Stanton Park and Ride	Federal	320	160	80	560
Parking lot and lighting.....	Total	400	200	100	700
WYOMING COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
YORK COUNTY	State	80	10	10	100
Construction of advance wetland mitigation projects	Federal	320	40	40	400
necessary to replace wetlands displaced by highway projects.....	Total	400	50	50	500
YORK COUNTY PA 194	State	60	4	12	76
Borough of Hanover and Penn Township	Federal	240	16	48	304
Intersection realignment.....	Total	300	20	60	380
YORK COUNTY US 15	State	700	0	100	800
From PA 94 to Dillsburg	Federal	0	0	0	0
Pavement restoration.....	Total	700	0	100	800
YORK COUNTY US 30	State	2,500	0	100	2,600
From Hallam to Susquehanna River	Federal	0	0	0	0
Pavement restoration.....	Total	2,500	0	100	2,600

Capital Budget

Department of Transportation 1998-99 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
YORK COUNTY BUSINESS ROUTE I-83	State	\$ 8,000	\$ 200	\$ 600	\$ 8,800
I-83 to York	Federal	0	0	0	0
Restoration.....	Total	8,000	200	600	8,800
YORK COUNTY I-83/PA 114	State	1,560	122	124	1,806
I-83/PA 114 Interchange	Federal	6,240	488	496	7,224
Roadway/structure/ramp improvements and signalization.....	Total	7,800	610	620	9,030
YORK AND ADAMS COUNTIES PA 94, PA 194, Boros of Hanover, Penn, Conewago, Oxford, and Berwick Twp	State	1,744	45	340	2,129
Widening, safety, and operational improvements.....	Federal	6,976	181	1,392	8,549
	Total	8,720	226	1,732	10,678
Total State.....		\$ 467,584	\$ 15,085	\$ 39,254	\$ 521,923
Total Federal.....		576,228	37,665	54,504	668,397
Total Other.....		0	0	50	50
PROGRAM TOTAL.....		\$ 1,043,812	\$ 52,750	\$ 93,808	\$ 1,190,370

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)

	1999-00	2000-01	2001-02	2002-03
Agriculture.....	\$ 871	\$ 1,045	\$ 1,220	\$ 1,394
Conservation and Natural Resources.....	17,703	19,743	21,784	23,824
Corrections.....	13,835	16,601	19,369	22,136
Education.....	23,263	27,916	32,568	37,221
Environmental Protection.....	4,519	5,323	5,927	6,731
Game Commission.....	1,000	1,000	1,000	1,000
General Services.....	13,851	16,622	19,392	22,162
Historical and Museum Commission.....	11,446	13,735	16,024	18,313
Military and Veterans Affairs.....	1,676	2,011	2,346	2,681
Public Welfare.....	10,271	12,326	14,380	16,434
State Police.....	6,029	7,235	8,440	9,646
Transportation.....	154,536	165,443	166,350	217,258
TOTAL.....	\$ 259,000	\$ 289,000	\$ 308,800	\$ 378,800

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 1999-00 through 2002-03. 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)

	1999-00	2000-01	2001-02	2002-03
	Estimated	Estimated	Estimated	Estimated
FROM CAPITAL FACILITIES BOND FUNDS				
Agriculture				
PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the Laboratory.	\$ 871	\$ 1,045	\$ 1,220	\$ 1,394
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.	10,203	12,243	14,284	16,324
Corrections				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of administrative, industrial, educational and housing facilities, and utilities at the State-owned correctional institutions. Also may include furniture and equipment authorizations.	13,835	16,601	19,369	22,136
Education				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction expansion, renovation and conversion of classroom and auxiliary buildings, utilities and recreational facilities for the State System of Higher Education, State-Owned Schools and for the State-Related Universities. Also may include furniture and equipment authorizations.	23,263	27,916	32,568	37,221
Environmental Protection				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and improvement projects to protect the environment and the health and safety of citizens using State lands and waterways. These projects include flood protection construction. Also may include furniture and equipment authorizations.	4,019	4,823	5,627	6,431
FLOOD CONTROL PROJECTS: Provides for the State share of Federal flood control projects including the construction and improvement of levees, dikes, walls, revetments, dams, lakes, reservoirs and other works deemed necessary to control floods, and to control floods, and to control, preserve, and regulate the flow of rivers and streams.	500	500	300	300
General Services				
PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation, and improvements to State Office buildings and facilities.	13,851	16,622	19,392	22,162

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Historical and Museum Commission				
PUBLIC IMPROVEMENT PROJECTS: Provides for restoration and renovation of historic facilities, installation of fire and security systems, development of fixed exhibits, and miscellaneous building and utility improvements at Commonwealth owned museums and historic sites. Also may include furniture and equipment authorizations.	\$ 11,446	\$ 13,735	\$ 16,024	\$ 18,313
Military and Veterans Affairs				
PUBLIC IMPROVEMENT PROJECTS: Provides for land acquisition, renovations, additions and replacement at the State armories and veterans' homes. Also may include furniture and equipment authorizations.	1,676	2,011	2,346	2,681
Public Welfare				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of patient buildings, support facilities and utilities at the State institutions for the mentally ill and mentally retarded, restoration centers and youth development centers. Also may include furniture and equipment authorizations.	10,271	12,326	14,380	16,434
State Police				
PUBLIC IMPROVEMENT PROJECTS: Provides for renovation, expansion and construction of troop headquarters/station facilities and driver examination facilities. May include furniture and equipment authorizations.	6,029	7,235	8,440	9,646
PUBLIC IMPROVEMENT PROJECTS: Provides for construction of and additions to highway maintenance and district office buildings, driver examination facilities, welcome centers and State-owned airport facilities. Also may include furniture and equipment authorizations.	4,536	5,443	6,350	7,258
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.	70,000	80,000	80,000	130,000
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program.....	\$ 100,000	\$ 120,000	\$ 140,000	\$ 160,000
Total — Flood Control Program.....	500	500	300	300
Total — Transportation Assistance Program.....	70,000	80,000	80,000	130,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS.....	\$ 170,500	\$ 200,500	\$ 220,300	\$ 290,300



Forecast of Future Projects

(Dollar Amounts in Thousands)

	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
FROM CURRENT REVENUES				
Conservation and Natural Resources				
PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation, repair and development of State park and forest facilities which are critical for visitor safety, environmental protection or essential for facility operation.				
	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Game Commission				
PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional State game lands.				
	1,000	1,000	1,000	1,000
Transportation				
HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction of highways and bridges on the Commonwealth road system and major Federally designated safety projects.				
	80,000	80,000	80,000	80,000
CURRENT REVENUES				
Total – Public Improvement Program.....	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
Total – Highway Program.....	80,000	80,000	80,000	80,000
SUBTOTAL – CURRENT REVENUES.....	88,500	88,500	88,500	88,500
TOTAL – ALL PROGRAMS.....	\$ 259,000	\$ 289,000	\$ 308,800	\$ 378,800

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	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Executive Offices.....	\$ 19,755	\$ 23,096	\$ 47,151	\$ 48,859	\$ 16,302
Agriculture.....	806	31	124	297	595
Conservation and Natural Resources.....	20,070	26,631	29,560	29,735	28,507
Community and Economic Development.....	156,298	145,414	143,804	41,332	24,436
Corrections.....	47,912	65,291	79,614	36,209	34,003
Education.....	114,508	107,145	114,330	117,218	103,595
Emergency Management Agency.....	254	742	853	775	570
Environmental Protection.....	16,458	21,987	26,634	17,808	14,527
Game Commission.....	0	1,000	1,000	1,000	1,000
General Services.....	51,358	51,536	49,755	29,976	17,629
Historical and Museum Commission.....	3,672	6,771	8,579	10,374	11,700
Military and Veterans Affairs.....	2,554	2,907	2,794	3,095	3,443
Public Welfare.....	14,398	11,107	12,444	13,631	15,259
State Police.....	3,326	765	1,233	2,627	5,028
Transportation.....	593,500	746,514	773,768	639,474	609,082
TOTAL - ALL STATE FUNDS.....	\$ 1,044,869	\$ 1,210,937	\$ 1,291,643	\$ 992,410	\$ 885,676

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)

	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 19,755	\$ 5,583	\$ 1,112	\$ 625	\$ 0
Furniture and Equipment.....	0	17,513	46,039	48,234	16,302
TOTAL - EXECUTIVE OFFICES.....	\$ 19,755	\$ 23,096	\$ 47,151	\$ 48,859	\$ 16,302
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Furniture and Equipment.....	\$ 804	\$ 0	\$ 0	\$ 0	\$ 0
Projects in 1998-99 Budget					
Buildings and Structures.....	2	22	36	60	96
Future Projects (1999-03)					
Buildings and Structures.....	0	9	88	237	499
TOTAL - AGRICULTURE.....	\$ 806	\$ 31	\$ 124	\$ 297	\$ 595
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 11,188	\$ 18,028	\$ 20,238	\$ 18,398	\$ 13,531
Furniture and Equipment.....	109	216	167	37	0
Projects in 1998-99 Budget					
Buildings and Structures.....	41	369	615	1,025	1,640
Furniture and Equipment.....	96	304	0	0	0
Future Projects (1999-03)					
Buildings and Structures.....	0	102	1,040	2,775	5,836
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	\$ 11,434	\$ 19,019	\$ 22,060	\$ 22,235	\$ 21,007
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 85,296	\$ 55,996	\$ 44,951	\$ 865	\$ 636
Furniture and Equipment.....	0	1	0	0	0
Subtotal.....	\$ 85,296	\$ 55,997	\$ 44,951	\$ 865	\$ 636
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction.....	\$ 71,002	\$ 89,417	\$ 98,853	\$ 40,467	\$ 23,800
Subtotal.....	\$ 71,002	\$ 89,417	\$ 98,853	\$ 40,467	\$ 23,800
TOTAL - COMMUNITY AND ECONOMIC ECONOMIC DEVELOPMENT.....	\$ 156,298	\$ 145,414	\$ 143,804	\$ 41,332	\$ 24,436

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 47,616	\$ 62,486	\$ 73,758	\$ 24,387	\$ 13,586
Furniture and Equipment.....	0	0	0	650	650
Projects in 1998-99 Budget					
Buildings and Structures.....	296	2,667	4,445	7,409	11,854
Future Projects (1999-03)					
Buildings and Structures.....	0	138	1,411	3,763	7,913
TOTAL - CORRECTIONS.....	\$ 47,912	\$ 65,291	\$ 79,614	\$ 36,209	\$ 34,003
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 110,929	\$ 90,044	\$ 95,678	\$ 86,980	\$ 63,971
Furniture and Equipment.....	2,528	13,552	15,863	23,218	25,210
Projects in 1998-99 Budget					
Buildings and Structures.....	28	249	416	693	1,108
Furniture and Equipment.....	1,023	3,067	0	0	0
Future Projects (1999-03)					
Buildings and Structures.....	0	233	2,373	6,327	13,306
TOTAL - EDUCATION.....	\$ 114,508	\$ 107,145	\$ 114,330	\$ 117,218	\$ 103,595
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 254	\$ 742	\$ 853	\$ 775	\$ 570
TOTAL - EMERGENCY MANAGEMENT.....	\$ 254	\$ 742	\$ 853	\$ 775	\$ 570
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 5,775	\$ 12,206	\$ 13,871	\$ 12,609	\$ 9,274
Projects in 1998-99 Budget					
Buildings and Structures.....	38	346	576	960	1,536
Future Projects (1999-03)					
Buildings and Structures.....	0	40	410	1,093	2,298
Subtotal.....	\$ 5,813	\$ 12,592	\$ 14,857	\$ 14,662	\$ 13,108
Flood Control Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 9,202	\$ 8,799	\$ 10,892	\$ 2,749	\$ 1,119
Projects in 1998-99 Budget					
Buildings and Structures.....	1,443	96	385	97	0
Future Projects (1999-03)					
Buildings and Structures.....	0	500	500	300	300
Subtotal.....	\$ 10,645	\$ 9,395	\$ 11,777	\$ 3,146	\$ 1,419
TOTAL - ENVIRONMENTAL PROTECTION.....	\$ 16,458	\$ 21,987	\$ 26,634	\$ 17,808	\$ 14,527

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 51,061	\$ 49,883	\$ 47,692	\$ 26,208	\$ 9,706
Furniture and Equipment.....	297	1,514	650	0	0
Future Projects (1999-03)					
Buildings and Structures.....	0	139	1,413	3,768	7,923
TOTAL - GENERAL SERVICES.....	\$ 51,358	\$ 51,536	\$ 49,755	\$ 29,976	\$ 17,629
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 3,221	\$ 5,965	\$ 6,739	\$ 6,126	\$ 4,506
Furniture and Equipment.....	451	692	427	320	0
Future Projects (1999-03)					
Buildings and Structures.....	0	114	1,157	3,015	6,320
Furniture and Equipment.....	0	0	256	913	874
TOTAL - HISTORICAL AND MUSEUM.....	\$ 3,672	\$ 6,771	\$ 8,579	\$ 10,374	\$ 11,700
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,945	\$ 2,018	\$ 2,213	\$ 2,012	\$ 1,480
Furniture and Equipment.....	584	646	33	0	0
Projects in 1998-99 Budget					
Buildings and Structures.....	25	226	377	628	1,004
Future Projects (1999-03)					
Buildings and Structures.....	0	17	171	455	959
TOTAL - MILITARY AND VETERANS AFFAIRS.....	\$ 2,554	\$ 2,907	\$ 2,794	\$ 3,095	\$ 3,443
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 13,269	\$ 9,530	\$ 10,123	\$ 9,202	\$ 6,768
Furniture and Equipment.....	1,064	885	293	0	0
Projects in 1998-99 Budget					
Buildings and Structures.....	65	589	981	1,635	2,616
Future Projects (1999-03)					
Buildings and Structures.....	0	103	1,047	2,794	5,875
TOTAL - PUBLIC WELFARE.....	\$ 14,398	\$ 11,107	\$ 12,444	\$ 13,631	\$ 15,259
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 3,286	\$ 275	\$ 0	\$ 0	\$ 0
Furniture and Equipment.....	0	74	25	0	0
Projects in 1998-99 Budget					
Buildings and Structures.....	40	356	593	988	1,580
Future Projects (1999-03)					
Buildings and Structures.....	0	60	615	1,639	3,448
TOTAL - STATE POLICE.....	\$ 3,326	\$ 765	\$ 1,233	\$ 2,627	\$ 5,028

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,415	\$ 3,063	\$ 3,484	\$ 3,167	\$ 2,329
Furniture and Equipment.....	0	75	25	0	0
Projects in 1998-99 Budget					
Buildings and Structures.....	60	540	900	1,500	2,400
Future Projects (1999-03)					
Buildings and Structures.....	0	45	462	1,234	2,595
Subtotal.....	\$ 1,475	\$ 3,723	\$ 4,871	\$ 5,901	\$ 7,324
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air.....	\$ 141,000	\$ 113,000	\$ 91,000	\$ 80,000	\$ 30,000
Projects in 1998-99 Budget					
Mass Transit, Rail and Air.....	494	282	282	212	141
Future Projects (1999-03)					
Mass Transit, Rail and Air.....	0	24,500	42,000	56,000	108,500
Subtotal.....	\$ 141,494	\$ 137,782	\$ 133,282	\$ 136,212	\$ 138,641
TOTAL - TRANSPORTATION.....	\$ 142,969	\$ 141,505	\$ 138,153	\$ 142,113	\$ 145,965
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures.....	\$ 355,605	\$ 322,183	\$ 339,838	\$ 233,352	\$ 207,163
Furniture and Equipment.....	6,956	38,539	63,778	73,372	43,036
Redevelopment Assistance Projects					
Acquisition and Construction.....	71,002	89,417	98,853	40,467	23,800
Flood Control Projects					
Structures and Improvements.....	10,645	9,395	11,777	3,146	1,419
Transportation Assistance Projects					
Mass Transit, Rail and Air.....	141,494	137,782	133,282	136,212	138,641
TOTAL.....	\$ 585,702	\$ 597,316	\$ 647,528	\$ 486,549	\$ 414,059
KEYSTONE RECREATION, PARK AND CONSERVATION BOND FUNDS					
Conservation and Natural Resources					
Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration					
Projects Currently Authorized.....	\$ 315	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	\$ 315	\$ 0	\$ 0	\$ 0	\$ 0



Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	1998-99 Estimated	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
CURRENT REVENUES					
GAME FUND					
Game Commission					
Public Improvement Projects					
Future Projects (1999-03).....	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL - GAME COMMISSION.....	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
KEYSTONE RECREATION, PARK AND CONSERVATION FUND					
Conservation and Natural Resources					
Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration					
Projects in 1998-99 Budget	\$ 5,513	\$ 2,362	\$ 0	\$ 0	\$ 0
Future Projects (1999-03).....	0	5,250	7,500	7,500	7,500
Subtotal - Conservation and Natural Resources.....	\$ 5,513	\$ 7,612	\$ 7,500	\$ 7,500	\$ 7,500
FORESTRY BRIDGE EXCISE TAX					
Replacement and Rehabilitation					
Projects Currently Authorized	\$ 2,808	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	\$ 8,321	\$ 7,612	\$ 7,500	\$ 7,500	\$ 7,500
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized.....	\$ 398,339	\$ 388,240	\$ 386,846	\$ 373,169	\$ 383,117
Projects in 1998-99 Budget	52,192	208,769	208,769	52,192	0
Future Projects (1999-03).....	0	8,000	40,000	72,000	80,000
TOTAL - TRANSPORTATION.....	\$ 450,531	\$ 605,009	\$ 635,615	\$ 497,361	\$ 463,117
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Game Fund.....	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund.....	5,513	7,612	7,500	7,500	7,500
Forestry Bridge Replacement and Rehabilitation					
Forestry Bridge Excise Tax.....	2,808	0	0	0	0
Highway and Bridge Projects					
Motor License Fund.....	450,531	605,009	635,615	497,361	463,117
TOTAL - CURRENT REVENUES.....	\$ 458,852	\$ 613,621	\$ 644,115	\$ 505,861	\$ 471,617
TOTAL - ALL STATE FUNDS.....	\$ 1,044,869	\$ 1,210,937	\$ 1,291,643	\$ 992,410	\$ 885,676



Governor's Executive Budget

PUBLIC DEBT



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

DEBT AUTHORIZED, ISSUED AND OUTSTANDING

The following statement reflects the debt of the Commonwealth as of December 31, 1997, including bond anticipation notes. Issues have been completely redeemed, such as those of the General State Authority, which went out of existence in July 1997, 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)

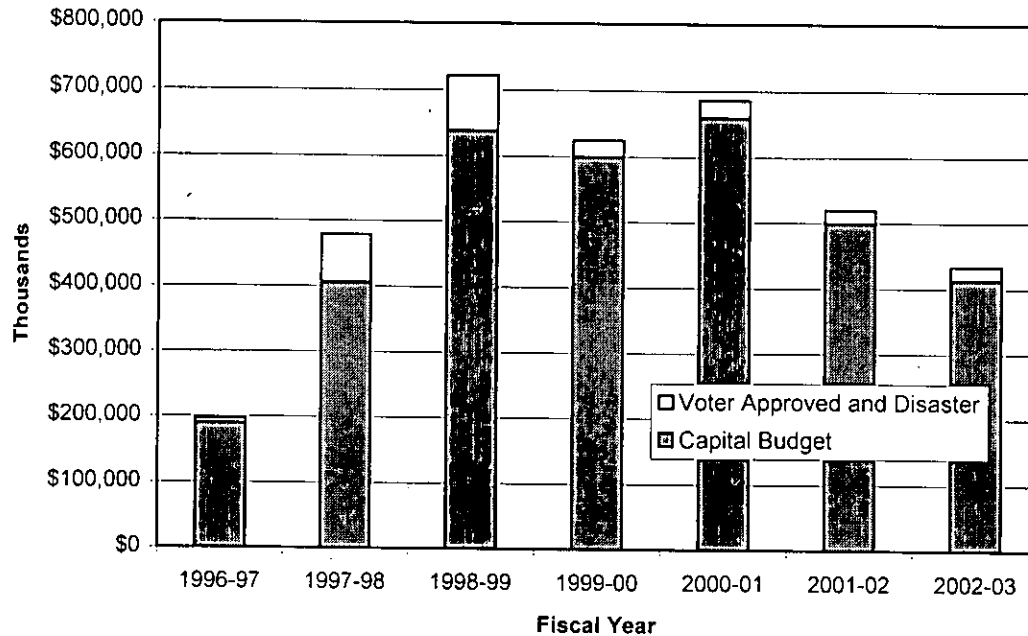
Debt Subject to Constitutional Limit	Total Debt Authorized	Total Debt Issued	Debt Outstanding*	Sinking Fund	Net Indebtedness*
Capital Budget.....	\$ 31,691,866	\$ 8,782,630	\$ 2,411,385	\$72,384	\$ 2,339,001
Refunding Bonds.....	0	1,850,601	1,385,375	0	1,385,375
Subtotal.....	\$ 31,691,866	\$ 10,633,231	\$ 3,796,760	\$72,384	\$ 3,724,376
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster					
Disaster Relief.....	\$ 192,708	\$ 170,800	\$ 34,020	\$ 0	\$ 34,020
Disaster Relief 1996.....	110,000	16,400	16,400	0	16,400
Economic Revitalization.....	190,000	176,000	38,195	0	38,195
Land and Water Development.....	500,000	499,700	64,920	54	64,866
Nursing Home Loan Agency.....	100,000	69,000	3,790	6,086	-2,296
Project 70 Land Acquisition.....	70,000	70,000	2,160	0	2,160
Vietnam Veterans' Compensation.....	65,000	62,000	8,355	0	8,355
Volunteer Companies Loan.....	50,000	47,000	23,945	5,024	18,921
Water Facilities - 1981 Referendum.....	300,000	288,500	121,580	4,019	117,561
PENNVEST- 1988 & 1992 Referenda.....	650,000	360,000	257,930	1	257,929
Agricultural Conservation Easement.....	100,000	81,000	59,345	0	59,345
Local Criminal Justice.....	200,000	186,000	166,155	0	166,155
Keystone Recreation, Park and Conservation.....	50,000	41,000	39,315	0	39,315
Refunding Bonds.....	0	329,369	231,720	0	231,720
Matured Unclaimed Bonds.....	0	0	141	145	-4
Subtotal.....	\$ 2,577,708	\$ 2,396,769	\$ 1,067,971	\$15,329	\$ 1,052,642
TOTAL.....	\$ 34,269,574	\$ 13,030,000	\$ 4,864,731	\$87,713	\$ 4,777,018

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES 1996-97 Through 2002-03

This table shows the projected amount of general obligation bonds of the Commonwealth to be issued during the current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.

New General Obligation Bond Issues

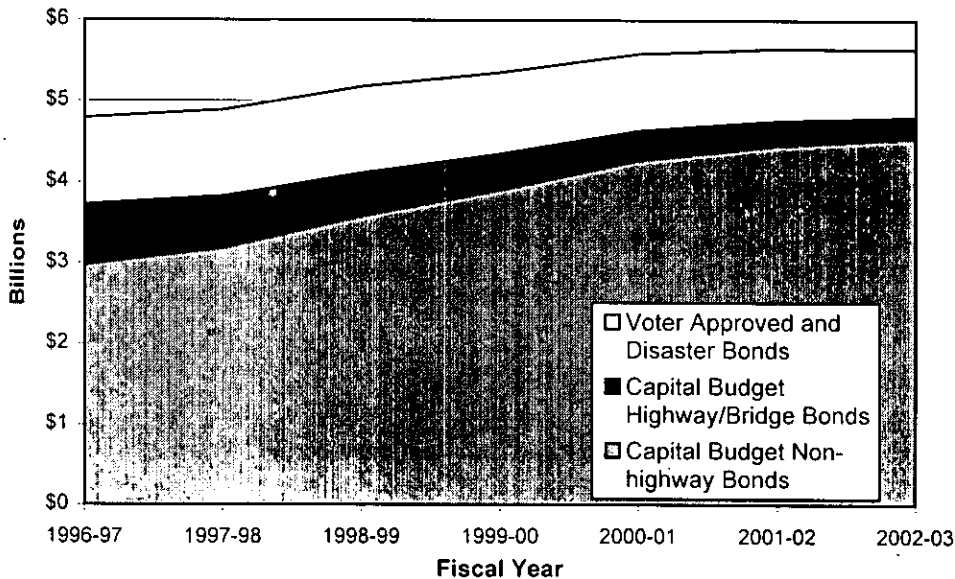


General Obligation Bond Issues	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Capital Budget							
Buildings and Structures.....	\$ 100,000	\$ 205,500	\$ 400,000	\$ 325,000	\$ 340,000	\$ 235,000	\$ 200,000
Flood Control.....	0	5,800	12,000	9,000	12,000	3,000	1,000
Furnishings and Equipment.....	3,000	7,000	6,000	35,000	62,000	75,000	43,000
Redevelopment Assistance.....	26,000	55,000	70,000	90,000	100,000	40,000	23,000
Transportation Assistance.....	60,000	132,000	150,000	140,000	145,000	145,000	145,000
Subtotal.....	<u>\$ 189,000</u>	<u>\$ 405,300</u>	<u>\$ 638,000</u>	<u>\$ 599,000</u>	<u>\$ 659,000</u>	<u>\$ 498,000</u>	<u>\$ 412,000</u>
Voter Approved and Disaster							
Agricultural Conservation Easement.....	\$ 0	\$ 0	\$ 19,000	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief.....	0	30,000	20,000	0	0	0	0
Keystone Recreation, Park & Conservation	0	14,000	0	0	0	0	0
Local Criminal Justice.....	0	7,000	3,000	4,000	5,000	0	0
PENNVEST -- 1988 & 1992 Referenda.....	0	15,000	40,000	20,000	20,000	20,000	20,000
Volunteer Companies Loan.....	4,000	6,000	0	0	0	0	0
Water Facilities Loan -- 1981 Referendum.	4,000	1,500	1,500	1,500	1,500	1,500	1,500
Subtotal.....	<u>\$ 8,000</u>	<u>\$ 73,500</u>	<u>\$ 83,500</u>	<u>\$ 25,500</u>	<u>\$ 26,500</u>	<u>\$ 21,500</u>	<u>\$ 21,500</u>
TOTAL.....	<u><u>\$ 197,000</u></u>	<u><u>\$ 478,800</u></u>	<u><u>\$ 721,500</u></u>	<u><u>\$ 624,500</u></u>	<u><u>\$ 685,500</u></u>	<u><u>\$ 519,500</u></u>	<u><u>\$ 433,500</u></u>

GENERAL OBLIGATION DEBT OUTSTANDING 1997-98 Through 2002-03

Outstanding debt of the Commonwealth is projected using the proposed bond issuance contained in this budget and encompasses all general obligation debt. Only capital budget debt is subject to the constitutional debt limit [Article 8, Section 7(a)(4)].

**Projected Total Debt Outstanding
Fiscal Year End**

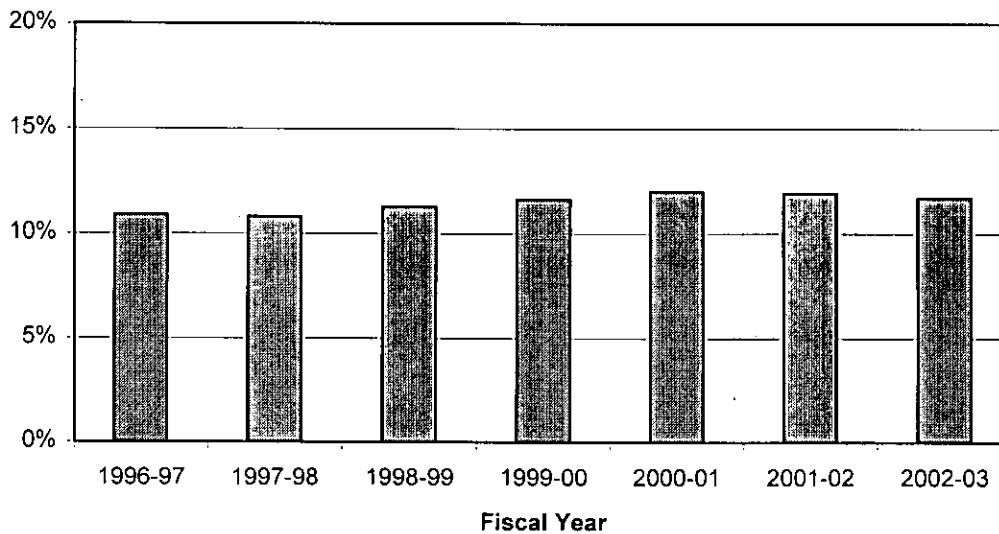


	(Dollar Amounts in Thousands)						
	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Fiscal Year End Debt Outstanding							
Capital Budget Non-highway Bonds...	\$ 2,979,028	\$ 3,186,627	\$ 3,581,610	\$ 3,905,841	\$ 4,274,956	\$ 4,459,394	\$ 4,547,247
Capital Budget Highway/Bridge Bonds	745,525	642,127	536,383	445,304	365,648	306,054	262,696
Voter Approved and Disaster Bonds...	1,070,580	1,059,570	1,062,128	1,003,747	946,906	889,292	831,564
TOTAL.....	\$ 4,795,133	\$ 4,888,324	\$ 5,180,121	\$ 5,354,892	\$ 5,587,510	\$ 5,654,740	\$ 5,641,507

CONSTITUTIONAL DEBT LIMIT 1996-97 Through 2002-03

The Commonwealth Constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for five fiscal years.

Capital Budget Debt as a Percent of the Debt Limit



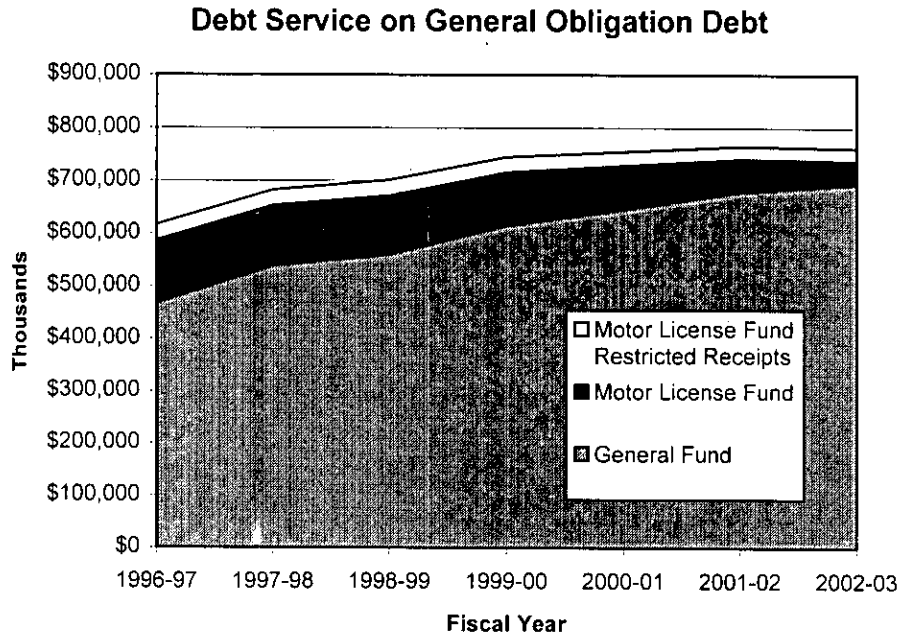
	(Dollar Amounts in Thousands)						
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated
Debt Limit Projection							
Capital Budget Debt Subject to Constitutional Debt Limit:							
Outstanding Debt							
Beginning of Fiscal Year	\$ 3,907,356	\$ 3,724,553	\$ 3,828,754	\$ 4,117,993	\$ 4,351,145	\$ 4,640,604	\$ 4,765,448
Debt to be Issued.....	189,000	405,300	638,000	599,000	659,000	498,000	412,000
Debt to be Retired*.....	-371,803	-301,099	-348,761	-365,848	-369,541	-373,156	-367,505
Outstanding Debt							
End of Fiscal Year**.....	\$ 3,724,553	\$ 3,828,754	\$ 4,117,993	\$ 4,351,145	\$ 4,640,604	\$ 4,765,448	\$ 4,809,943
Debt Limit (from below).....	34,282,616	35,472,737	36,559,696	37,496,859	38,719,522	40,006,846	41,094,332
Capital Budget Debt as a percent of Debt Limit.....	10.9%	10.8%	11.3%	11.6%	12.0%	11.9%	11.7%
Calculation of Debt Limit:							
Average Tax Revenues							
Previous Five Years.....	\$ 19,590,066	\$ 20,270,135	\$ 20,891,255	\$ 21,426,777	\$ 22,125,441	\$ 22,861,055	\$ 23,482,476
Debt Limit (1.75 times revenues).	34,282,616	35,472,737	36,559,696	37,496,859	38,719,522	40,006,846	41,094,332

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 1996-97 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 1997-98 Through 2002-03

This table shows the amounts necessary to pay estimated debt service by the Commonwealth on currently outstanding general obligation bonds, outstanding bond anticipation notes, and on projected general obligation bond issues.



(Dollar Amounts in Thousands)

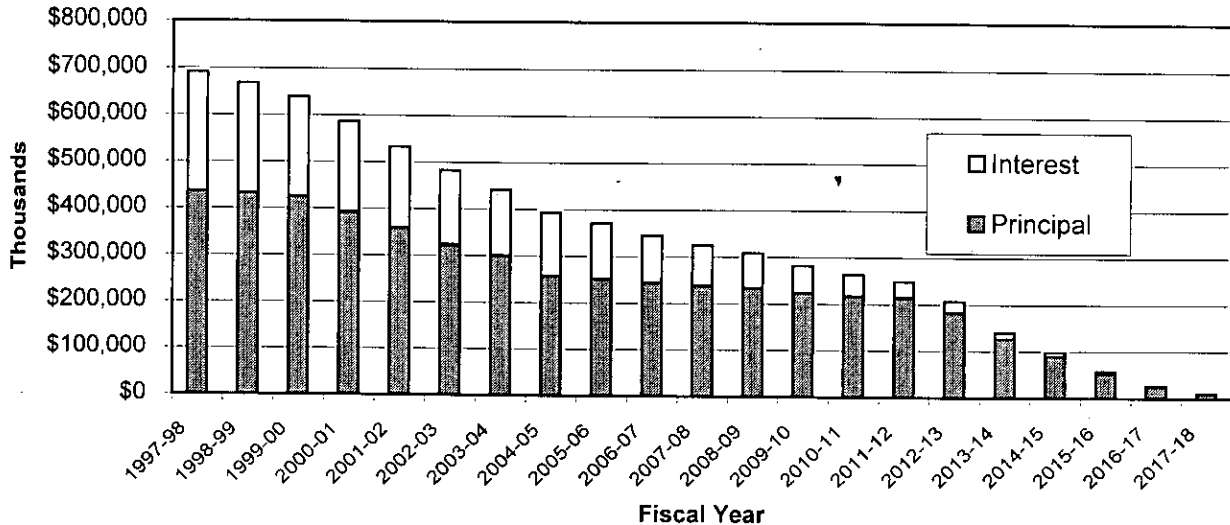
	1996-97 Actual	1997-98 Estimated	1998-99 Budget	1999-00 Estimated	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
General Fund							
Capital Budget Non-Highway.....	\$ 407,399	\$ 406,888	\$ 428,272	\$ 479,391	\$ 513,344	\$ 553,293	\$ 571,491
Voter Approved and Disaster.....	149,942	142,535	140,036	141,625	138,338	131,254	128,432
Augmentations, Interest and Misc. Revenue.....	-89,612	-10,707	-7,880	-5,318	-5,298	-5,279	-5,260
Subtotal.....	<u>\$ 467,729</u>	<u>\$ 538,716</u>	<u>\$ 560,428</u>	<u>\$ 615,698</u>	<u>\$ 646,384</u>	<u>\$ 679,268</u>	<u>\$ 694,663</u>
Motor License Fund							
Capital Budget -- Highways.....	\$ 118,034	\$ 113,377	\$ 110,514	\$ 98,126	\$ 79,840	\$ 59,112	\$ 40,964
Capital Budget.....	1,367	1,301	1,260	2,294	2,571	2,887	2,801
Subtotal.....	<u>\$ 119,401</u>	<u>\$ 114,678</u>	<u>\$ 111,774</u>	<u>\$ 100,420</u>	<u>\$ 82,411</u>	<u>\$ 61,999</u>	<u>\$ 43,765</u>
Motor License Fund Restricted Receipts							
Aviation -- Capital Budget.....	\$ 1,378	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 0
Highway Bridge Improvement -- Capital Budget.....	29,132	29,745	29,684	28,552	26,340	24,220	23,873
Subtotal.....	<u>\$ 30,510</u>	<u>\$ 29,772</u>	<u>\$ 29,711</u>	<u>\$ 28,579</u>	<u>\$ 26,367</u>	<u>\$ 24,247</u>	<u>\$ 23,873</u>
TOTAL.....	<u><u>\$ 617,640</u></u>	<u><u>\$ 683,166</u></u>	<u><u>\$ 701,913</u></u>	<u><u>\$ 744,697</u></u>	<u><u>\$ 755,162</u></u>	<u><u>\$ 765,514</u></u>	<u><u>\$ 762,301</u></u>

*Includes bonds issued to refund Capital Budget bonds.

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS Bonds Issued as of December 31, 1997

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 1997 are shown in the table below. Debt service on outstanding bond anticipation notes is not included. Debt service on projected bond issues is also excluded from this data.

Principal and Interest on Outstanding Bonds Issued as of December 31, 1997



General Obligation Bond Annual Debt Service

(Dollar Amounts in Thousands)

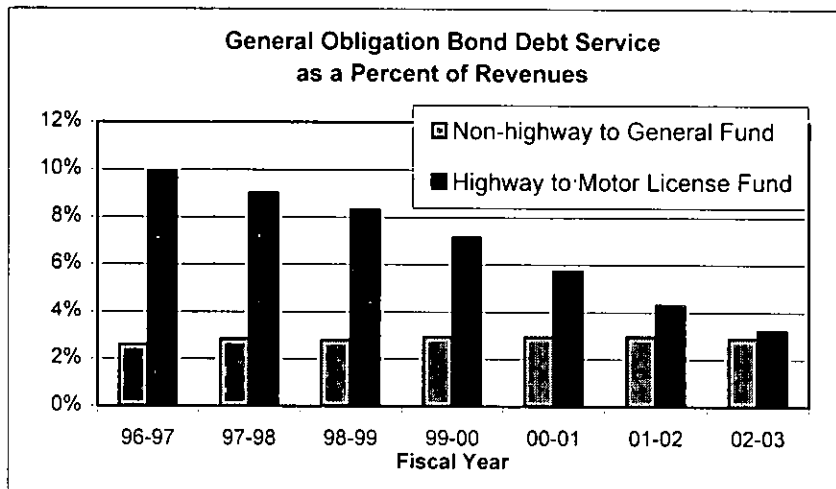
Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
1997-98	\$ 243,745	\$ 163,177	\$ 406,922	\$ 106,778	\$ 36,343	\$ 143,121	\$ 84,567	\$ 57,261	\$ 141,828	\$ 691,871
1998-99	241,888	153,482	395,370	109,878	30,320	140,198	79,659	52,999	132,658	668,226
1999-00	243,613	141,091	384,704	101,657	25,021	126,678	78,705	48,711	127,416	638,798
2000-01	229,337	129,089	358,426	85,443	20,737	106,180	77,190	44,719	121,909	586,515
2001-02	219,416	117,128	336,544	66,288	17,043	83,331	71,956	40,742	112,698	532,573
2002-03	201,871	107,549	309,420	51,018	13,819	64,837	70,998	37,286	108,284	482,541
2003-04	194,994	96,431	291,425	43,054	11,074	54,128	62,157	33,512	95,669	441,222
2004-05	176,357	93,644	270,001	25,474	11,536	37,010	54,120	32,455	86,575	393,586
2005-06	172,096	81,279	253,375	25,686	11,342	37,028	53,133	27,325	80,458	370,861
2006-07	166,936	69,169	236,105	23,516	8,271	31,787	53,542	24,313	77,855	345,747
2007-08	157,843	60,464	218,307	23,759	7,016	30,775	55,516	21,334	76,850	325,932
2008-09	154,594	51,875	206,469	20,830	5,752	26,582	56,961	18,249	75,210	308,261
2009-10	146,493	40,912	187,405	18,225	3,072	21,297	57,547	15,072	72,619	281,321
2010-11	140,412	32,832	173,244	-17,341	2,083	19,424	58,682	11,848	70,530	263,198
2011-12	138,408	25,217	163,625	15,798	1,189	16,987	59,478	8,582	68,060	248,672
2012-13	118,765	18,128	136,893	8,875	513	9,388	55,055	5,396	60,451	206,732
2013-14	91,910	12,016	103,926	1,905	107	2,012	32,045	2,763	34,808	140,746
2014-15	73,545	7,027	80,572	0	0	0	16,120	1,278	17,398	97,970
2015-16	43,750	3,475	47,225	0	0	0	9,460	532	9,992	57,217
2016-17	22,760	1,366	24,126	0	0	0	1,620	107	1,727	25,853
2017-18	8,390	210	8,600	0	0	0	1,000	25	1,025	9,625



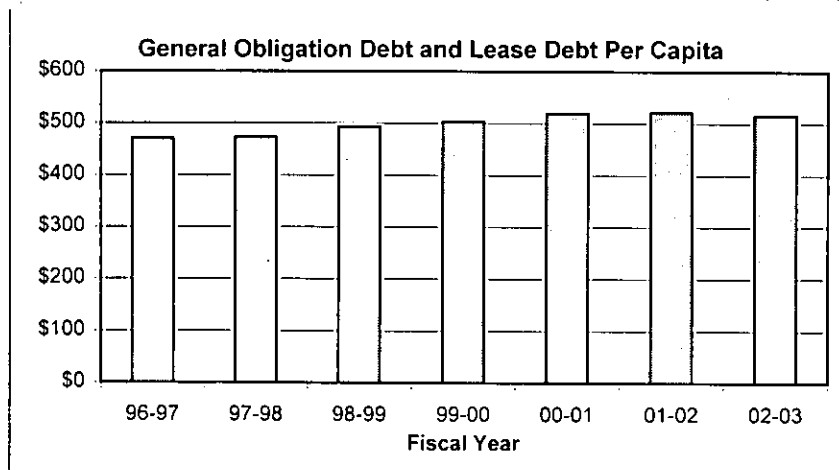
TRENDS IN DEBT SERVICE AND DEBT RATIOS 1996-97 Through 2002-03

The charts below portray projections for various indicators of the relative cost of projected annual debt service payments and the burden of projected debt outstanding. Debt service does not include debt paid from lease rental payments. Outstanding debt includes general obligation debt and debt secured by lease rental payments from various Commonwealth departments.

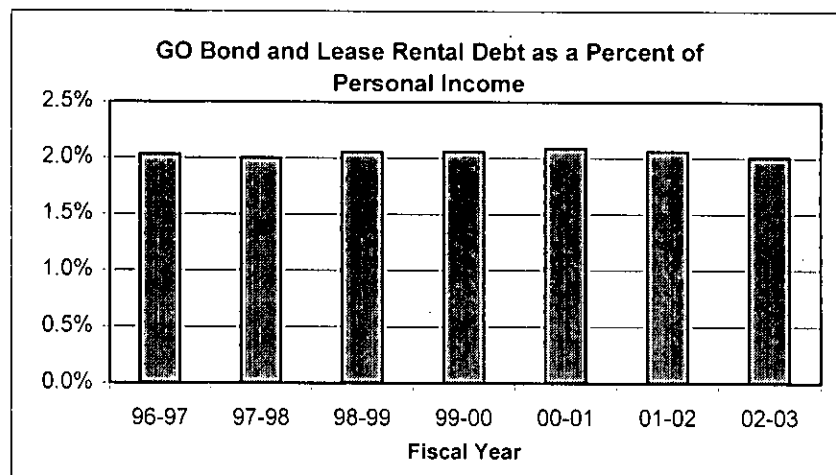
Current revenue financing for highway projects reduces the Motor License Fund debt service ratio.



Rising investment needs and slow population growth produce a slow rise in per capita debt.



Declines in lease rental debt and highway debt offset the projected rise in non-highway debt.



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.

As of 12/31/97
(in millions)
Bonds and
Notes

<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>	\$ 5.7
<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>	512.3
<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 of economic development projects. Debt service on the bonds is paid by loan interest and repayments and other authority revenues.</p>	1,080.5
<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>	72.8
<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>	83.8
<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>	2,776.8
<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>	2,631.1
<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>	402.1
<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 loans.</p>	196.4
<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>	1,177.6
<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 receipts.</p>	59.5
<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>	310.5
<p>TOTAL.....</p>	\$ 9,309.1



Governor's Executive Budget

OTHER
SPECIAL FUNDS



COMMONWEALTH OF PENNSYLVANIA

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.

GOVERNOR'S EXECUTIVE BUDGET 1998-99

OTHER SPECIAL FUNDS

This appendix contains a brief presentation of all active Commonwealth funds not given an expanded treatment in the other sections of the budget.

In a limited number of cases expenditures from funds presented in this section are included in other presentations.

Generally, the Commonwealth uses a modified accrual basis of accounting for financial reporting where certain revenues are accrued and expenditures are reflected when disbursed or committed. Unless otherwise noted in the fund description, all financial data shown herein is on a cash basis, which means that the beginning and ending balances are cash plus investments. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Disbursements represent checks drawn 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, 1997.

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. One recurring detail on the financial statements requires further explanation. In those funds with complement, the State share of retirement was taken from general revenue of the fund and paid into a restricted account within the fund from which payments were made to the State Employees' Retirement Fund by the Executive Offices. Receipts and disbursements shown as a result of such transactions may not be equal within any given fiscal year.

The vast majority of Commonwealth day-to-day activities are financed from the General Fund; however, over time a large number of other funds have been created to more closely relate specific revenue sources to specific programs or to identify particular government programs or activities. These special funds are categorized into six groups to aid in identifying their purpose. These groups are defined below.

Special Revenue Funds — These funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities.

Internal Service Funds — These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units, on a cost-reimbursement basis.

Bond Funds — Bond Funds are used to account for the receipt and disbursement of bond sale proceeds which normally finance the construction or acquisition of designated fixed assets.

Debt Service Funds — These funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Trust and Agency Funds — These funds are used to account for assets held by the Commonwealth as trustee or agent for individuals, private organizations and other government units.

Enterprise Funds — These funds accommodate the operation of public service programs financed wholly or mostly by user charges, or where the periodic determination of net income is deemed appropriate.



Acid Mine Drainage Abatement and Treatment Fund

This fund was created in 1992 to receive money authorized by Title IV of the Federal Surface Mining Control and Reclamation Act. This fund receives up to ten percent of the Commonwealth's Federal Title IV grant for abandoned mine reclamation. Funds are used for acid mine drainage abatement and treatment.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning.....	\$ 8,855	\$ 13,629	\$ 10,443
Receipts:			
Federal Funds.....	\$ 4,465	\$ 2,618	\$ 2,200
Interest.....	625	600	500
Other.....	0	0	0
Total Receipts.....	<u>5,090</u>	<u>3,218</u>	<u>2,700</u>
Total Funds Available.....	\$ 13,945	\$ 16,847	\$ 13,143
Disbursements:			
Environmental Protection.....	\$ 315	\$ 6,404	\$ 4,400
Executive Offices.....	1	0	0
Total Disbursements.....	<u>-316</u>	<u>-6,404</u>	<u>-4,400</u>
Cash Balance, Ending.....	\$ 13,629	\$ 10,443	\$ 8,743

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning.....	\$ 3,549	\$ 1,276	\$ 1,078
Receipts:			
Federal Unemployment Trust Fund.....	\$ 177,564	\$ 175,830	\$ 177,500
Federal — Other Funds.....	5,819	9,892	9,900
Other.....	187	4,900	5,100
Total Receipts.....	<u>183,570</u>	<u>190,622</u>	<u>192,500</u>
Total Funds Available.....	\$ 187,119	\$ 191,898	\$ 193,578
Disbursements:			
Executive Offices.....	\$ 2,658	\$ 0	\$ 0
Labor and Industry.....	183,185	190,820	192,500
Total Disbursements.....	<u>-185,843</u>	<u>-190,820</u>	<u>-192,500</u>
Cash Balance, Ending.....	\$ 1,276	\$ 1,078	\$ 1,078

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning.....	\$ 635	\$ 631	\$ 631
Receipts:			
Interest on Securities.....	\$ 42	\$ 42	\$ 42
Total Receipts.....	42	42	42
Total Funds Available.....	\$ 677	\$ 673	\$ 673
Disbursements:			
Treasury.....	\$ 46	\$ 42	\$ 42
Total Disbursements.....	-46	-42	-42
Cash Balance, Ending.....	\$ 631	\$ 631	\$ 631

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 the purchases of agricultural conservation easements. The bond authorization will expire in February of 1999. Act 23 of 1992 increased the annual ceiling on easement purchases from bond sales from \$20 to \$25 million. Act 22 of 1991 provided that two thirty-firsts of the cigarette tax be transferred twice a year into the fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 12,866	\$ 12,451	\$ 2,052
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 19,000
Interest on Securities.....	948	56	400
Transfer of Cigarette Tax.....	21,970	21,400	21,800
Other.....	102	1,000	2,000
Total Receipts	23,020	22,456	43,200
Total Funds Available	\$ 35,886	\$ 34,907	\$ 45,252
Disbursements:			
Treasury.....	\$ 2	\$ 2	\$ 2
Agriculture.....	23,433	32,853	44,592
Total Disbursements	-23,435	-32,855	-44,594
Cash Balance, Ending	\$ 12,451	\$ 2,052	\$ 658

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 6,749	\$ 6,528	\$ 6,727
Total Receipts	<u>6,749</u>	<u>6,528</u>	<u>6,727</u>
Total Funds Available	\$ 6,749	\$ 6,528	\$ 6,727
Disbursements:			
Treasury.....	\$ 6,749	\$ 6,528	\$ 6,727
Total Disbursements	<u>-6,749</u>	<u>-6,528</u>	<u>-6,727</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Air Quality Improvement Fund

This fund was created by Act 95 of 1992, which authorized the Governor to provide funding via a transfer from the Hazardous Sites Cleanup Fund. Funds were to provide loans to Pennsylvania small businesses to reduce or prevent air pollution through the purchase and installation of air pollution control equipment and facilities, the purchase of equipment to make operational changes and the modification of production practices. Act 67 of 1996 established the Small Business First Fund. The balances, functions and obligations of the Air Quality Improvement Fund were transferred to the Small Business First Fund effective July 1, 1996.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,308	\$ 0	\$ 0
Receipts:			
Interest.....	\$ 29	\$ 0	\$ 0
Loan Repayments.....	0	0	0
Miscellaneous.....	0	0	0
Total Receipts	<u>29</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 1,337	\$ 0	\$ 0
Disbursements:			
Community and Economic Development.....	\$ 1,337	\$ 0	\$ 0
Total Disbursements	<u>-1,337</u>	<u>0</u>	<u>0</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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 276	\$ 285	\$ 302
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 0	\$ 0
Operator Payments.....	0	2	2
Production Fees.....	0	5	5
Interest	15	15	16
Total Receipts	15	22	23
Total Funds Available	\$ 291	\$ 307	\$ 325
Disbursements:			
Environmental Protection	\$ 6	\$ 5	\$ 5
Total Disbursements	-6	-5	-5
Cash Balance, Ending	\$ 285	\$ 302	\$ 320

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 and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,162	\$ 2,573	\$ 2,673
Receipts:			
Assessments.....	\$ 4,099	\$ 4,260	\$ 4,500
Interest on Securities.....	191	100	100
Total Receipts	4,290	4,360	4,600
Total Funds Available	\$ 7,452	\$ 6,933	\$ 7,273
Disbursements:			
Automobile Theft Prevention Authority.....	\$ 4,879	\$ 4,260	\$ 6,100
Total Disbursements	-4,879	-4,260	-6,100
Cash Balance, Ending	\$ 2,573	\$ 2,673	\$ 1,173

Ben Franklin / IRC Partnership Fund

This fund supports the activities of the Ben Franklin/IRC Partnership which was created by Act 64 of 1993. The partnership helps small and medium-sized businesses. The Ben Franklin component assists technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. The Industrial Resource Center (IRC) component assists companies in solving problems through the deployment of technologies and with training programs in order to maintain a technically skilled workforce.

The Ben Franklin technology centers and the industrial resource centers receive separate allocations from the State appropriation made to the partnership to support their efforts. In addition, both receive any other moneys, including earmarked Federal funds, credited to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 7,541	\$ 1,936	\$ 2,506
Receipts:			
Transfer from General Fund.....	\$ 35,200	\$ 39,700	\$ 39,700
Federal Revenue.....	146	750	750
Interest on Securities.....	363	570	420
Total Receipts	35,709	41,020	40,870
Total Funds Available	\$ 43,250	\$ 42,956	\$ 43,376
Disbursements:			
Community and Economic Development.....	\$ 41,314	\$ 40,450	\$ 43,200
Total Disbursements	-41,314	-40,450	-43,200
Cash Balance, Ending	\$ 1,936	\$ 2,506	\$ 176

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 4,613	\$ 69,291	\$ 69,291
Receipts:			
Transfer from Other Funds.....	\$ 647,024	\$ 543,935	\$ 567,964
Rentals - State-Aided and State- Related Institutions.....	2,159	1,700	1,700
Interest Subsidy - Higher Education Construction Projects.....	157	157	157
Refunding Bond Maturing Escrow Funds.....	611,761	235,881	210,455
Accrued Interest on Bonds Sold.....	773	142	0
Interest on Securities.....	780	4,110	100
Total Receipts	1,262,654	785,925	780,376
Total Funds Available	\$ 1,267,267	\$ 855,216	\$ 849,667
Disbursements:			
Treasury.....	\$ 1,197,976	\$ 785,925	\$ 780,376
Total Disbursements	-1,197,976	-785,925	-780,376
Cash Balance, Ending	\$ 69,291	\$ 69,291	\$ 69,291

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. Project money that remained after the refunding of the General State Authority was deposited in this fund and used for the maintenance and repair of General State Authority projects.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 188,063	\$ 81,693	\$ 23,365
Receipts:			
Sale of Bonds.....	\$ 208,201	\$ 412,800	\$ 638,000
Interest on Securities.....	6,306	4,495	3,019
Interest on Grant Funds Redevelopment Assistance Projects.....	31	5	5
Other	18,552	41,916	20,000
Total Receipts	233,090	459,216	661,024
Total Funds Available	\$ 421,153	\$ 540,909	\$ 684,389
Disbursements:			
Community and Economic Development.....	\$ 35,255	\$ 45,314	\$ 72,052
Environmental Protection.....	110	3,048	10,825
General Services.....	212,929	314,306	367,532
Transportation.....	90,446	154,652	143,744
Other.....	720	224	0
Total Disbursements	-339,460	-517,544	-594,153
Cash Balance, Ending	\$ 81,693	\$ 23,365	\$ 90,236

Capitol Restoration Trust Fund

This fund was created in 1982 to finance the maintenance, restoration, preservation and rehabilitation of artifacts, documents and other historical objects or resources located within and around or associated with the State Capitol Building, and the acquisition of artifacts, documents and other historical objects or resources which contribute to the historical significance of the State Capitol Building. This fund is administered by the Capitol Preservation Committee. Revenue is derived from gifts, donations and legacies of money from individuals, organizations, public or private corporations, and from the sale of commemorative medals and other items of a similar nature which promote the historic preservation and restoration of the State Capitol Building.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 183	\$ 200	\$ 202
Receipts:			
Contributions and Sales.....	\$ 6	\$ 10	\$ 10
Other.....	11	12	12
Total Receipts	17	22	22
Total Funds Available	\$ 200	\$ 222	\$ 224
Disbursements:			
Capitol Preservation Committee.....	\$ 0	\$ 20	\$ 20
Total Disbursements	0	-20	-20
Cash Balance, Ending	\$ 200	\$ 202	\$ 204

Catastrophic Loss Benefits Continuation Fund

This fund was established by Act 24 of 1989 to replace the Catastrophic Loss Trust Fund. The purpose of the Continuation Fund is to pay all medical claims owed by the Catastrophic Loss Trust Fund. Monies in the former Catastrophic Loss Trust Fund were transferred to this fund effective July 1, 1989. Additional revenue is obtained from a surcharge on certain motor vehicle moving violations.

Act 72 of 1995 authorizes the transfer of funds from this fund to a restricted receipt account for the purpose of paying settlements and court orders arising from legal action related to contracts with Envirotec, Inc. Act 72 prohibits the transfer of funds for Envirotec, Inc. settlements if such transfer would jeopardize timely payment and processing of catastrophic loss benefits. Accordingly, in fiscal year 1997-98 the fund will borrow \$52.5 million in two installments from the Workers' Compensation Security Fund in order to make the final payments on the Envirotec, Inc. settlement.

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 33,287	\$ 37,049	\$ 56,002
Receipts:			
Moving Violation Surcharge.....	\$ 34,343	\$ 34,010	\$ 34,010
Interest	1,492	500	500
Workmen's Compensation Security Fund Loan.....	0	52,541	0
Miscellaneous.....	0	192	0
Total Receipts	35,835	87,243	34,510
Total Funds Available	\$ 69,122	\$ 124,292	\$ 90,512
Disbursements:			
Executive Offices.....	\$ 4	\$ 0	\$ 0
Transportation.....	15,271	44,800	42,400
Insurance.....	16,798	17,490	16,605
Loan Repayment.....	0	6,000	12,000
Total Disbursements	-32,073	-68,290	-71,005
Cash Balance, Ending	\$ 37,049	\$ 56,002	\$ 19,507

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 for child abuse and neglect prevention.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,721	\$ 2,241	\$ 1,536
Receipts:			
Marriage/Divorce Surcharge.....	\$ 1,195	\$ 1,200	\$ 1,200
Miscellaneous Revenue.....	117	120	120
Total Receipts	1,312	1,320	1,320
Total Funds Available	\$ 4,033	\$ 3,561	\$ 2,856
Disbursements:			
Public Welfare.....	\$ 1,792	\$ 2,025	\$ 1,800
Total Disbursements	-1,792	-2,025	-1,800
Cash Balance, Ending	\$ 2,241	\$ 1,536	\$ 1,056

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 25,770	\$ 29,418	\$ 27,646
Receipts:			
Fines and Penalties.....	\$ 1,490	\$ 1,900	\$ 1,900
Fees.....	18,786	17,950	17,038
Interest.....	1,851	1,500	1,500
Other.....	18	0	0
Total Receipts	22,145	21,350	20,438
Total Funds Available	\$ 47,915	\$ 50,768	\$ 48,084
Disbursements:			
Executive Offices.....	\$ 117	\$ 0	\$ 0
Environmental Protection	18,380	23,122	25,794
Total Disbursements	-18,497	-23,122	-25,794
Cash Balance, Ending	\$ 29,418	\$ 27,646	\$ 22,290

Coal and Clay Mine Subsidence Insurance Fund

This fund was created in 1961 to provide insurance to home owners in mining areas against damages resulting from subsidence. Revenue is derived from premiums paid by policy-holders for subsidence insurance.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 18,278	\$ 20,764	\$ 21,399
Receipts:			
Premiums Collected.....	\$ 3,816	\$ 3,800	\$ 4,000
Interest.....	1,066	1,000	1,200
Other.....	33	30	30
Total Receipts	4,915	4,830	5,230
Total Funds Available	\$ 23,193	\$ 25,594	\$ 26,629
Disbursements:			
Executive Offices.....	\$ 13	\$ 0	\$ 0
Environmental Protection	2,416	4,195	4,059
Total Disbursements	-2,429	-4,195	-4,059
Cash Balance, Ending	\$ 20,764	\$ 21,399	\$ 22,570

Coal Lands Improvement Fund

This fund was created in 1965 to finance the restoration of land acquired by the Commonwealth through eminent domain or amicable methods which has been defaced by open pit or strip mining and has been declared a health hazard. Initially the fund was provided a \$1 million appropriation, but subsequent revenue is derived from the sale of restored land and interest on investments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 448	\$ 473	\$ 498
Receipts:			
Sale of Land	\$ 0	\$ 0	\$ 0
Interest	25	25	25
Total Receipts	25	25	25
Total Funds Available	\$ 473	\$ 498	\$ 523
Disbursements:			
Environmental Protection	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	<u>\$ 473</u>	<u>\$ 498</u>	<u>\$ 523</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 income and 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 53	\$ 52	\$ 32
Receipts:			
Interest on Securities	\$ 3	\$ 3	\$ 1
Total Receipts	3	3	1
Total Funds Available	\$ 56	\$ 55	\$ 33
Disbursements:			
Historical and Museum Commission	\$ 4	\$ 23	\$ 0
Total Disbursements	-4	-23	0
Cash Balance, Ending	<u>\$ 52</u>	<u>\$ 32</u>	<u>\$ 33</u>

Deferred Compensation Fund

On November 6, 1987, 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 747	\$ 831	\$ 871
Receipts:			
Employee Contributions	\$ 92,781	\$ 86,959	\$ 99,706
Interest	0	48	50
Total Receipts	<u>92,781</u>	<u>87,007</u>	<u>99,756</u>
Total Funds Available	\$ 93,528	\$ 87,838	\$ 100,627
Disbursements:			
Executive Offices	\$ 64,995	\$ 79,132	\$ 90,731
State Employees' Retirement System	27,702	7,835	8,889
Total Disbursements	<u>-92,697</u>	<u>-86,967</u>	<u>-99,620</u>
Cash Balance, Ending	\$ 831	\$ 871	\$ 1,007

Deferred Compensation Fund — Short-Term Portfolio

On November 6, 1987, 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 10,741	\$ 12,472	\$ 14,105
Receipts:			
Transfers from Deferred Compensation Fund	\$ 1,085 ^a	\$ 15,671	\$ 17,899
Interest	646	692	774
Total Receipts	<u>1,731</u>	<u>16,363</u>	<u>18,673</u>
Total Funds Available	\$ 12,472	\$ 28,835	\$ 32,778
Disbursements:			
State Employees' Retirement System	\$ 0	\$ 14,730	\$ 16,940
Total Disbursements	<u>0</u>	<u>-14,730</u>	<u>-16,940</u>
Cash Balance, Ending	\$ 12,472	\$ 14,105	\$ 15,838

^a Net result of transfer into fund of \$13,894,000 from Deferred Compensation Fund and transfer to State Employees' Retirement Fund of \$12,809,000.

Disaster Relief Fund

Act 4 of Special Session 2 of 1996 authorized a \$110 million bond issue for rehabilitation of areas affected by the blizzard of January 1996 and the resulting flood emergency.

Act 4 of Special Session 1 of 1972 provided authority for implementation of a \$140 million bond issue for redevelopment of Commonwealth areas affected by the great storms and flood of September 1971 and June 1972; it was amended in 1978 to include the flood of July 1977 and to increase the bond authority to \$190 million. Activity in that program was completed in 1991.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 158	\$ 21,412
Receipts:			
Sale of Bonds	\$ 15,400	\$ 30,000	\$ 20,000
Miscellaneous Revenue	22	15	0
Total Receipts	15,422	30,015	20,000
Total Funds Available	\$ 15,422	\$ 30,173	\$ 41,412
Disbursements:			
Treasury	\$ 42	\$ 16	\$ 16
Emergency Management Agency	15,222	8,745	4,250
Total Disbursements	-15,264	-8,761	-4,266
Cash Balance, Ending	\$ 158	\$ 21,412	\$ 37,146

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 22	\$ 9	\$ 0
Receipts:			
Transfer from General Fund	\$ 6,508	\$ 6,968	\$ 10,291
Interest on Securities	8	0	0
Miscellaneous Revenue	571	4	0
Total Receipts	7,087	6,972	10,291
Total Funds Available	\$ 7,109	\$ 6,981	\$ 10,291
Disbursements:			
Treasury	\$ 7,100	\$ 6,981	\$ 10,291
Total Disbursements	-7,100	-6,981	-10,291
Cash Balance, Ending	\$ 9	\$ 0	\$ 0

DNA Detection Fund

This fund was created by Act 14 of Special Session 1 of 1995 to account for the collection and processing of Deoxyribonucleic Acid (DNA) samples by State Police from individuals convicted, adjudicated delinquent, or granted accelerated rehabilitation disposition for a felony sex offense or other specified offense. Revenues are derived from mandatory fees which are assessed on sexual offenders. Expenditures are made to establish and maintain a DNA database and DNA bank.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2	\$ 12	\$ 5
Receipts:			
Assessments.....	\$ 10	\$ 42	\$ 50
Interest.....	0	1	1
Total Receipts	10	43	51
Total Funds Available	\$ 12	\$ 55	\$ 56
Disbursements:			
State Police.....	\$ 0	\$ 50	\$ 50
Total Disbursements	0	-50	-50
Cash Balance, Ending	\$ 12	\$ 5	\$ 6

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 enacted on July 7, 1985. Act 121 of 1988 added a \$25 fee on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

In addition to the fees imposed by Act 121, revenue is derived from a \$10 fine levied on all moving traffic violations. These fines are in addition to other fines imposed at the discretion of the court. This statement includes both the Emergency Medical and Catastrophic Medical and Rehabilitation components of the act.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 8,102	\$ 8,075	\$ 3,515
Receipts:			
Fines	\$ 10,609	\$ 10,608	\$ 10,608
Interest	442	442	442
Total Receipts	11,051	11,050	11,050
Total Funds Available	\$ 19,153	\$ 19,125	\$ 14,565
Disbursements:			
Health	\$ 11,078	\$ 15,610	\$ 12,200
Total Disbursements	-11,078	-15,610	-12,200
Cash Balance, Ending	\$ 8,075	\$ 3,515	\$ 2,365

Employment Fund for the Blind

This fund, administered by the Department of Public Welfare, was created June 13, 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 the Department of Public Welfare.

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 Public Welfare; (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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,609	\$ 2,652	\$ 2,675
Receipts:			
Federal Reimbursement - Business			
Enterprise Program	\$ 518	\$ 678	\$ 600
Vending Stand Equipment Rentals	188	235	250
Vending Machine Receipts	349	600	600
Interest	162	145	125
Other	200	50	30
Total Receipts	<u>1,417</u>	<u>1,708</u>	<u>1,605</u>
Total Funds Available	<u>\$ 4,026</u>	<u>\$ 4,360</u>	<u>\$ 4,280</u>
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Public Welfare	1,374	1,680	1,800
Total Disbursements	<u>-1,374</u>	<u>-1,685</u>	<u>-1,805</u>
Cash Balance, Ending	<u>\$ 2,652</u>	<u>\$ 2,675</u>	<u>\$ 2,475</u>



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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 8,380	\$ 8,381	\$ 3,281
Receipts:			
Revenue Estimate.....	\$ 1,008	\$ 100	\$ 0
Other.....	703	500	500
Total Receipts	1,711	600	500
Total Funds Available	\$ 10,091	\$ 8,981	\$ 3,781
Disbursements:			
Environmental Protection.....	1,118	1,700	800
Public Welfare.....	592	4,000	1,700
Total Disbursements	-1,710	-5,700	-2,500
Cash Balance, Ending	\$ 8,381	\$ 3,281	\$ 1,281

Energy Development Fund

The Energy Development Fund was created by Act 280 of 1982. The fund provides the vehicle to accomplish the purposes of the Pennsylvania Energy Development Authority including the sale of bonds. Activities of the fund included preparation of the energy development plan, payment of administrative costs, the making of grants and loans for limited research intended to make the greatest possible contributions to energy conservation and development, and the establishment of reserves in respect to loans guaranteed or bonds issued by the authority. The fund was supported by an appropriation from the General Fund as well as from interest earnings. The fund will terminate when project activity is complete.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 937	\$ 718	\$ 442
Receipts:			
Interest	44	30	20
Total Receipts	44	30	20
Total Funds Available	\$ 981	\$ 748	\$ 462
Disbursements:			
Community and Economic Development.....	\$ 263	\$ 306	\$ 350
Total Disbursements	-263	-306	-350
Cash Balance, Ending	\$ 718	\$ 442	\$ 112

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 729	\$ 584	\$ 249
Receipts:			
Transfers from Other Funds.....	\$ 418	\$ 274	\$ 274
Interest	44	40	35
Other.....	0	0	0
Total Receipts	<u>462</u>	<u>314</u>	<u>309</u>
Total Funds Available	\$ 1,191	\$ 898	\$ 558
Disbursements:			
Executive Offices.....	\$ 1	\$ 0	\$ 0
Conservation and Natural Resources.....	181	150	95
Environmental Protection	425	499	284
Total Disbursements	<u>-607</u>	<u>-649</u>	<u>-379</u>
Cash Balance, Ending	<u>\$ 584</u>	<u>\$ 249</u>	<u>\$ 179</u>

Financially Distressed Municipalities Revolving Aid Fund

This fund was created by Act 157 of 1988 to make loans and grants to assist municipalities that are declared financially distressed. Initial funding was provided through the transfer of unused funds remaining from a 1986-87 General Fund appropriation for Distressed Community Emergency Aid. In addition, Act 157 stipulated that all repayments on loans made from the fund should be redeposited into the fund and used to make additional loans and grants to distressed municipalities. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,463	\$ 4,743	\$ 4,008
Receipts:			
Transfer from General Fund.....	\$ 1,200	\$ 1,000	\$ 1,000
Loan Repayments.....	794	800	800
Interest	243	265	245
Total Receipts	<u>2,237</u>	<u>2,065</u>	<u>2,045</u>
Total Funds Available	\$ 5,700	\$ 6,808	\$ 6,053
Disbursements:			
Community and Economic Development.....	\$ 957	\$ 2,800	\$ 2,800
Total Disbursements	<u>-957</u>	<u>-2,800</u>	<u>-2,800</u>
Cash Balance, Ending	<u>\$ 4,743</u>	<u>\$ 4,008</u>	<u>\$ 3,253</u>



Fire Insurance Tax Fund

The revenue for the Fire Insurance Tax Fund results from the two percent tax paid upon premiums received from foreign (out-of-state) fire insurance companies on business done within the Commonwealth. The funds are distributed based on the population and market value of real estate of each municipality. In addition, the distribution formula provides for differential payment for paid and volunteer firefighters. The amount to be distributed based on paid firefighters is transferred to the Municipal Pension Aid Fund for payment. This money must be paid by the local governmental organization into the relief, pension or retirement fund of the recognized fire fighting organization serving the city, town, township or borough.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 54,762 ^a	\$ 54,223	\$ 54,223
Receipts:			
Tax Payable to Municipalities.....	\$ 54,183	\$ 54,183	\$ 60,000
Total Receipts	<u>54,183</u>	<u>54,183</u>	<u>60,000</u>
Total Funds Available	\$ 108,945	\$ 108,406	\$ 114,223
Disbursements:			
Auditor General.....	\$ 54,722	\$ 54,183	\$ 60,000
Total Disbursements	<u>-54,722</u>	<u>-54,183</u>	<u>-60,000</u>
Cash Balance, Ending	\$ 54,223	\$ 54,223	\$ 54,223

^a Adjusted from 1997-98 budget based on accounting records.

Hazardous Material Response Fund

This fund was created by Act 165 of 1990 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 and administration of the program including data collection and management.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,610	\$ 1,711	\$ 1,230
Receipts:			
Toxic Chemical Release Form Fee	\$ 866	\$ 800	\$ 800
Chemical Inventory Fee	274	260	260
Interest on Securities	108	110	100
Other.....	96	80	50
Total Receipts	<u>1,344</u>	<u>1,250</u>	<u>1,210</u>
Total Funds Available	\$ 2,954	\$ 2,961	\$ 2,440
Disbursements:			
Emergency Management Agency	\$ 1,205	\$ 1,668	\$ 1,874
Labor and Industry	38	63	150
Total Disbursements	<u>-1,243</u>	<u>-1,731</u>	<u>-2,024</u>
Cash Balance, Ending	\$ 1,711	\$ 1,230	\$ 416



Hazardous Sites Cleanup Fund

This fund was created by Act 58 of 1987 to finance the cleanup and restoration of abandoned hazardous waste sites in the Commonwealth. Revenue is generated from a portion of the Capital Stock and Franchise Tax and a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. Expenditures are for cleaning up abandoned hazardous waste sites throughout the Commonwealth and restoring the land to productive use. Act 95 of 1992 authorized a transfer of up to \$3 million to the Air Quality Improvement Fund to capitalize a loan program to small businesses. This amount is to be repaid between the 1997-98 and the 2002-03 fiscal years.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 130,617	\$ 146,761	\$ 105,415
Receipts:			
Capital Stock and Franchise Tax	\$ 39,009	\$ 40,600	\$ 40,900
Hazardous Waste Fee	2,573	3,473	3,647
Cost Recovery	7,928	2,000	2,000
Interest	7,064	5,000	4,000
Other	6	10	0
Total Receipts	<u>56,580</u>	<u>51,083</u>	<u>50,547</u>
Total Funds Available	\$ 187,197	\$ 197,844	\$ 155,962
Disbursements:			
Executive Offices	\$ 249	\$ 0	\$ 0
Environmental Protection	40,187	92,429	99,924
Total Disbursements	<u>-40,436</u>	<u>-92,429</u>	<u>-99,924</u>
Cash Balance, Ending	\$ 146,761	\$ 105,415	\$ 56,038



Higher Education Assistance Fund

Moneys in this fund are currently used primarily for the following purposes: (1) maintenance of a monetary reserve to be used for all expenses associated with loans guaranteed by the Pennsylvania Higher Education Assistance Agency (PHEAA); (2) provision of grants to students; (3) provision of grants to nonsectarian private postsecondary educational institutions; (4) provision of grants to institutions of higher learning for the purpose of helping the institution secure Federal funds to provide direct financial aid to students; (5) provision of funds to institutions for College Work Study Programs; (6) operation of the Informational Technology Education Program and Math and Science Programs; (7) provision for minority students entering graduate professional schools under the Equal Opportunity Professional Education Program; (8) provision for loan forgiveness; and (9) payment of PHEAA administrative costs. Revenue to this fund is derived from appropriations by the General Assembly of General Fund money, gifts, Federal funds interest earnings and servicing fees.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 222,978	\$ 219,922	\$ 210,177
Receipts:			
Transfer from General Fund	\$ 280,830	\$ 297,916	\$ 314,354
Investment Earnings	17,056	17,670	18,296
Federal Revenue.....	198,029	191,946	186,924
Other.....	200,705	214,263	225,494
Total Receipts	696,620	721,795	745,067
Total Funds Available	\$ 919,598	\$ 941,717	\$ 955,244
Disbursements:			
Treasury.....	\$ 1	\$ 0	\$ 0
Executive Offices.....	810	0	0
PHEAA.....	698,123	731,540	758,356
Net Investment Adjustment.....	742	0	0
Total Disbursements	699,676	731,540	758,356
Cash Balance, Ending	\$ 219,922	\$ 210,177	\$ 196,888

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 control of 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 792	\$ 771	\$ 378
Receipts:			
Federal Grants.....	\$ 23	\$ 0	\$ 0
Licenses and Fees.....	333	319	325
Other.....	45	9	35
Total Receipts	401	328	360
Total Funds Available	\$ 1,193	\$ 1,099	\$ 738
Disbursements:			
Treasury.....	\$ 0	\$ 6	\$ 6
Transportation.....	422	715	715
Total Disbursements	-422	-721	-721
Cash Balance, Ending	\$ 771	\$ 378	\$ 17

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 arising from the sale of publications of the Pennsylvania Historical and Museum Commission and all moneys received from admission fees or other sales by the commission at the State historical properties and/or museums.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,347	\$ 2,414	\$ 989
Receipts:			
Admission Fees.....	\$ 979	\$ 1,000	\$ 950
Interest	121	75	50
Other.....	4,297	4,000	4,000
Total Receipts	<u>5,397</u>	<u>5,075</u>	<u>5,000</u>
Total Funds Available	\$ 6,744	\$ 7,489	\$ 5,989
Disbursements:			
Executive Offices.....	\$ 29	\$ 0	\$ 0
Historical and Museum Commission.....	4,301	6,500	5,700
Total Disbursements	<u>-4,330</u>	<u>-6,500</u>	<u>-5,700</u>
Cash Balance, Ending	\$ 2,414	\$ 989	\$ 289

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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 11	\$ 5	\$ 25
Receipts:			
Federal Revenue.....	\$ 9,755	\$ 14,450	\$ 14,400
Principal and Interest.....	175	160	200
Miscellaneous.....	196	410	410
Total Receipts	<u>10,126</u>	<u>15,020</u>	<u>15,010</u>
Total Funds Available	\$ 10,137	\$ 15,025	\$ 15,035
Disbursements:			
Executive Offices.....	\$ 7	\$ 0	\$ 0
Community and Economic Development.....	10,125	15,000	15,000
Total Disbursements	<u>-10,132</u>	<u>-15,000</u>	<u>-15,000</u>
Cash Balance, Ending	\$ 5	\$ 25	\$ 35

Industrial Development Fund

Originally, appropriations made by the General Assembly to the Pennsylvania Industrial Development Authority (PIDA) were credited to this fund. Effective January 1, 1992, these appropriations were replaced by an annual \$70 million transfer (\$17.5 million per quarter) of Corporate 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. A General Fund transfer to the fund has been re-established. The monies are used to make loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayments of loans, generally not credited to this fund, represent the primary source of revenue to PIDA and are used by PIDA to make additional loans.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 82	\$ 810	\$ 832
Receipts:			
General Fund Transfer.....	\$ 15,000	\$ 15,000	\$ 15,000
Interest on Securities.....	1,075	1,000	900
Transfer from Sunny Day Fund.....	22,705	0	0
Sunny Day Loan Repayments.....	1,787	0	0
Miscellaneous.....	13	22	25
Total Receipts	<u>40,580</u>	<u>16,022</u>	<u>15,925</u>
Total Funds Available	\$ 40,662	\$ 16,832	\$ 16,757
Disbursements:			
Community and Economic Development.....	\$ 39,852	\$ 16,000	\$ 16,000
Total Disbursements	<u>-39,852</u>	<u>-16,000</u>	<u>-16,000</u>
Cash Balance, Ending	\$ 810	\$ 832	\$ 757

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. 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,962	\$ 13,614	\$ 19,914
Receipts:			
Hazardous Sites Cleanup Fund.....	\$ 10,110	\$ 12,000	\$ 12,000
Loan principal and Interest.....	33	200	2,000
Interest on Securities.....	450	1,200	1,300
Total Receipts	<u>\$ 10,593</u>	<u>\$ 13,400</u>	<u>\$ 15,300</u>
Total Funds Available	\$ 14,555	\$ 27,014	\$ 35,214
Disbursements:			
Community and Economic Development.....	\$ 941	\$ 7,100	\$ 14,100
Total Disbursements	<u>-941</u>	<u>-7,100</u>	<u>-14,100</u>
Cash Balance, Ending	\$ 13,614	\$ 19,914	\$ 21,114

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 and interest earnings.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,099	\$ 5,591	\$ 5,921
Receipts:			
Assessments	\$ 8,127	\$ 8,000	\$ 8,250
Interest on Securities	330	330	400
Total Receipts	<u>8,457</u>	<u>8,330</u>	<u>8,650</u>
Total Funds Available	<u>\$ 11,556</u>	<u>\$ 13,921</u>	<u>\$ 14,571</u>
Disbursements:			
Insurance Fraud Prevention Authority	\$ 5,965	\$ 8,000	\$ 12,500
Total Disbursements	<u>-5,965</u>	<u>-8,000</u>	<u>-12,500</u>
Cash Balance, Ending	<u>\$ 5,591</u>	<u>\$ 5,921</u>	<u>\$ 2,071</u>

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of Commonwealth Court under Article V of the Insurance Department Act. This fund is utilized to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are utilized to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 165,071	\$ 140,922	\$ 139,922
Receipts:			
Carrier Assets	\$ 19,196	\$ 20,000	\$ 15,000
Interest	5,977	4,000	3,000
Total Receipts	<u>25,173</u>	<u>24,000</u>	<u>18,000</u>
Total Funds Available	<u>\$ 190,244</u>	<u>\$ 164,922</u>	<u>\$ 157,922</u>
Disbursements:			
Insurance	\$ 36,316	\$ 25,000	\$ 50,000
Net Investment Adjustment	13,006	0	0
Total Disbursements	<u>-49,322</u>	<u>-25,000</u>	<u>-50,000</u>
Cash Balance, Ending	<u>\$ 140,922</u>	<u>\$ 139,922</u>	<u>\$ 107,922</u>

Keystone Recreation, Park and Conservation Sinking Fund

Monies 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 72	\$ 0	\$ 0
Receipts:			
Transfer from General Fund	\$ 2,995	\$ 3,179	\$ 4,462
Interest.....	1	3	0
Accrued Interest on Bonds Sold	0	4	0
Total Receipts	2,996	3,186	4,462
Total Funds Available	\$ 3,068	\$ 3,186	\$ 4,462
Disbursements:			
Treasury.....	\$ 3,068	\$ 3,186	\$ 4,462
Total Disbursements	-3,068	-3,186	-4,462
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Land and Water Development Fund

This fund was created in 1968 to finance projects to eliminate land and water scars, air pollution and subsidence due to past coal mining operations, to aid political subdivisions in constructing or improving sewage treatment plants, to develop public outdoor recreation lands and to aid local governments in acquiring land for recreation purposes. In addition, administrative expenses incurred in support in 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,193	\$ 1,914	\$ 18
Receipts:			
Federal Augmentations.....	\$ 30	\$ 30	\$ 30
Total Receipts	30	30	30
Total Funds Available	\$ 3,223	\$ 1,944	\$ 48
Disbursements:			
Environmental Protection	\$ 1,309	\$ 1,921	\$ 0
Treasury.....	0	5	5
Total Disbursements	-1,309	-1,926	-5
Cash Balance, Ending	\$ 1,914	\$ 18	\$ 43

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 13	\$ 36	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 18,876	\$ 16,248	\$ 14,697
Interest on Securities.....	252	163	0
Total Receipts	19,128	16,411	14,697
Total Funds Available	\$ 19,141	\$ 16,447	\$ 14,697
Disbursements:			
Treasury.....	\$ 19,105	\$ 16,447	\$ 14,697
Total Disbursements	-19,105	-16,447	-14,697
Cash Balance, Ending	\$ 36	\$ 0	\$ 0



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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,691	\$ 2,431	\$ 2,454
Receipts:			
Tax on Gasoline	\$ 24,165	\$ 24,389	\$ 24,615
Tax on Diesel Fuel	6,064	6,120	6,177
Total Receipts	<u>30,229</u>	<u>30,509</u>	<u>30,792</u>
Total Funds Available	\$ 33,920	\$ 32,940	\$ 33,246
Disbursements:			
Treasury.....	\$ 196	\$ 200	\$ 200
Revenue.....	31,293	30,286	30,569
Total Disbursements.....	<u>31,489</u>	<u>30,486</u>	<u>30,769</u>
Cash Balance, Ending.....	<u>\$ 2,431</u>	<u>\$ 2,454</u>	<u>\$ 2,477</u>

Liquor License Fund

This fund serves as a pass-through account for fees for hotel, restaurant and club liquor and/or beer licenses. These fees are returned semi-annually to the municipalities in which the licenses are located. Interest earned on fund deposits is credited to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,323	\$ 2,415	\$ 2,552
Receipts:			
Liquor License Fees.....	\$ 4,508	\$ 4,600	\$ 4,600
Beer License Fees.....	104	104	104
Other.....	33	33	33
Total Receipts	<u>4,645</u>	<u>4,737</u>	<u>4,737</u>
Total Funds Available	\$ 6,968	\$ 7,152	\$ 7,289
Disbursements:			
Treasury.....	\$ 0	\$ 10	\$ 10
Liquor Control Board.....	4,553	4,590	4,590
Total Disbursements	<u>-4,553</u>	<u>-4,600</u>	<u>-4,600</u>
Cash Balance, Ending	<u>\$ 2,415</u>	<u>\$ 2,552</u>	<u>\$ 2,689</u>

Local Criminal Justice Fund

This fund was created by Act 71 of 1990 to provide \$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)

	1996-97 Actual	1997-98 Available	1998-99 Budgeted
Cash Balance, Beginning	\$ 6,631	\$ 2,921	\$ 367
Receipts:			
Sale of Bonds.....	\$ 0	\$ 7,000	\$ 3,000
Interest.....	300	450	390
Total Receipts	300	7,450	3,390
Total Funds Available	\$ 6,931	\$ 10,371	\$ 3,757
Disbursements:			
Treasury.....	\$ 10	\$ 4	\$ 4
Corrections.....	4,000	10,000	3,500
Total Disbursements	-4,010	-10,004	-3,504
Cash Balance, Ending	\$ 2,921	\$ 367	\$ 253

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 19	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 15,152	\$ 15,296	\$ 15,921
Accrued Interest on Bonds Sold.....	0	1	0
Interest on Securities.....	1	0	0
Total Receipts	15,153	15,297	15,921
Total Funds Available	\$ 15,172	\$ 15,297	\$ 15,921
Disbursements:			
Treasury.....	\$ 15,172	\$ 15,297	\$ 15,921
Total Disbursements	-15,172	-15,297	-15,921
Cash Balance, Ending	\$ 0	\$ 0	\$ 0



Local Government Capital Project Loan Fund

This fund was created by Act 210 of 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 will be returned to the fund on a revolving basis. Act 59 of 1994 extended the program through June 30, 1997. 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,142	\$ 1,196	\$ 696
Receipts:			
Loan Repayments.....	\$ 436	\$ 160	\$ 160
Interest	63	40	30
Total Receipts	<u>499</u>	<u>200</u>	<u>190</u>
Total Funds Available	\$ 1,641	\$ 1,396	\$ 886
Disbursements:			
Community and Economic Development.....	\$ 445	\$ 700	\$ 700
Total Disbursements	<u>-445</u>	<u>-700</u>	<u>-700</u>
Cash Balance, Ending	<u>\$ 1,196</u>	<u>\$ 696</u>	<u>\$ 186</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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,460	\$ 3,874	\$ 3,190
Receipts:			
Transfer from General Fund.....	\$ 1,258	\$ 575	\$ 425
Fines and Penalties (a).....	0	0	0
Licenses and Fees (a).....	0	0	0
Surcharges (a).....	0	0	0
Interest	115	112	40
Other.....	1,000	1,000	0
Total Receipts	<u>2,373</u>	<u>1,687</u>	<u>465</u>
Total Funds Available	\$ 4,833	\$ 5,561	\$ 3,655
Disbursements:			
Executive Offices.....	\$ 7	\$ 0	\$ 0
Environmental Protection	952	2,371	1,830
Total Disbursements	<u>-959</u>	<u>-2,371</u>	<u>-1,830</u>
Cash Balance, Ending	<u>\$ 3,874</u>	<u>\$ 3,190</u>	<u>\$ 1,825</u>

^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 and interest earnings.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 15,071	\$ 15,151	\$ 11,236
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 0	\$ 1,000
Loan Repayments.....	8,732	9,775	11,050
Miscellaneous.....	0	460	80
Interest on Securities.....	809	1,000	1,000
Total Receipts	<u>9,541</u>	<u>11,235</u>	<u>13,130</u>
Total Funds Available	\$ 24,612	\$ 26,386	\$ 24,366
Disbursements:			
Community and Economic Development.....	\$ 9,461	\$ 15,150	\$ 18,150
Total Disbursements	<u>-9,461</u>	<u>-15,150</u>	<u>-18,150</u>
Cash Balance, Ending	<u>\$ 15,151</u>	<u>\$ 11,236</u>	<u>\$ 6,216</u>



Manufacturing Fund

This fund, created in 1915, is a self-sustaining enterprise that provides institutionalized offenders an opportunity for vocational rehabilitation. Receipts are derived from the sale of inmate manufactured goods to government agencies or government-aided organizations. Expenditures are made for the purchase of raw materials, machinery replacement, inmate wages, and other costs related to the sale and manufacture of their products.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Budgeted
Cash Balance, Beginning	\$ 3,267	\$ 2,243	\$ 2,059
Receipts:			
Sale of Products.....	\$ 31,750	\$ 33,000	\$ 34,600
Interest.....	135	125	105
Other.....	11	10	10
Total Receipts	31,896	33,135	34,715
Total Funds Available	\$ 35,163	\$ 35,378	\$ 36,774
Disbursements:			
Executive Offices.....	\$ 195	\$ 0	\$ 0
Corrections.....	32,725	33,319	34,431
Total Disbursements	-32,920	-33,319	-34,431
Cash Balance, Ending	\$ 2,243	\$ 2,059	\$ 2,343

Medical Professional Liability Catastrophe Loss Fund

The Health Care Services Malpractice Act of 1975 created this fund to make available professional liability insurance at a reasonable cost to health care providers and to establish a system through which injured parties can obtain a prompt determination and adjudication of their claims. Revenue is derived by levying an annual surcharge on health care providers. Act 135 of 1996 amended the original act to increase annually until 2001 the amount of basic insurance coverage maintained by health care providers.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 140,161	\$ 46,337	\$ 161,285
Receipts:			
Surcharges	\$ 216,541	\$ 407,861	\$ 336,077
Income on Investments.....	6,673	4,861	7,591
Reinsurance Proceeds.....	69,031	18,995	0
Other.....	55	53	0
Total Receipts	292,300	431,770	343,668
Total Funds Available	\$ 432,461	\$ 478,107	\$ 504,953
Disbursements:			
Executive Offices.....	\$ 386,124	\$ 316,822	\$ 327,823
Total Disbursements	-386,124	-316,822	-327,823
Cash Balance, Ending	\$ 46,337	\$ 161,285	\$ 177,130

Minority Business Development Fund

This fund was created in 1974 to accommodate the operation of the Pennsylvania Minority Business Development Authority. Revenues to the fund are from loan repayments, transfer of General Fund appropriations and interest. The authority has the power to issue bonds or other obligations which would provide further revenue to the fund.

Expenditures are made for loans to minority business enterprises and for operating expenses of the authority.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 5,501	\$ 6,360	\$ 5,260
Receipts:			
Interest on Securities.....	\$ 324	\$ 350	\$ 315
Loan Principal and Interest Repayments.....	1,802	1,530	1,480
Other.....	8	20	20
Total Receipts	<u>2,134</u>	<u>1,900</u>	<u>1,815</u>
Total Funds Available	\$ 7,635	\$ 8,260	\$ 7,075
Disbursements:			
Community and Economic Development.....	\$ 1,275	\$ 3,000	\$ 7,000
Total Disbursements	<u>-1,275</u>	<u>-3,000</u>	<u>-7,000</u>
Cash Balance, Ending	<u>\$ 6,360</u>	<u>\$ 5,260</u>	<u>\$ 75</u>

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,264	\$ 847	\$ 865
Receipts:			
Dealer/Agent Assessment.....	\$ 312	\$ 174	\$ 170
Interest	62	49	40
Total Receipts	<u>374</u>	<u>223</u>	<u>210</u>
Total Funds Available	\$ 1,638	\$ 1,070	\$ 1,075
Disbursements:			
Transportation.....	\$ 791	\$ 205	\$ 215
Total Disbursements	<u>-791</u>	<u>-205</u>	<u>-215</u>
Cash Balance, Ending	<u>\$ 847</u>	<u>\$ 865</u>	<u>\$ 860</u>

Municipal Pension Aid Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Beginning in July 1985, this fund receives a portion of the revenues from the Foreign Casualty Insurance Premium Tax and the Foreign Fire Insurance Premium Tax. These revenues and earnings are for distribution to municipalities for various municipal, police and fire pension funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 121,613 ^a	\$ 125,604	\$ 124,455
Receipts:			
Foreign Casualty Insurance Premium Tax.....	\$ 136,381	\$ 120,935	\$ 125,000
Foreign Fire Insurance Premium Tax.....	5,526	11,662	12,500
Interest	3,291	3,288	4,000
Total Receipts	145,198	135,885	141,500
Total Funds Available	\$ 266,811	\$ 261,489	\$ 265,955
Disbursements:			
Auditor General.....	\$ 141,207	\$ 137,034	\$ 140,000
Total Disbursements	141,207 ^b	-137,034 ^c	-140,000 ^d
Cash Balance, Ending	\$ 125,604	\$ 124,455	\$ 125,955

^a Adjusted from 1997-98 budget based on accounting records.

^b Includes post-retirement payment of \$5,877,214 as authorized by Act 147 of 1988.

^c Includes post-retirement payment of \$5,525,551 as authorized by Act 147 of 1988.

^d Includes post-retirement estimate of \$5,900,000 as authorized by Act 147 of 1988.

Non-Coal Surface Mining Conservation and Reclamation Fund

This fund was created by Act 219 of 1984 to finance reclamation projects on land scarred by non-coal surface mining. Projects include recontouring, terracing and planting trees, shrubs and grasses. Revenues are provided by charging non-coal surface mining operators for licenses and permits and by fining them for failing to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 5,447	\$ 5,599	\$ 5,323
Receipts:			
Licenses and Fees.....	\$ 174	\$ 216	\$ 235
Penalties.....	47	34	34
Interest.....	304	318	320
Collateral.....	81	100	100
Payment in Lieu of Bonds.....	29	31	25
Forfeiture of Bond.....	1	25	31
Total Receipts	636	724	745
Total Funds Available	\$ 6,083	\$ 6,323	\$ 6,068
Disbursements:			
Environmental Protection	\$ 484	\$ 1,000	\$ 800
Total Disbursements	-484	-1,000	-800
Cash Balance, Ending	\$ 5,599	\$ 5,323	\$ 5,268

Nursing Home Loan Development Fund

This fund serves as a depository for proceeds from the sale of general obligation bonds approved by referendum May 21, 1974. Net proceeds are transferred to the Nursing Home Loan Fund as needed. Interest earned in this fund and bond proceeds not required for nursing home loans are paid into the Nursing Home Loan Sinking Fund for debt retirement. No additional loans are to be approved and the balance of the funds were transferred to the Nursing Home Loan Sinking Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 78	\$ 0	\$ 0
Receipts:			
Transfer to the General Fund.....	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	\$ 78	\$ 0	\$ 0
Disbursements:			
Treasury.....	\$ 78	\$ 0	\$ 0
Total Disbursements	-78	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Nursing Home Loan Sinking Fund

Maturing principal on nursing home loan bonds and all interest payable on such bonds is paid from this fund. The annual appropriation from the General Fund for general obligation debt service and annual earnings received from investment of balances in this fund and in the Nursing Home Loan Development Fund provide income to the fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 6,000	\$ 6,000
Receipts:			
Transfer from General Fund.....	\$ 9,411	\$ 1,581	\$ 1,868
Interest on Securities.....	3	338	0
Total Receipts	9,414	1,919	1,868
Total Funds Available	\$ 9,414	\$ 7,919	\$ 7,868
Disbursements:			
Treasury.....	\$ 3,414	\$ 1,919	\$ 1,868
Total Disbursements	-3,414	-1,919	-1,868
Cash Balance, Ending	\$ 6,000	\$ 6,000	\$ 6,000

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,448	\$ 2,068	\$ 1,018
Receipts:			
Transfer from General Fund.....	\$ 750	\$ 750	\$ 3,280
Interest	84	50	85
Total Receipts	834	800	3,365
Total Funds Available	\$ 2,282	\$ 2,868	\$ 4,383
Disbursements:			
Environmental Protection	\$ 214	\$ 850	\$ 1,000
Agriculture	0	1,000	3,280
Total Disbursements	-214	-1,850	-4,280
Cash Balance, Ending	\$ 2,068	\$ 1,018	\$ 103

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 6,873	\$ 5,807	\$ 4,517
Receipts:			
Rents and Royalties.....	\$ 2,900	\$ 2,800	\$ 2,800
Interest.....	340	300	300
Other.....	55	110	110
Total Receipts	3,295	3,210	3,210
Total Funds Available	\$ 10,168	\$ 9,017	\$ 7,727
Disbursements:			
Executive Offices.....	\$ 5	\$ 0	\$ 0
Conservation and Natural Resources.....	4,356	4,500	5,100
Total Disbursements	-4,361	-4,500	-5,100
Cash Balance, Ending	\$ 5,807	\$ 4,517	\$ 2,627

Organ Donation Awareness Trust Fund

The fund was established by Act 102 of 1994 and derives revenue from private contributions, voluntary deductions from State Individual Income Tax returns from the years 1997 through 2000, and a voluntary \$1 add-on to the fee for an original or renewal driver's license or State identification card.

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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 592	\$ 799	\$ 366
Receipts:			
Driver's License Applicants.....	\$ 248	\$ 250	\$ 250
Private Donations.....	0	0	0
State Income Tax Contribution.....	0	0	0
Interest on Securities.....	37	37	37
Total Receipts	285	287	287
Total Funds Available	\$ 877	\$ 1,086	\$ 653
Disbursements:			
Education.....	\$ 0	\$ 142	\$ 46
Health.....	8	348	435
Transportation.....	70	230	0
Total Disbursements	-78	-720	-481
Cash Balance, Ending	\$ 799	\$ 366	\$ 172

Pennsylvania Capital Loan Fund

The Pennsylvania Capital Loan Program began in 1982 with funding from the U.S. Appalachian Regional Commission (ARC) and the U.S. Economic Development Administration (EDA) to provide low-interest loans to businesses for capital development projects. Act 109 of 1984 created this fund and provided additional funding from the Pennsylvania Economic Revitalization Fund.

Loans are used by manufacturing, industrial and export service businesses for the purchase of land, buildings, machinery, equipment and working capital. County and regional economic development organizations assist the department in packaging and reviewing the loan applications. In 1994-95 \$15 million in surplus funds was transferred to the Pennsylvania Economic Revitalization Fund (PERF) to support economic development programs. Act 67 of 1996 established the Small Business First Fund. The balances and functions of the Pennsylvania Capital Loan Fund were transferred to the Small Business First Fund in 1996.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 17,087	\$ 0	\$ 0
Receipts:			
Transfer from PERF	\$ 0	\$ 0	\$ 0
Transfer from General Fund	0	0	0
Loan Principal and Interest Repayments	0	0	0
Interest on Securities	400	0	0
Miscellaneous	0	0	0
Total Receipts	<u>400</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 17,487</u>	<u>\$ 0</u>	<u>\$ 0</u>
Disbursements:			
Community and Economic Development	\$ 17,487	\$ 0	\$ 0
Total Disbursements	<u>-17,487</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



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. The fund was eliminated in 1995-96; final project activity is expected to be completed in 1997-98. 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,166	\$ 2,641	\$ 0
Receipts:			
Interest on Securities.....	\$ 3,817	\$ 1,200	0
Total Receipts.....	<u>3,817</u>	<u>1,200</u>	<u>0</u>
Total Funds Available	\$ 6,983	\$ 3,841	\$ 0
Disbursements:			
Treasury.....	\$ 0	\$ 1,658	\$ 0
Agriculture.....	0	452	0
Community and Economic Development.....	3,870	0	0
Conservation and Natural Resources.....	435	1,731	0
Labor and Industry.....	37	0	0
Total Disbursements.....	<u>-4,342</u>	<u>-3,841</u>	<u>0</u>
Cash Balance, Ending.....	\$ 2,641	\$ 0	\$ 0

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 585	\$ 153	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 7,463	\$ 6,541	\$ 6,654
Interest on Securities.....	157	128	0
Total Receipts	<u>7,620</u>	<u>6,669</u>	<u>6,654</u>
Total Funds Available	\$ 8,205	\$ 6,822	\$ 6,654
Disbursements:			
Treasury.....	\$ 8,052	\$ 6,822	\$ 6,654
Total Disbursements	<u>-8,052</u>	<u>-6,822</u>	<u>-6,654</u>
Cash Balance, Ending	\$ 153	\$ 0	\$ 0

Pennsylvania Historical and Museum Commission Trust Fund

This fund was created by Act 113 of 1931 and 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 113	\$ 119	\$ 85
Receipts:			
Interest	\$ 6	\$ 6	\$ 3
Total Receipts	<u>6</u>	<u>6</u>	<u>3</u>
Total Funds Available	\$ 119	\$ 125	\$ 88
Disbursements:			
Historical and Museum Commission.....	\$ 0	\$ 40	\$ 0
Total Disbursements	<u>0</u>	<u>-40</u>	<u>0</u>
Cash Balance, Ending	\$ 119	\$ 85	\$ 88

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the "Municipal Employees Retirement Law" and the "Municipal Police Retirement Law" and combined all employees covered under both into a State-related municipal system. The fund established under that act provides for payment of retirement allowances to officers, employees, firemen and police of political subdivisions (county, 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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 633,975	\$ 762,500	\$ 891,024
Receipts:			
Contributions.....	\$ 29,590	\$ 31,721	\$ 36,796
Net Investment Adjustment.....	71,894	66,801	59,329
Interest	50,181	55,456	69,489
Total Receipts	<u>151,665</u>	<u>153,978</u>	<u>165,614</u>
Total Funds Available	\$ 785,640	\$ 916,478	\$ 1,056,638
Disbursements:			
Executive Offices.....	\$ 15	\$ 0	\$ 0
Municipal Retirement Board.....	23,125	25,454	29,526
Total Disbursements	<u>-23,140</u>	<u>-25,454</u>	<u>-29,526</u>
Cash Balance, Ending	\$ 762,500	\$ 891,024	\$ 1,027,112



Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission whose purpose it is to erect on the grounds of Fort Indiantown Gap a monument to Pennsylvania Veterans who served in armed conflicts in which the United States was a participant. Funds are solicited from public and private sources.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 257	\$ 556	\$ 1,105
Receipts:			
Public/Private Donations.....	\$ 279	\$ 550	\$ 650
Interest	20	42	70
Total Receipts	<u>299</u>	<u>592</u>	<u>720</u>
Total Funds Available	\$ 556	\$ 1,148	\$ 1,825
Disbursements:			
Military and Veterans Affairs.....	\$ 0	\$ 43	\$ 500
Total Disbursements	<u>0</u>	<u>-43</u>	<u>-500</u>
Cash Balance, Ending	\$ 556	\$ 1,105	\$ 1,325

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, transferred from the Water Facilities Loan Fund or from the Capital Facilities Fund for site development. Expenditures are for transfers of funds to 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 61,388	\$ 28,459	\$ 23,907
Receipts:			
Referendum Bonds.....	\$ 0	\$ 15,000	\$ 20,000
Water Facilities Bonds.....	3,928	1,500	1,500
Interest.....	2,355	1,750	2,000
Total Receipts	<u>6,283</u>	<u>18,250</u>	<u>23,500</u>
Total Funds Available	\$ 67,671	\$ 46,709	\$ 47,407
Disbursements:			
Treasury.....	\$ 24	\$ 100	\$ 0
Infrastructure Investment Authority:			
PENNVEST Fund	2,389	1,750	2,000
PENNVEST Drinking Water Revolving Fund.....	0	5,900	5,900
PENNVEST Water Pollution Control Revolving Fund.....	13,231	11,052	13,052
PENNVEST Revolving Fund.....	23,568	4,000	4,000
PENNVEST Non-Revolving Equity Fund.....	0	0	0
Total Disbursements	<u>-39,212</u>	<u>-22,802</u>	<u>-24,952</u>
Cash Balance, Ending	\$ 28,459	\$ 23,907	\$ 22,455

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 50
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 5,900	\$ 5,900
Federal Funds.....	0	35,300	15,385
Interest and Principal Payments.....	0	0	0
Investment Income.....	0	50	50
Total Receipts	0	41,250	21,335
Total Funds Available	\$ 0	\$ 41,250	\$ 21,385
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 41,200	\$ 21,355
Total Disbursements	0	-41,200	-21,355
Cash Balance, Ending	\$ 0	\$ 50	\$ 30

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 39,960	\$ 53,041	\$ 64,933
Receipts:			
Revolving Loan Payments.....	\$ 45,170	\$ 47,000	\$ 50,000
Bond Authorization Fund.....	2,389	1,750	2,000
Interest.....	3,252	4,000	4,000
Other.....	82	54	55
Total Receipts	50,893	52,804	56,055
Total Funds Available	\$ 90,853	\$ 105,845	\$ 120,988
Disbursements:			
Executive Offices.....	\$ 20	\$ 54	\$ 55
Infrastructure Investment Authority:			
Loans and Grants.....	1,711	2,125	2,125
Administration.....	2,180	2,723	2,772
Revenue Bond Transfer.....	33,901	36,010	38,010
Total Disbursements	-37,812	-40,912	-42,962
Cash Balance, Ending	\$ 53,041	\$ 64,933	\$ 78,026

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 4	\$ 4	\$ 4
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	\$ 4	\$ 4	\$ 4
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects.....	\$ 0	\$ 0	\$ 0
Sewer Projects.....	0	0	0
Stormwater Projects.....	0	0	0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 4	\$ 4	\$ 4

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 which are used to pay debt service on general obligation bonds issued for PENNVEST.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 80	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 26,604	\$ 25,947	\$ 27,429
Interest on Securities.....	5	2	0
Accrued Interest on Bonds Sold	0	6	0
Non-Revolving Loan Repayments.....	2,311	2,292	2,272
Total Receipts	28,920	28,247	29,701
Total Funds Available	\$ 29,000	\$ 28,247	\$ 29,701
Disbursements:			
Treasury.....	\$ 29,000	\$ 28,247	\$ 29,701
Total Disbursements	-29,000	-28,247	-29,701
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. Funds are used for revolving loans which can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 19	\$ 20	\$ 21
Receipts:			
PENNVEST Bond Authorization Fund.....	\$ 23,568	\$ 4,000	\$ 4,000
Interest.....	1	1	1
Total Receipts	23,569	4,001	4,001
Total Funds Available	\$ 23,588	\$ 4,021	\$ 4,022
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects.....	\$ 15,351	\$ 1,500	\$ 1,750
Sewer Projects.....	6,439	1,500	1,750
Storm Water Projects.....	1,778	1,000	500
Total Disbursements	-23,568	-4,000	-4,000
Cash Balance, Ending	\$ 20	\$ 21	\$ 22

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 5,497	\$ 60,688	\$ 91,188
Receipts:			
Bond Authorization Fund.....	\$ 13,231	\$ 11,052	\$ 13,052
Federal Funds.....	66,829	53,700	65,000
Interest and Principal Payments.....	27,012	30,000	32,000
Investment Income.....	2,005	2,000	2,000
Total Receipts	109,077	96,752	112,052
Total Funds Available	\$ 114,574	\$ 157,440	\$ 203,240
Disbursements:			
Infrastructure Investment Authority.....	\$ 53,886	\$ 66,252	\$ 110,052
Total Disbursements	-53,886	-66,252	-110,052
Cash Balance, Ending	\$ 60,688	\$ 91,188	\$ 93,188

Pharmaceutical Assistance Fund (Contract for the Elderly)

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. Beginning in March 1996, pharmaceutical product claims for the Chronic Renal Disease Program are processed through the PACE fund. Beginning in February 1997, pharmaceutical product claims for the Special Pharmaceutical Benefits Program are also processed through the PACE fund. Funds not expended in the fiscal year in which they are appropriated are available for use in the following fiscal year. For additional information on the programs refer to the Department of Aging, the Department of Health, and the Department of Public Welfare's program descriptions.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 9,805	\$ 5,745	\$ 13,235
Receipts:			
Transfer from Lottery Fund.....	\$ 210,000 ^a	\$ 252,000 ^b	\$ 260,000
Interest on Securities.....	1,069	750	750
Chronic Renal Disease.....	7,650	8,000	7,000
AIDS Special Pharmaceutical Services.....	4,442	13,574	17,189
Total Receipts	<u>223,161</u>	<u>274,324</u>	<u>284,939</u>
Total Funds Available	\$ 232,966	\$ 280,069	\$ 298,174
Disbursements:			
Executive Offices.....	\$ 11	\$ 0	\$ 0
Treasury.....	0	5	5
Health.....	6,797 ^c	8,000 ^c	7,000 ^c
Public Welfare.....	4,108 ^c	13,574 ^c	17,189 ^c
Aging.....	216,305	245,255	262,821
Total Disbursements	<u>-227,221</u>	<u>-266,834</u>	<u>-287,015</u>
Cash Balance, Ending	\$ 5,745	\$ 13,235	\$ 11,159

^a Actually appropriated as \$225,000,000 but excludes \$15,000,000 transferred after June 30, 1997.

^b Actually appropriated as \$237,000,000 but includes \$15,000,000 from 1996-97, transferred after June 30, 1997.

^c Expenditures from restricted revenue 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 509	\$ 381	\$ 506
Receipts:			
Transfer from Philadelphia Regional Port Authority.....	\$ 3,938	\$ 4,001	\$ 4,000
Interest on Securities.....	21	25	25
Other.....	0	100	100
Total Receipts	<u>3,959</u>	<u>4,126</u>	<u>4,125</u>
Total Funds Available	\$ 4,468	\$ 4,507	\$ 4,631
Disbursements:			
Executive Offices.....	\$ 83	\$ 0	\$ 0
Philadelphia Regional Port Operations.....	4,004	4,001	4,000
Total Disbursements	<u>-4,087</u>	<u>-4,001</u>	<u>-4,000</u>
Cash Balance, Ending	<u>\$ 381</u>	<u>\$ 506</u>	<u>\$ 631</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.

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 411	\$ 557	\$ 587
Receipts:			
Transfer from General Fund.....	\$ 600	\$ 600	\$ 600
Other.....	26	0	21
Interest	0	30	30
Total Receipts	<u>626</u>	<u>630</u>	<u>651</u>
Total Funds Available	\$ 1,037	\$ 1,187	\$ 1,238
Disbursements:			
Executive Offices.....	\$ 4	\$ 0	\$ 0
Port of Pittsburgh Commission.....	476	600	600
Total Disbursements	<u>-480</u>	<u>-600</u>	<u>-600</u>
Cash Balance, Ending	<u>\$ 557</u>	<u>\$ 587</u>	<u>\$ 638</u>



Project 70 Land Acquisition Sinking Fund

Payment of interest and principal on Project 70 bonds is made from this fund. Annual appropriations by the General Assembly for payment of interest and principal on Project 70 bonds together with monies reimbursed to the Commonwealth by political subdivisions for inappropriate use of Project 70 funds are credited to this fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 780	\$ 778	\$ 783
Total Receipts	<u>780</u>	<u>778</u>	<u>783</u>
Total Funds Available	\$ 780	\$ 778	\$ 783
Disbursements:			
Treasury.....	\$ 780	\$ 778	\$ 783
Total Disbursements	<u>-780</u>	<u>-778</u>	<u>-783</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Public Transportation Assistance Fund

This fund was established by Act 26 of 1991 to help provide for the capital, asset maintenance and certain other transportation needs of the Commonwealth's transit entities. Revenue is derived from a fee on the sale of new tires, a percent of the total sales and use tax receipts, a motor vehicle lease tax, a motor vehicle rental fee and an additional utility realty tax.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 5,865	\$ 7,512	\$ 17,500
Receipts:			
Utility Realty Tax.....	\$ 53,440	\$ 39,300	\$ 57,600
Other Taxes and Fees.....	120,713	129,512	135,442
Interest	819	800	800
Total Receipts	<u>174,972</u>	<u>169,612</u>	<u>193,842</u>
Total Funds Available	\$ 180,837	\$ 177,124	\$ 211,342
Disbursements:			
Transportation:			
Administration.....	\$ 4,733	\$ 4,699	\$ 4,785
Grants.....	168,592	154,925	189,057
Total Disbursements	<u>-173,325</u>	<u>-159,624</u>	<u>-193,842</u>
Cash Balance, Ending	\$ 7,512	\$ 17,500	\$ 17,500

Purchasing Fund

Created in 1933, this fund finances the purchase of materials, supplies and equipment by the Department of General Services for use by other departments, boards and commissions. Also 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 12,811	\$ 14,756	\$ 9,082
Receipts:			
Reimbursements to General Services.....	\$ 73,320	\$ 101,005	\$ 109,436
Reimbursements to Executive Offices.....	16,447	0	0
Other.....	848	720	720
Total Receipts	90,615	101,725	110,156
Total Funds Available	\$ 103,426	\$ 116,481	\$ 119,238
Disbursements:			
Executive Offices.....	\$ 19,395	\$ 0	\$ 0
Treasury.....	0	5	5
General Services.....	69,275	107,394	109,232
Total Disbursements	-88,670	-107,399	-109,237
Cash Balance, Ending	\$ 14,756	\$ 9,082	\$ 10,001

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,106	\$ 1,026	\$ 828
Receipts:			
Additional License Fees.....	\$ 42	\$ 42	\$ 42
Interest	60	60	60
Total Receipts	102	102	102
Total Funds Available	\$ 1,208	\$ 1,128	\$ 930
Disbursements:			
State.....	\$ 182	\$ 300	\$ 300
Total Disbursements	-182	-300	-300
Cash Balance, Ending	\$ 1,026	\$ 828	\$ 630

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 104,775	\$ 117,992	\$ 81,991
Receipts:			
Recycling Fees.....	\$ 39,156	\$ 39,000	\$ 39,000
Fines and Penalties.....	15	3	3
Interest	6,209	5,146	3,818
Transfer from Solid Waste.....	0	0	0
Environmental Technology Loan Repayments and Interest.....	868	344	344
Total Receipts	46,248	44,493	43,165
Total Funds Available	\$ 151,023	\$ 162,485	\$ 125,156
Disbursements:			
Environmental Protection	\$ 33,031	\$ 80,494	\$ 81,837
Total Disbursements	-33,031	-80,494	-81,837
Cash Balance, Ending	\$ 117,992	\$ 81,991	\$ 43,319

Refund of Axle Tax Fund

The Refund of Axle Tax Fund was established as an escrow account to facilitate the receipt of tax refunds plus interest and the disbursement of axle tax refunds, legal fees and other litigation expenses. This was the result of a conditional Commonwealth Court order issued on May 8, 1992.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 9,161	\$ 620	\$ 0
Receipts:			
Interest.....	\$ 0	\$ 10	\$ 0
Other.....	726	0	0
Total Receipts	726	10	0
Total Funds Available	\$ 9,887	\$ 630	\$ 0
Disbursements:			
Treasury.....	\$ 4	\$ 0	\$ 0
Transportation.....	9,263	630	0
Total Disbursements	-9,267	-630	0
Cash Balance, Ending	\$ 620	\$ 0	\$ 0



Regional Facility Siting Fund

This fund was created by Act 107 of 1990 to provide for establishing a low-level radioactive waste disposal facility in Pennsylvania. The act requires certain generators of low-level radioactive waste, primarily nuclear power generating facilities, to make advance payments of disposal fees which will fund the initial costs of designing and constructing the new disposal facility.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,596	\$ 1,750	\$ 575
Receipts:			
Contributions.....	\$ 0	\$ 0	\$ 0
Interest.....	153	145	0
Total Receipts	<u>153</u>	<u>145</u>	<u>0</u>
Total Funds Available	\$ 3,749	\$ 1,895	\$ 575
Disbursements:			
Executive Offices.....	\$ 1	\$ 0	\$ 0
Environmental Protection	1,998	-1,320	0
Total Disbursements	<u>-1,999</u>	<u>-1,320</u>	<u>0</u>
Cash Balance, Ending	\$ 1,750	\$ 575	\$ 575

Rehabilitation Center Fund

This fund was created May 13, 1959 for the operation of the Hiram G. Andrews Rehabilitation Center and is funded from fees for services rendered by the center. Most of these services are rendered to vocational rehabilitation clients. The Department of Labor and Industry is pursuing diversification and privatization of services offered at the center. These plans include training enhancement for clients of the center and economic development opportunities for the Johnstown region.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 5,472	\$ 3,843	\$ 2,777
Receipts:			
Client Fees	\$ 13,350	\$ 13,345	\$ 13,345
Interest.....	332	277	202
Other.....	879	862	789
Total Receipts	<u>14,561</u>	<u>14,484</u>	<u>14,336</u>
Total Funds Available	\$ 20,033	\$ 18,327	\$ 17,113
Disbursements:			
Executive Offices.....	\$ 138	\$ 0	\$ 0
Labor and Industry.....	16,052	15,550	15,050
Total Disbursements	<u>-16,190</u>	<u>-15,550</u>	<u>-15,050</u>
Cash Balance, Ending	\$ 3,843	\$ 2,777	\$ 2,063

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 253	\$ 278
Receipts:			
Transfers from Other Funds	\$ 250	\$ 1,000	\$ 1,000
Interest	3	25	20
Total Receipts	<u>253</u>	<u>1,025</u>	<u>1,020</u>
Total Funds Available	\$ 253	\$ 1,278	\$ 1,298
Disbursements:			
Environmental Protection	\$ 0	\$ 1,000	\$ 1,000
Total Disbursements	<u>0</u>	<u>-1,000</u>	<u>-1,000</u>
Cash Balance, Ending	<u>\$ 253</u>	<u>\$ 278</u>	<u>\$ 298</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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,037	\$ 2,019	\$ 20
Receipts:			
Transfer from Land and Water Development Fund	\$ 904	\$ 1,722	\$ 0
Premium Payments	9	5	5
Interest	69	0	0
Total Receipts	<u>982</u>	<u>1,727</u>	<u>5</u>
Total Funds Available	\$ 2,019	\$ 3,746	\$ 25
Disbursements:			
Environmental Protection	\$ 0	\$ 3,726	\$ 25
Total Disbursements	<u>0</u>	<u>-3,726</u>	<u>-25</u>
Cash Balance, Ending	<u>\$ 2,019</u>	<u>\$ 20</u>	<u>\$ 0</u>

Revenue Sharing Trust Fund

The Revenue Sharing Trust Fund was composed of monies received under the provisions of the Federal, State and Local Fiscal Assistance Act and interest earned on that money.

The Federal, State and Local Fiscal Assistance Act placed no restrictions upon purposes for which the funds were spent; however, expenditures had to be in accordance with the laws and procedures applicable to expenditures of State revenues, including appropriation, accounting and audit. No money remains in the fund and the fund ceased operations at the close of the 1996-97 fiscal year.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 15	\$ 0	\$ 0
Receipts:			
Interest on Securities.....	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	\$ 15	\$ 0	\$ 0
Disbursements:			
General Services.....	\$ 15	\$ 0	\$ 0
Total Disbursements	-15	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

School Employees' Retirement Fund

The Public School Employees' Retirement Fund provides for receipt and accounting of member and employer contributions, investment of those funds and payment of benefits to retired school employees.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The Commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 33,064,635	\$ 38,978,355	\$ 42,239,291
Receipts:			
Transfer from General Fund —			
Employer Contribution (non-school entities).....	\$ 0	\$ 3,351	\$ 2,831
Transfers from State Retirement System.....	4,717	5,000	5,000
Contributions of School Employees.....	457,101	488,855	513,300
Returned Contributions of			
School Employees.....	13,238	13,000	13,000
Contributions of Employers.....	825,466	768,015	591,150
Interest on Securities.....	68,659	1,394,000	1,512,000
Net Investment Adjustment.....	6,356,771	2,238,915	2,724,632
Other.....	39,260	0	0
Total Receipts	7,765,212	4,911,136	5,361,913
Total Funds Available	\$ 40,829,847	\$ 43,889,491	\$ 47,601,204
Disbursements:			
Executive Offices.....	\$ 246	\$ 0	\$ 0
Treasury	196	200	200
Public School Employees'			
Retirement Board	1,851,050	1,650,000	1,700,000
Total Disbursements	-1,851,492	-1,650,200	-1,700,200
Cash Balance, Ending	\$ 38,978,355	\$ 42,239,291	\$ 45,901,004



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 members of self-insurance pooling arrangements under the Workers' Compensation Act. The fund is maintained by assessments on self-insurers and is administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,687	\$ 3,939	\$ 4,064
Receipts:			
Assessments.....	\$ 92	\$ 100	\$ 100
Interest.....	210	125	125
Total Receipts	302	225	225
Total Funds Available	\$ 3,989	\$ 4,164	\$ 4,289
Disbursements:			
Labor and Industry.....	\$ 50	\$ 100	\$ 100
Total Disbursements	-50	-100	-100
Cash Balance, Ending	\$ 3,939	\$ 4,064	\$ 4,189



Small Business First Fund

Act 67 of 1996 created the Small Business First Fund. The fund replaces 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. This budget proposes a transfer of \$5 million from the Minority Business Development Fund be combined with this 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, export-related, advanced technology, computer-related and the hospitality industry.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 18,540	\$ 6,287
Receipts:			
Transfer from the General Fund.....	\$ 0	\$ 4,000	\$ 2,000
Transfer from Air Quality Improvement Fund.....	1,276	0	0
Transfer from Storage Tank Loan Fund.....	1,400	0	0
Transfer from PA Capital Loan Fund.....	19,994	0	0
Transfer from Hazardous Sites Cleanup Fund.....	0	0	7,500
Transfer from PA Minority Business Development Fund.....	0	0	5,000
Federal Revenue: Defense Conversion.....	306	500	500
Loan Repayments.....	8,303	15,905	18,584
Interest on Securities.....	708	1,000	1,000
Miscellaneous.....	3	1,067	4
Total Receipts	<u>31,990</u>	<u>22,472</u>	<u>34,588</u>
Total Funds Available	<u>\$ 31,990</u>	<u>\$ 41,012</u>	<u>\$ 40,875</u>
Disbursements:			
Community and Economic Development.....	\$ 13,450	\$ 34,725	\$ 30,925
Total Disbursements	<u>-13,450</u>	<u>-34,725</u>	<u>-30,925</u>
Cash Balance, Ending	<u>\$ 18,540</u>	<u>\$ 6,287</u>	<u>\$ 9,950</u>

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,494	\$ 2,160	\$ 1,500
Receipts:			
Interest.....	\$ 126	\$ 90	\$ 65
Total Receipts	<u>126</u>	<u>90</u>	<u>65</u>
Total Funds Available	<u>\$ 2,620</u>	<u>\$ 2,250</u>	<u>\$ 1,565</u>
Disbursements:			
Environmental Protection	\$ 460	\$ 750	\$ 750
Total Disbursements	<u>-460</u>	<u>-750</u>	<u>-750</u>
Cash Balance, Ending	<u>\$ 2,160</u>	<u>\$ 1,500</u>	<u>\$ 815</u>

Special Administration Fund

The purpose of this fund, administered by the Department of Labor and Industry, is to cover those administrative expenses of the Unemployment Compensation Law not properly and validly chargeable to the Administration Fund. The receipts of the fund are generated from interest and penalties collected from claimants and employers under provisions of the Unemployment Compensation Law. All moneys in excess of \$200,000 in the fund, less encumbrances for litigation, at the end of the fiscal year are transferred to the Unemployment Compensation Contribution Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 215	\$ 200	\$ 200
Receipts:			
Interest and Penalties	\$ 5,880	\$ 5,600	\$ 5,600
Other	165	120	120
Total Receipts	<u>6,045</u>	<u>5,720</u>	<u>5,720</u>
Total Funds Available	\$ 6,260	\$ 5,920	\$ 5,920
Disbursements:			
Labor and Industry	\$ 6,060	\$ 5,720	\$ 5,720
Total Disbursements	<u>-6,060</u>	<u>-5,720</u>	<u>-5,720</u>
Cash Balance, Ending	<u>\$ 200</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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 27	\$ 26	\$ 26
Receipts:			
Miscellaneous	\$ 1	\$ 2	\$ 2
Total Receipts	<u>1</u>	<u>2</u>	<u>2</u>
Total Funds Available	\$ 28	\$ 28	\$ 28
Disbursements:			
Treasury	\$ 2	\$ 2	\$ 2
Total Disbursements	<u>-2</u>	<u>-2</u>	<u>-2</u>
Cash Balance, Ending	<u>\$ 26</u>	<u>\$ 26</u>	<u>\$ 26</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 is overseen by the State Employees' Retirement Board.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 17,158,994	\$ 20,062,390	\$ 21,269,402
Receipts:			
Contributions of Employees.....	\$ 210,292	\$ 218,000	\$ 224,000
State Share Contribution.....	411,749	311,000	289,000
Income from Securities.....	977,571	793,000	832,000
Net Investment Adjustment.....	2,279,251	953,012	1,049,000
Other.....	417	0	0
Total Receipts	3,879,280	2,275,012	2,394,000
Total Funds Available	\$ 21,038,274	\$ 22,337,402	\$ 23,663,402
Disbursements:			
Executive Offices.....	\$ 148	\$ 0	\$ 0
Treasury.....	22	0	0
State Employees' Retirement System.....	975,714	1,068,000	1,144,000
Total Disbursements	-975,884	-1,068,000	-1,144,000
Cash Balance, Ending	\$ 20,062,390	\$ 21,269,402	\$ 22,519,402

State Insurance Fund

Created in 1915, this fund finances expenditures related to the rebuilding, restoring or replacing of buildings, structures, equipment or other property owned by the Commonwealth which have been damaged or destroyed by fire or other casualty. This includes natural or man made disasters. Revenue is derived from interest earned by the fund, interest received from the Fire Insurance Tax Fund and from reimbursements by insurance companies. If needed, money may also be directly appropriated to this fund. On June 16, 1994, a fire in the Transportation and Safety Building caused structural damage and loss of equipment and furniture in parts of the building. Receipts of the fund in 1994-95 and 1995-96 included reimbursement from the Commonwealth's excess insurance policy, which is responsible for damages for any occurrence in excess of \$1,000,000. The disbursements in 1996-97 reflect estimates of various agency claims approved for those fire-related damages and damages resulting from the flood disasters of 1996.

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 14,120	\$ 12,924	\$ 4,758
Receipts:			
Recovered Damages.....	\$ 2,171	\$ 0	\$ 0
Interest	1,773	1,500	1,461
Total Receipts	<u>3,944</u>	<u>1,500</u>	<u>1,461</u>
Total Funds Available	\$ 18,064	\$ 14,424	\$ 6,219
Disbursements:			
General Services.....	\$ 5,140	\$ 9,666	\$ 4,355
Total Disbursements	<u>-5,140</u>	<u>-9,666</u>	<u>-4,355</u>
Cash Balance, Ending	<u>\$ 12,924</u>	<u>\$ 4,758</u>	<u>\$ 1,864</u>

State Restaurant Fund

This fund was created in 1943 to finance the purchase and maintenance of equipment for the operation of the restaurant in the State Capitol as well as any other restaurants in other State Office Buildings. At present, the only restaurant operated within this fund is in the Main Capitol Building and revenue is derived from the profits earned from that operation. During fiscal year 1986-87 the Main Capitol Restaurant was enlarged and relocated into the Capitol Addition.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,246	\$ 1,211	\$ 1,218
Receipts:			
Revenue from Operations.....	\$ 81	\$ 84	\$ 87
Other.....	68	67	67
Total Receipts	<u>149</u>	<u>151</u>	<u>154</u>
Total Funds Available	\$ 1,395	\$ 1,362	\$ 1,372
Disbursements:			
General Services.....	\$ 184	\$ 144	\$ 135
Total Disbursements	<u>-184</u>	<u>-144</u>	<u>-135</u>
Cash Balance, Ending	<u>\$ 1,211</u>	<u>\$ 1,218</u>	<u>\$ 1,237</u>

State School Fund

This fund was established in 1911 and is funded primarily by the sale of escheated estates and other nonpublic real estate and interest earnings of the Sinking Fund. Changes in the escheat law and lack of interest earnings from the Sinking Fund or investment of monies in the State School Fund have resulted in a low revenue level. The fund is active in only a limited sense.

The original purpose of the fund was to equalize educational advantages across the Commonwealth; to provide advancements to school districts temporarily in need of aid; and to promote education in the conservation of natural resources, forestry, agriculture and other industrial pursuits. The law was amended in 1960 to change the purpose of the fund to equalization of educational opportunities, and to pay part of the cost of repair or alteration of local public school or State college buildings when required to satisfy requirements of the Department of Labor and Industry or other relevant governmental agencies.

Expenditures from the fund are made at the direction of the State Board of Education.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 422	\$ 440	\$ 469
Receipts:			
Sinking Fund Interest.....	\$ 8	\$ 8	\$ 8
Treasury Interest.....	21	21	21
Total Receipts	<u>29</u>	<u>29</u>	<u>29</u>
Total Funds Available	<u>\$ 451</u>	<u>\$ 469</u>	<u>\$ 498</u>
Disbursements:			
Education.....	\$ 11	\$ 0	\$ 0
Total Disbursements	<u>-11</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 440</u>	<u>\$ 469</u>	<u>\$ 498</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. In accordance with Act 111 of 1996, a one-time transfer of \$5 million was being made to the Children's Health Fund during 1996-97. Any surplus is transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 62,508	\$ 61,651	\$ 69,018
Receipts:			
Fees.....	\$ 9,341	\$ 8,993	\$ 9,249
Fines and Penalties.....	1,072	985	1,029
Sale of Goods.....	920,088	992,065	992,503
Recovered Losses and Damages.....	5,306	6,325	6,325
General Fund Loans.....	66,000	66,000	66,000
Other.....	4,457	4,821	5,050
Total Receipts	1,006,264	1,079,189	1,080,156
Total Funds Available	\$ 1,068,772	\$ 1,140,840	\$ 1,149,174
Disbursements:			
Executive Offices.....	\$ 2,520	\$ 6,979	\$ 7,076
Treasury.....	1	30	30
Health.....	994	1,117	1,383
Liquor Control Board	984,089 ^a	1,048,215 ^a	1,057,889 ^a
State Police.....	14,517	15,481	16,270
Insurance.....	5,000	0	0
Total Disbursements	-1,007,121	-1,071,822	-1,082,648
Cash Balance, Ending	\$ 61,651	\$ 69,018	\$ 66,526

^a Includes repayment of General Fund Loans.

State Treasury Armory Fund

Created in accordance with Act 126 of 1979 and Act 92 of 1975, this fund receives monies derived from the sale of any armory building, armory site or other real estate. Funds shall be 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,650	\$ 1,442	\$ 1,094
Receipts:			
Armory Rentals.....	\$ 385	\$ 400	\$ 400
Interest	85	79	62
Sale of Armories and Land.....	5	110	80
Total Receipts	475	589	542
Total Funds Available	\$ 2,125	\$ 2,031	\$ 1,636
Disbursements:			
Military and Veterans Affairs.....	\$ 683	\$ 937	\$ 925
Total Disbursements	-683	-937	-925
Cash Balance, Ending	\$ 1,442	\$ 1,094	\$ 711



State Workmen's Insurance Fund

The State Workmen's Insurance Fund (SWIF) was created by Act 338 of 1915, and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 60 of 1990 provides for the transfer of money from SWIF. Annual payments are made to the General Fund equal to the amount which would have been paid in taxes had SWIF been subject to taxes. The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such a surplus exists, the SWIF Board may then recommend distribution of the surplus to the Tax Stabilization Reserve funds and/or as refunds to current or former policyholders. The funds recommended by the board to be transferred to the reserve funds and refunded to policyholders must be approved and appropriated by the General Assembly.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,550,646	\$ 1,510,085	\$ 1,394,740
Receipts:			
Premiums.....	\$ 173,473	\$ 95,000	\$ 95,000
Interest.....	161,451	95,552	92,915
Other.....	14,476	7,950	7,750
Net Investment Adjustment.....	-31,926	0	0
Total Receipts	<u>317,474</u>	<u>198,502</u>	<u>195,665</u>
Total Funds Available	\$ 1,868,120	\$ 1,708,587	\$ 1,590,405
Disbursements:			
Treasury.....	\$ 69	\$ 22	\$ 150
Executive Offices.....	231	0	0
Labor and Industry.....	353,667	310,000	275,000
Premium Tax Payment to the General Fund.....	4,068	3,825	2,117
Total Disbursements	<u>-358,035</u>	<u>-313,847</u>	<u>-277,267</u>
Cash Balance, Ending	<u>\$ 1,510,085</u>	<u>\$ 1,394,740</u>	<u>\$ 1,313,138</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 recover costs. Expenditures include the remediation of leaking underground storage tanks.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 18,655	\$ 18,836	\$ 17,468
Receipts:			
Registration Fees.....	\$ 4,612	\$ 4,312	\$ 4,312
Federal Funds - EPA.....	619	3,425	2,721
Fines and Penalties.....	38	38	38
Interest.....	1,034	1,100	1,078
Other.....	28	0	0
Total Receipts	6,331	8,875	8,149
Total Funds Available	\$ 24,986	\$ 27,711	\$ 25,617
Disbursements:			
Executive Offices.....	\$ 82	\$ 0	\$ 0
Environmental Protection.....	6,068	10,243	8,643
Total Disbursements	-6,150	-10,243	-8,643
Cash Balance, Ending	\$ 18,836	\$ 17,468	\$ 16,974

Storage Tank Loan Fund

This fund was established by Act 32 of 1989 to provide financial assistance to small storage tank facility owners or operators identified by the Department of Environmental Protection (DEP) as potentially liable for a release or in danger of a release of a regulated substance from the storage tank. The assistance is in the form of low-interest loans to finance the cost of all or a portion of the ordered response actions. Revenue consists primarily of two percent of fees collected from registration of aboveground and underground tanks in Pennsylvania. Act 67 of 1996 established the Small Business First Fund. The balances and program commitments in the Storage Tank Loan Fund were transferred to the Small Business First Fund in 1996.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1,390	\$ 0	\$ 0
Receipts:			
Fees.....	\$ 50	\$ 0	\$ 0
Loan Principal and Interest Repayments.....	0	0	0
Interest on Securities.....	27	0	0
Total Receipts	77	0	0
Total Funds Available	\$ 1,467	\$ 0	\$ 0
Disbursements:			
Community and Economic Development.....	\$ 1,467	\$ 0	\$ 0
Total Disbursements	-1,467	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Sunny Day Fund

The purpose of this fund, created by Act 32 of 1985 and administered by the Department of Community and Economic Development, was to provide assistance to the Governor and the Department of Community and Economic Development in their efforts to attract industrial, manufacturing or research and development enterprises to the Commonwealth. Revenue was provided through appropriations by the General Assembly for transfer to this fund. Appropriations out of the fund required approval by two-thirds of the members of the General Assembly

Act 67 of 1996 transferred Sunny Day Loan Fund loans and commitments to the Pennsylvania Industrial Development Authority (PIDA) and its balances to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 44,384	\$ 0	\$ 0
Receipts:			
Loan Repayments.....	\$ 5,505	\$ 0	\$ 0
Interest on Securities.....	608	0	0
Miscellaneous.....	208	0	0
Total Receipts	6,321	0	0
Total Funds Available	\$ 50,705	\$ 0	\$ 0
Disbursements:			
Community and Economic Development.....	\$ 50,705	\$ 0	\$ 0
Total Disbursements	-50,705	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Supplemental State Assistance Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including, disbursement of funds to distressed municipal pension systems based on certifications provided by the Public Employee Retirement Commission (PERC). Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations which cannot exceed \$35 million annually. This program and fund shall terminate in 2003 or in the first year in which there are no municipalities entitled to receive Supplemental State Assistance, whichever occurs earlier.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-98 Estimated
Cash Balance, Beginning	\$ 38	\$ 40	\$ 42
Receipts:			
General Fund Appropriation.....	\$ 1,683	\$ 549	\$ 708
Interest	2	2	0
Total Receipts	1,685	551	708
Total Funds Available	\$ 1,723	\$ 591	\$ 750
Disbursements:			
Auditor General.....	\$ 1,683	\$ 549	\$ 708
Total Disbursements	-1,683	-549	-708
Cash Balance, Ending	\$ 40	\$ 42	\$ 42



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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 29,758	\$ 32,443	\$ 32,636
Receipts:			
Licenses and Fees.....	\$ 169	\$ 200	\$ 206
Fines and Penalties.....	153	190	190
Interest.....	1,680	1,940	1,940
Forfeiture of Bonds.....	580	600	600
Trust Account Collateral.....	392	300	300
Other.....	2,980	500	500
Total Receipts	5,954	3,730	3,736
Total Funds Available	\$ 35,712	\$ 36,173	\$ 36,372
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 0
Executive Offices.....	2	0	0
Environmental Protection.....	3,267	3,532	1,849
Total Disbursements	-3,269	-3,537	-1,849
Cash Balance, Ending	\$ 32,443	\$ 32,636	\$ 34,523

Tax Note Sinking Fund

Monies in this fund are used solely for the payment of principal and interest on tax anticipation notes issued for the General Fund or the Motor License Fund. Repayment of tax anticipation notes must be accomplished before the end of the fiscal period in which the notes were issued. Interest earned in the fund is periodically transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,356	\$ 307	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 567,833	\$ 231,352	\$ 578,000
Interest on Securities.....	1,128	952	694
Total Receipts	568,961	232,304	578,694
Total Funds Available	\$ 571,317	\$ 232,611	\$ 578,694
Disbursements:			
Treasury.....	\$ 571,010	\$ 232,611	\$ 578,694
Total Disbursements	-571,010	-232,611	-578,694
Cash Balance, Ending	\$ 307	\$ 0	\$ 0

Tax Stabilization Reserve Fund

Created in July 1985 by Act 32, this fund provides financial assistance to minimize future revenue shortfalls and deficits, and promote greater continuity and predictability in the funding of vital government services. It also minimizes the need to increase taxes to balance the budget of the Commonwealth during periods of economic distress. Revenue is provided through an annual transfer of fifteen percent of the General Fund's fiscal year ending surplus, transfers of surplus funds from the State Workman's Insurance Fund and from appropriations by the General Assembly. Appropriations out of the fund require approval by two-thirds of the members of the General Assembly.

Act 68 of 1990 provides for the transfer of money from the State Workmen's Insurance Fund (SWIF). The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such surplus exists, the SWIF Board based on recommendations of an advisory council may recommend distribution of any surplus to the Tax Stabilization Reserve Fund and/or as refunds to current or former policyholders. The funds recommended by the board to be transferred to the fund and those refunded to policyholders must be approved and appropriated by the General Assembly.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 183,592	\$ 222,578	\$ 433,286
Receipts:			
Transfer from General Fund.....	\$ 27,573	\$ 188,708	\$ 49,512
Interest	11,413	22,000	23,000
Total Receipts	38,986	210,708	72,512
Total Funds Available	\$ 222,578	\$ 433,286	\$ 505,798
Cash Balance, Ending	\$ 222,578	\$ 433,286	\$ 505,798

Tuition Payment Fund

This fund was created by Act 11 of 1992 to implement the Tuition Account Program, providing for the advance purchase of tuition credits for the beneficiary attending any participating institution. The program is administered by the Tuition Account Bureau within the Treasury Department with oversight by the Tuition Account Program Advisory Board. Revenue is derived primarily from application fees, tuition unit purchases and investment income. Fund expenditures consist mainly of payments to participating institutions for the dollar value of the tuition purchased and administrative costs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 54,355	\$ 78,579	\$ 105,469
Receipts:			
Application Fees	\$ 151	\$ 240	\$ 250
Tuition Purchases.....	17,369	19,000	21,000
Investment Earnings.....	8,330	9,500	11,000
Other.....	115	0	0
Total Receipts	25,965	28,740	32,250
Total Funds Available	\$ 80,320	\$ 107,319	\$ 137,719
Disbursements:			
Treasury.....	\$ 1,736	\$ 1,850	\$ 2,302
Executive Offices.....	5	0	0
Total Disbursements	-1,741	-1,850	-2,302
Cash Balance, Ending	\$ 78,579	\$ 105,469	\$ 135,417

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 a fee to be paid by underground storage tank owners and operators to fund the program. Tank owners currently pay a gallon fee of 1 cent. Owners of diesel fuel and heating oil tanks pay a capacity fee of 15 cents in lieu of the gallon fee. As of January 1, 1998 the gallon fee dropped to 0.5 cents per gallon and the tank capacity fee to 10 cents per gallon. Legislation currently pending would establish 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. The statement below does not reflect the impact of the pending legislation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 244,062	\$ 311,488	\$ 333,455
Receipts:			
Gallon Fee	\$ 50,904	\$ 36,000	\$ 36,000
Tank Capacity Fee	15,521	10,000	10,000
Investment Income	15,833	13,000	13,000
Miscellaneous	24	23	0
Total Receipts	<u>82,282</u>	<u>59,023</u>	<u>59,000</u>
Total Funds Available	\$ <u>326,344</u>	\$ <u>370,511</u>	\$ <u>392,455</u>
Disbursements:			
Insurance	\$ 14,849	\$ 37,056	\$ 35,081
Executive Offices	7	0	0
Total Disbursements	<u>-14,856</u>	<u>-37,056</u>	<u>-35,081</u>
Cash Balance, Ending	\$ <u>311,488</u>	\$ <u>333,455</u>	\$ <u>357,374</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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Regular Unemployment Compensation Program.....	\$ 1,447,679	\$ 1,664,000	\$ 1,696,000
Federal Receipts in Transit ^a	1,018	0	0
Other.....	94,118	111,000	113,000
Total Receipts	<u>1,542,815</u>	<u>1,775,000</u>	<u>1,809,000</u>
Total Funds Available	<u>\$ 1,542,815</u>	<u>\$ 1,775,000</u>	<u>\$ 1,809,000</u>
Disbursements:			
Labor and Industry.....	\$ 1,542,815	\$ 1,775,000	\$ 1,809,000
Total Disbursements	<u>1,542,815</u>	<u>-1,775,000</u>	<u>-1,809,000</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

^a Represents future receipt 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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 652	\$ 3	\$ 3
Receipts:			
Contributions of Employers and Employees.....	\$ 1,550,746	\$ 1,386,000	\$ 1,473,000
Other.....	269	350	370
Total Receipts	<u>1,551,015</u>	<u>1,386,350</u>	<u>1,473,370</u>
Total Funds Available	<u>\$ 1,551,667</u>	<u>\$ 1,386,353</u>	<u>\$ 1,473,373</u>
Disbursements:			
Labor and Industry.....	\$ 1,551,664	\$ 1,386,350	\$ 1,473,370
Total Disbursements	<u>1,551,664</u>	<u>-1,386,350</u>	<u>-1,473,370</u>
Cash Balance, Ending	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3</u>



Vietnam Conflict Veterans' Compensation Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Vietnam Conflict Veterans' Compensation Fund. The annual appropriation from the General Fund for general obligation debt service provides the revenues to this fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 2,578	\$ 2,582	\$ 2,592
Total Receipts	<u>2,578</u>	<u>2,582</u>	<u>2,592</u>
Total Funds Available	\$ 2,579	\$ 2,582	\$ 2,592
Disbursements:			
Treasury.....	\$ 2,579	\$ 2,582	\$ 2,592
Total Disbursements	<u>-2,579</u>	<u>-2,582</u>	<u>-2,592</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Vocational Rehabilitation Fund

This fund, administered by the State Board of Vocational Rehabilitation in the Department of Labor and Industry, was created to provide vocational rehabilitation services to any person who has a disability, mental or physical, which constitutes a handicap to employment or to achieve independent living status. Services can be provided directly or through a purchase of service arrangement. Receipts for this fund come from Federal vocational rehabilitation funds, transfer of General Fund appropriations for matching the Federal funds and interest earned.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 6,253	\$ 5,938	\$ 3,729
Receipts:			
Transfer from General Fund.....	\$ 24,681	\$ 25,582	\$ 26,744
Federal Vocational Rehabilitation Funds.....	100,661	107,179	109,471
Other.....	360	300	300
Total Receipts	<u>125,702</u>	<u>133,061</u>	<u>136,515</u>
Total Funds Available	\$ 131,955	\$ 138,999	\$ 140,244
Disbursements:			
Executive Offices.....	\$ 579	\$ 0	\$ 0
Labor and Industry.....	125,438	135,270	136,616
Total Disbursements	<u>-126,017</u>	<u>-135,270</u>	<u>-136,616</u>
Cash Balance, Ending	<u>\$ 5,938</u>	<u>\$ 3,729</u>	<u>\$ 3,628</u>

Volunteer Companies Loan Fund

On November 4, 1975, a voter referendum authorized a \$10 million bond issue to be used for acquisition and replacement of volunteer fire, ambulance and rescue company equipment and facilities. A second voter referendum in November 1981 authorized an additional \$15 million to be added to the fund. In November 1990 a third voter referendum was approved which provided an additional \$25 million for the fund, bringing the total amount authorized to \$50 million. 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. This budget includes \$20 million transferred from the General Fund to the Volunteer Companies Loan Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3,947	\$ 5,508	\$ 2,868
Receipts:			
Loan Principal Repayments.....	\$ 10,602	\$ 11,068	\$ 11,555
Transfer from the General Fund.....	0	0	20,000
Loan Interest.....	1,423	1,537	1,661
Interest on Securities.....	174	102	60
Bond Proceeds.....	3,928	5,892	0
Total Receipts	<u>16,127</u>	<u>18,599</u>	<u>33,276</u>
Total Funds Available.....	\$ 20,074	\$ 24,107	\$ 36,144
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 15
Emergency Management Agency.....	14,566	21,239	22,000
Total Disbursements	<u>-14,566</u>	<u>-21,239</u>	<u>-22,015</u>
Cash Balance, Ending	\$ 5,508	\$ 2,868	\$ 14,129

Volunteer Companies Loan Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Volunteer Companies Loan Fund. The annual appropriation from the the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 1	\$ 5,000	\$ 5,000
Receipts:			
Transfer from General Fund.....	\$ 8,323	\$ 2,475	\$ 3,197
Accrued Interest on Bonds Sold.....	0	3	0
Interest on Securities.....	5	282	0
Total Receipts	<u>8,328</u>	<u>2,760</u>	<u>3,197</u>
Total Funds Available	\$ 8,329	\$ 7,760	\$ 8,197
Disbursements:			
Treasury.....	\$ 3,329	\$ 2,760	\$ 3,197
Total Disbursements	<u>-3,329</u>	<u>-2,760</u>	<u>-3,197</u>
Cash Balance, Ending	\$ 5,000	\$ 5,000	\$ 5,000



Water Facilities Loan Fund

This fund was created by Act 167 of 1982 to implement the water project loan referendum approved by the electorate on November 3, 1981. That referendum authorized the Commonwealth to incur an indebtedness of \$300 million for use as loans to repair, construct, reconstruct, rehabilitate, extend and improve water supply systems or to repair, reconstruct or rehabilitate flood control facilities, dams and port facilities. Act 16 of 1988 transferred the functions of the Water Facilities Loan Board to the Pennsylvania Infrastructure Investment Authority as part of the PENNVEST program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Sale of Bonds	\$ 3,928	\$ 1,500	\$ 1,500
Total Receipts	3,928	1,500	1,500
Total Funds Available	\$ 3,928	\$ 1,500	\$ 1,500
Disbursements:			
Infrastructure Investment Authority	\$ 3,928	\$ 1,500	\$ 1,500
Total Disbursements	-3,928	-1,500	-1,500
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Water Facilities Loan Redemption Fund

Payment of interest and principal due on outstanding water facilities loan bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Water Facilities Loan Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 26	\$ 4,008	\$ 4,000
Receipts:			
Transfer from General Fund	\$ 18,265	\$ 13,535	\$ 10,650
Interest on Securities	27	226	0
Accrued Interest on Bonds Sold	6	0	0
Miscellaneous Revenue	0	0	2,505
Total Receipts	18,298	13,761	13,155
Total Funds Available	\$ 18,324	\$ 17,769	\$ 17,155
Disbursements:			
Treasury	\$ 14,316	\$ 13,769	\$ 13,155
Total Disbursements	-14,316	-13,769	-13,155
Cash Balance, Ending	\$ 4,008	\$ 4,000	\$ 4,000

Wild Resources 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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 2,880	\$ 2,400	\$ 1,028
Receipts:			
Tax Check-Offs.....	\$ 297	\$ 310	\$ 310
Interest on Securities.....	148	145	190
Voluntary Donations.....	14	15	300
License Plate Sales.....	110	110	250
Other.....	40	45	13
Total Receipts	609	625	1,063
Total Funds Available	\$ 3,489	\$ 3,025	\$ 2,091
Disbursements:			
Executive Offices.....	\$ 3	\$ 0	\$ 0
Conservation and Natural Resources.....	1,086	1,997	1,500
Total Disbursements	1,089	1,997	1,500
Cash Balance, Ending	\$ 2,400	\$ 1,028	\$ 591

Workmen's Compensation Administration Fund

This fund was created by Act 2 of 1976 to finance the expenses of the Department of Labor and Industry in administering the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act. Act 44 of 1993 and Act 57 of 1996 amended the Workers' Compensation Act, expanding the administrative responsibilities of the department. The fund is supported by annual assessments on insurers and self-insurers under the act. These administrative funds are approved by the Legislature for expenditure through the appropriation process.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 46,334	\$ 46,208	\$ 41,016
Receipts:			
Assessments.....	\$ 48,344	\$ 42,941	\$ 43,261
Other.....	3,384	5,000	5,000
Total Receipts	<u>51,728</u>	<u>47,941</u>	<u>48,261</u>
Total Funds Available	\$ <u>98,062</u>	\$ <u>94,149</u>	\$ <u>89,277</u>
Disbursements:			
Executive Offices.....	\$ 345	\$ 0	\$ 0
Community and Economic Development.....	128	192	162
Labor and Industry.....	51,381	52,941	43,261
Total Disbursements	<u>-51,854</u>	<u>-53,133</u>	<u>-43,423</u>
Cash Balance, Ending	\$ <u>46,208</u>	\$ <u>41,016</u>	\$ <u>45,854</u>

Workmen's Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Act 70 of 1990 authorized the Catastrophic Loss Benefits Continuation Fund to borrow funds from the Workers' Compensation Security Fund. The first loan was fully repaid in 1994-95. A \$52.4 million loan was made in 1997-98 and is scheduled to be repaid over the next four years.

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 are credited to the fund. Such payments are required only if the balance (less known liabilities) of the fund is determined to be less than five percent of the loss reserves of all such companies for payments of benefits under the Workers' Compensation Law.

As of June 30, 1997, the indemnity reserves were \$359.7 million, the medical reserves were \$87.7 million, and the legal reserves were \$3.1 million. The June 30, 1997 fund balance less reserves was negative \$23.0 million, while five percent of the outstanding workers' compensation carrier reserves were \$272.2 million. A one percent assessment was made for 1996-97 and a one percent assessment is anticipated again in 1997-98.

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)		
	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 421,183	\$ 474,033	\$ 468,626
Receipts:			
Premium Contributions	\$ 46,270	\$ 35,657	\$ 35,657
Interest on Securities	29,496	27,788	27,788
Loan Repayment	0	6,000	12,000
Net Investment Adjustment	2,688	6,438	6,438
Total Receipts	<u>78,454</u>	<u>75,883</u>	<u>81,883</u>
Total Funds Available	\$ 499,637	\$ 549,916	\$ 550,509
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Insurance	25,604	28,744	28,744
Loan to Catastrophic Loss Benefits Continuation Fund	0	52,541	0
Total Disbursements	<u>-25,604</u>	<u>-81,290</u>	<u>-28,749</u>
Cash Balance, Ending	\$ 474,033	\$ 468,626	\$ 521,760



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)

	1996-97 Actual	1997-98 Available	1998-99 Estimated
Cash Balance, Beginning	\$ 3	\$ 4	\$ 4
Receipts:			
Assessments.....	\$ 25,215	\$ 30,300	\$ 30,400
Other.....	595	750	800
Total Receipts	25,810	31,050	31,200
Total Funds Available	\$ 25,813	\$ 31,054	\$ 31,204
Disbursements:			
Labor and Industry.....	\$ 25,809	\$ 31,050	\$ 31,200
Total Disbursements	-25,809	-31,050	-31,200
Cash Balance, Ending	\$ 4	\$ 4	\$ 4





Governor's Executive Budget

COMPLEMENT



COMMONWEALTH OF PENNSYLVANIA

COMPLEMENT

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

GOVERNOR'S EXECUTIVE BUDGET 1998-99



**SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT (FTE)**

The following is a summary, by department, of the 1996-97 actual, 1997-98 available and 1998-99 recommended salaried complement levels on a full-time equivalent (FTE) basis.

<i>Department</i>	<i>1996-97 Actual</i>	<i>1997-98 Available</i>	<i>1998-99 Budget</i>	<i>Difference Budget vs. Available</i>
Governor's Office	91	91	91	
Executive Offices	2,224	2,256	2,263	7
Lieutenant Governor's Office	17	16	16	
Aging	105	105	107	2
Agriculture	626	626	630	4
Banking	120	118	120	2
Civil Service Commission	181	181	181	
Community and Economic Development	306	311	323	12
Conservation and Natural Resources	1,304	1,305	1,311	6
Corrections	12,239	12,999	13,340	341
Education	1,096	1,089	1,090	1
Emergency Management Agency	129	129	136	7
Environmental Hearing Board	22	22	22	
Environmental Protection	3,169	3,098	3,118	20
Fish & Boat Commission	438	440	440	
Game Commission	731	731	731	
General Services	1,316	1,310	1,321	11
Health	1,395	1,346	1,338	-8
Historical and Museum Commission	322	330	333	3
Infrastructure Investment Authority	22	22	23	1
Insurance	294	288	293	5
Labor and Industry	6,317	6,317	6,302	-15
Liquor Control Board	2,969	2,969	2,969	
Military and Veterans Affairs	1,813	1,950	2,060	110
Milk Marketing Board	36	36	36	
Municipal Employees' Retirement	22	22	22	
Probation and Parole Board	900	908	915	7
Public Television Network	20	20	20	
Public Utility Commission	560	547	538	-9
Public Welfare	25,625	24,809	23,072	-1,737
Revenue	2,317	2,276	2,279	3
School Employees' Retirement System	289	289	289	
Securities Commission	71	72	74	2
State	385	387	403	16
State Employees' Retirement System	190	190	190	
State Police	5,412	5,501	5,519	18
Tax Equalization Board	22	22	22	
Transportation	12,405	12,348	12,348	
TOTAL ALL DEPARTMENTS	85,500	85,476	84,285	-1,191



Summary of 1998-99 Complement Changes

The following is a detailed listing, by department, of the recommended salaried complement changes (on a full-time equivalent basis) for 1998-99. It reflects proposed eliminations, new positions and transfers between appropriations and agencies.

Department / Fund / Appropriation	Increase/ Decrease OB Recomm.	Comment on OB Recommendations
EXECUTIVE OFFICES		
General Fund:		
Commission on Crime & Delinquency	2	NEW: Weed and Seed Program monitoring (1), and computer lab and training center (1).
Radio System Development	2	NEW: PRR- Enhancing Information Technology to better serve Pennsylvania (2).
Constables Education & Training	1	NEW: To aid with training and certification (1).
General Fund Total	<u>5</u>	
Federal Funds		
DCSI - Administration (F)	2	NEW: To increase Federal Grant monitoring and/or auditing (2).
DEPARTMENT TOTAL	<u><u>7</u></u>	
AGING		
Lottery Fund:		
General Government Operations	<u>2</u>	NEW: PRR- Elder Abuse Criminal History Reporting (2).
AGRICULTURE		
General Fund:		
Agricultural Conservation Easement Administration	1	NEW: Increased easement purchases (1).
Nutrient Management	3	NEW: Implementation of the Nutrient Management Act (3).
General Government Operations	2	NEW: Bottled Water Inspectors (2).
	<u>-2</u>	ELIMINATED: Operational changes: improved productivity (-2).
DEPARTMENT TOTAL	<u><u>4</u></u>	
BANKING		
Banking Department Fund:		
General Operations	<u>2</u>	NEW: To increase examination of non-depository institutions (2).
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
Marketing to Attract Tourists	3	NEW: PRR- Expand tourism and promotion overseas (3).
International Trade	1	NEW: PRR- To handle trade missions.(1).
Business Retention	-3	TRANSFERRED: PRR- Business Retention function to TEAM PA (-3).
TEAM PA	9	TRANSFERRED: PRR- Retention function from Business Retention (+3); NEW: Human Resources Investment Council (+6).
General Government Operations	2	NEW: PRR- Ben Franklin Tech 21 (1) to coordinate census activities for Year 2000 (1).
DEPARTMENT TOTAL	<u><u>12</u></u>	
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
General Government Operations	<u>6</u>	NEW: Community Partnership Initiative (6).

Summary of 1998-99 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease OB Recomm.	Comment on OB Recommendations
CORRECTIONS		
General Fund:		
State Correctional Institutions	335	NEW: Expanded Housing (203), Young Offenders (17), Drug & Alcohol Treatment (3), overtime reduction (117). TRANSFERRED: to Inmate Training (-15) and from Medical Care (10).
Medical Care	-10	TRANSFERRED: to State Correctional Institutions (-10).
Inmate Training	16	NEW: Expanded housing (1). TRANSFERRED: from State Correctional Institutions (15).
DEPARTMENT TOTAL	<u>341</u>	
EDUCATION		
General Fund:		
General Government Operations	1	TRANSFERRED: from Migrant Education - Administration (F) (1).
General Fund Total	<u>1</u>	
Federal Funds:		
Migrant Education - Administration (F)	-1	TRANSFERRED: to General Government Operations (-1).
Technology Literacy Challenge-Adm (F)	1	NEW: Expand school technology (1).
DEPARTMENT TOTAL	<u>1</u>	
EMERGENCY MANAGEMENT AGENCY		
General Fund:		
General Government Operations	<u>7</u>	NEW: Emergency Operations Center (1); monitor PA Transportation Beltway Initiative (1); 911 Emergency Phone Program (5).
ENVIRONMENTAL PROTECTION		
General Fund:		
Office of Pollution Prevention and Compliance Assistance	20	TRANSFERRED: from Environmental Program Management (19) and Environmental Protection Operations (1).
Environmental Protection Operations	-5	ELIMINATED: Program consolidation (-4). TRANSFERRED: to Office of Pollution Prevention and Compliance Assistance (-1).
Environmental Program Management	-19	TRANSFERRED: to Office of Pollution Prevention and Compliance Assistance (-19).
General Fund Total	<u>-4</u>	
Federal Funds:		
Safe Drinking Water Set Asides (F)	26	NEW: PRR- Safe Drinking Water Set Aside.
Regional Facility Siting Fund:		
General Operations	-2	ELIMINATED: funding depleted (-2).
DEPARTMENT TOTAL	<u>20</u>	
GENERAL SERVICES		
General Fund:		
General Government Operations	<u>11</u>	TRANSFERRED: Custodial function from Labor and Industry (10). NEW: Right to Know function from OA (1).

Summary of 1998-99 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease OB Recomm.	Comment on OB Recommendations
HEALTH		
General Fund:		
Vital Statistics	-8	ELIMINATED: Automated Birth Registry (-8).
General Government Operations	21	NEW: PRR- Governor's Council on Physical Fitness and Sports (1). TRANSFERRED: under PRR-Enhancing the Delivery of Information Technology Services: from TB-Administration and Operation (1); from Disease Control Immunization (1); from Cooperative Health Statistics (1); from MCHSBG - Administration and Operations (2); from WIC Administration and Operations (12); from SABG-Administration and Operations (2). TRANSFERRED: from MCHSBG - Administration and Operations for Birth Defects Registry (1).
General Fund Total	<u>13</u>	
Federal Funds:		
Tuberculosis - Administration and Operation (F)	-1	TRANSFERRED: to General Government Operations PRR - Enhancing the Delivery of Information Technology Services (-1).
Disease Control Immunization (F)	-1	TRANSFERRED: to General Government Operations PRR - Enhancing the Delivery of Information Technology Services (-1).
Cooperative Health Statistics (F)	-2	TRANSFERRED: to General Government Operations PRR - Enhancing the Delivery of Information Technology Services (-1). ELIMINATED: Federal funding reduced (-1).
MCHSBG- Administration and Operation (F)	-3	TRANSFERRED: to General Government Operations PRR - Enhancing the Delivery of Information Technology Services (-2). TRANSFERRED: to General Government Operations (-1).
WIC Administration and Operation (F)	-12	TRANSFERRED: to General Government Operations PRR - Enhancing the Delivery of Information Technology (-12).
SABG - Administration & Operations (F)	-2	TRANSFERRED: to General Government Operations PRR - Enhancing the Delivery of Information Technology Services (-2).
Federal Funds Total	<u>-21</u>	
DEPARTMENT TOTAL	<u><u>-8</u></u>	
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations	13	NEW: PRR - Enhancing Information Technology to Better Serve Pennsylvania (3). TRANSFERRED: from Records and Management Information for combined appropriation (10).
Records and Management Inform.	-10	TRANSFERRED: to General Government Operations for combined appropriation (-10).
DEPARTMENT TOTAL	<u><u>3</u></u>	
INFRASTRUCTURE INVESTMENT AUTHORITY		
Infrastructure Investment Authority Fund:		
PENNVEST Operations	<u>1</u>	NEW: Computer support (1).
INSURANCE		
General Fund:		
General Government Operations	-1	TRANSFERRED: To Children's Health Insurance Administration (-1).
Children's Health Insurance Administration	6	NEW: Expanded Children's Health Insurance Program (5). TRANSFERRED: From General Government Operations (1).
DEPARTMENT TOTAL	<u><u>5</u></u>	



Summary of 1998-99 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease OB Recomm.	Comment on OB Recommendations
LABOR AND INDUSTRY		
General Fund:		
General Government Operations	<u>-2</u>	ELIMINATED: Operational changes; improved productivity (-2).
Federal Funds:		
Community Service & Corps (F)	<u>-3</u>	ELIMINATED: Operational changes; improved productivity (-3).
Administration Fund:		
General Operations	<u>-10</u>	TRANSFERRED: Custodial function to Department of General Services (-10).
DEPARTMENT TOTAL	<u><u>-15</u></u>	
MILITARY & VETERANS AFFAIRS		
General Fund:		
Southwestern Veterans Home	64	NEW: To continue with opening of new facility (64).
General Government Operations	<u>3</u>	NEW: Increase support for expansion of veterans homes (3).
General Fund Total	<u>67</u>	
Federal Funds:		
Employe Support (F)	<u>-20</u>	ELIMINATED: reduced Federal funding (-20).
Ft. Indiantown Gap Base Realignment (F)	<u>63</u>	NEW: Transition to State control (63).
Federal Funds Total	<u>43</u>	
DEPARTMENT TOTAL	<u><u>110</u></u>	
PROBATION AND PAROLE		
General Fund:		
General Government Operations	<u>-3</u>	NEW: PRR- Enhancing Public Safety (4). TRANSFERRED: to Sexual Offenders Assessment Board (-7).
Sexual Offenders Assessment Board	<u>10</u>	NEW: PRR- Enhancing Public Safety (3). TRANSFERRED: from General Government Operations (7).
DEPARTMENT TOTAL	<u>7</u>	
PUBLIC UTILITY COMMISSION		
General Fund:		
General Government Operations	<u>-9</u>	ELIMINATED: restructured agency operations. (-9).
PUBLIC WELFARE		
General Fund:		
Mental Health Services (Hospitals)	<u>-829</u>	ELIMINATED: The 1998-99 rebudget authorized will be 6,629. Anticipated 6/30/99 level will be 6,262 for a total reduction of 829.
State Centers for Mentally Retarded	<u>-907</u>	ELIMINATED: The 1998-99 rebudget authorized will be 5,440. Anticipated 6/30/99 level will be 5,068 for a total reduction of 907.
General Government Operations	<u>3</u>	NEW: Foster and adoptive parent registry (2); day care quality enhancements (1).
General Fund Total	<u>-1,733</u>	
Federal Funds		
Child Care & Development - Admin (F)	<u>-46</u>	TRANSFERRED: to CCDFBG-Administration (F).
Administration (B-LIEA)	<u>-4</u>	ELIMINATED: Federally funded program contracting (-4).
CCDFBG - Administration (F)	<u>46</u>	TRANSFERRED: from Child Care & Development - Admin (F).
Federal Funds Total	<u>-4</u>	
DEPARTMENT TOTAL	<u><u>-1,737</u></u>	

Summary of 1998-99 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease OB Recomm.	Comment on OB Recommendations
REVENUE		
General Fund:		
General Government Operations	<u>3</u>	NEW: Purely Public Charities Program (3).
SECURITIES COMMISSION		
General Fund:		
General Government Operations	<u>2</u>	NEW: To increase enforcement of securities offerings law and regulations (2).
STATE		
General Fund:		
Professional & Occupational Affairs	5	NEW: To increase investigations and prosecutions of license violations. (3); to increase legal representation for appeals of disciplinary actions (5).
General Government Operations	11	ELIMINATED: Increased productivity from an automated call distribution system (-3). NEW: Increased budget support for boards and commissions (1); increased investigations and enforcement of charities statutes and regulations (6). Increased Charities Registrations (2). Filing backlog reduction in the Bureau of Commissions, Elections and Legislation (2).
DEPARTMENT TOTAL	<u>16</u>	
STATE POLICE		
General Fund:		
General Government Operations	<u>18</u>	NEW: further expansion of CLEAN computer system (13), criminal history record checks (5).
TRANSPORTATION		
General Fund:		
Welcome Centers	<u>4</u>	NEW: expand Welcome Center hours (4).
Motor License Fund:		
Safety Administration and Licensing	<u>-4</u>	ELIMINATED: outsource telephone information service (-4).
DEPARTMENT TOTAL	<u>0</u>	
GRAND TOTAL	<u><u>-1,191</u></u>	



Governor's Executive Budget

STATISTICAL
DATA



COMMONWEALTH OF PENNSYLVANIA

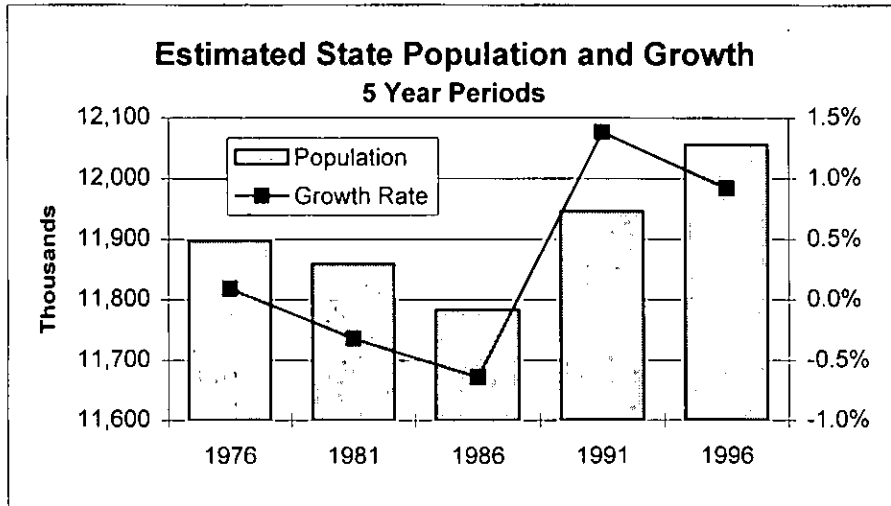
STATISTICAL DATA

This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page.

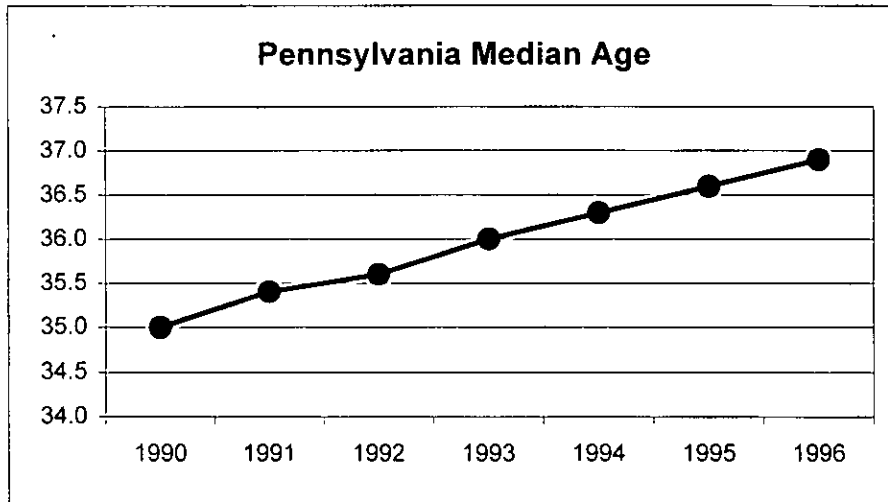
GOVERNOR'S EXECUTIVE BUDGET 1998-99

State Population Trends

The following charts and tables present trend information on Pennsylvania's population. The population estimate and growth rate for 5 year periods beginning in 1976 is given in the top chart and table. The bottom chart and table provides the trend for the median age of the Pennsylvania population beginning in 1990. Data is from the U.S. Census Bureau.



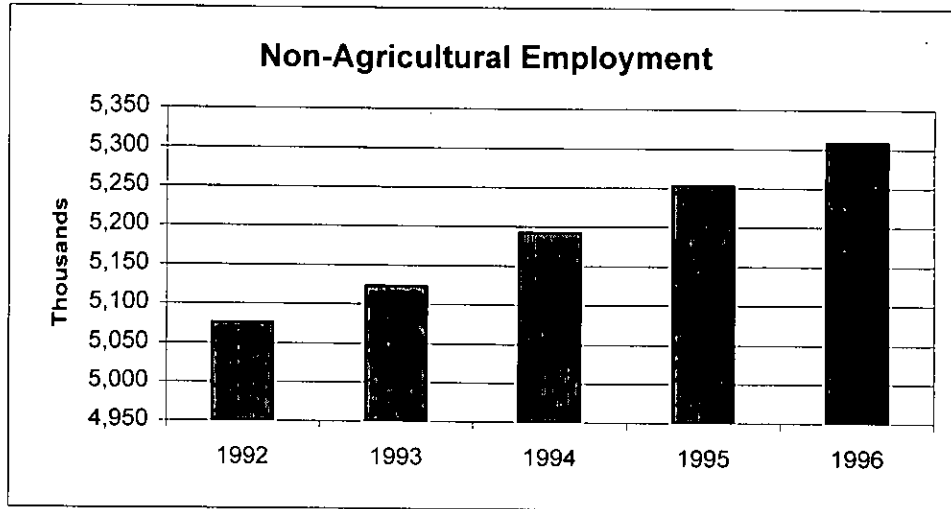
Calendar Year	Population Estimate (thousands)	5 Year Growth Rate
1976	11,897	0.1%
1981	11,859	-0.3%
1986	11,783	-0.6%
1991	11,946	1.4%
1996	12,056	0.9%



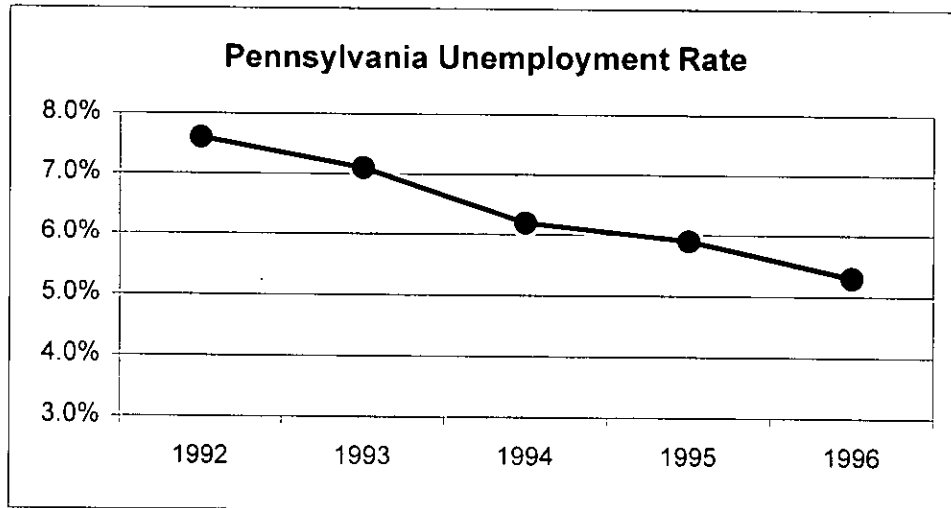
Calendar Year	Median Age
1990	35.0
1991	35.4
1992	35.6
1993	36.0
1994	36.3
1995	36.6
1996	36.9

State Employment Trends

The following charts and tables present trend information on Pennsylvania's non-agricultural jobs and its unemployment rate. Annual average non-agricultural job data is presented in the top chart and table. The bottom chart and table provides data on the average annual unemployment rate. Data is from the U.S. Bureau of Labor Statistics.



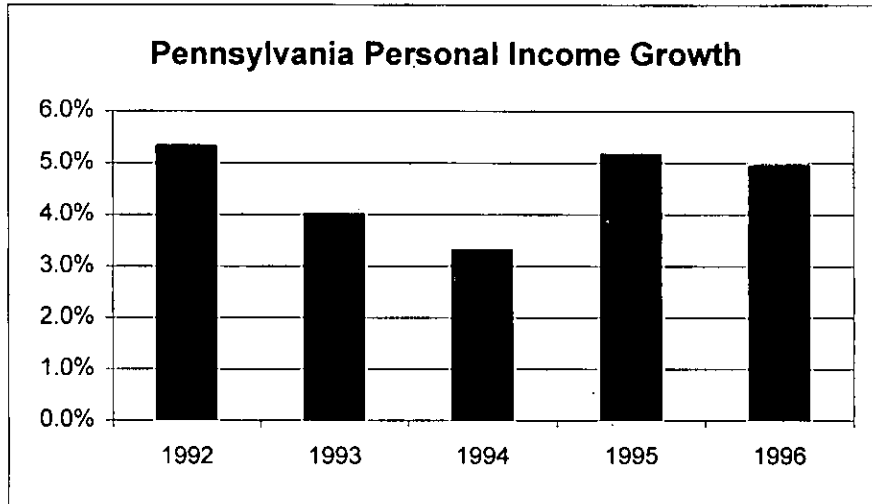
Calendar Year	Non-Agricultural Employment	Growth Rate
1992	5,076	-0.2%
1993	5,123	0.9%
1994	5,192	1.3%
1995	5,253	1.2%
1996	5,308	1.0%



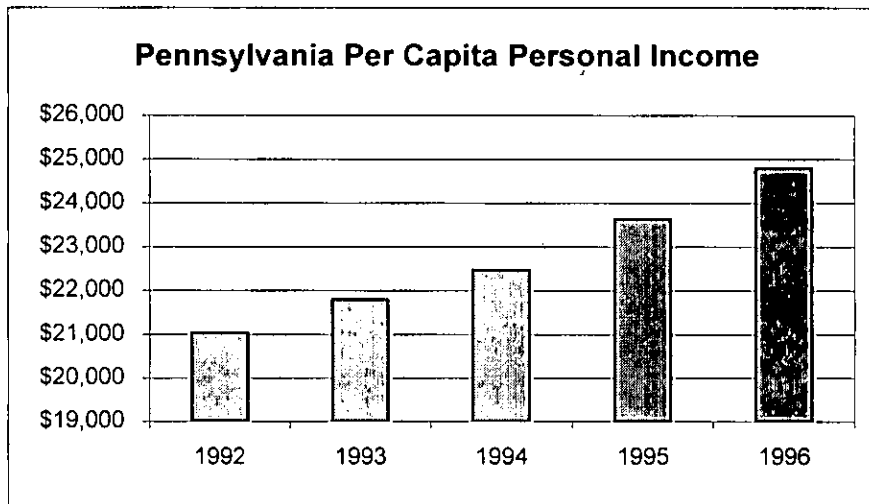
Calendar Year	Unemployment Rate
1992	7.6%
1993	7.1%
1994	6.2%
1995	5.9%
1996	5.3%

State Personal Income Trends

The following charts and tables present trend information on Pennsylvania's personal income and per capita income. Annual personal income and its annual growth rate is presented in the top chart and table. The bottom chart and table provides the trend for Pennsylvania per capita personal income. Data is from the U.S. Bureau of Economic Analysis.



Calendar Year	Personal Income (millions)	Growth Rate
1992	\$252,224	5.3%
1993	262,308	4.0%
1994	270,969	3.3%
1995	284,963	5.2%
1996	299,031	4.9%



Calendar Year	Per Capita Personal Income
1992	\$21,038
1993	21,799
1994	22,471
1995	23,628
1996	24,803

