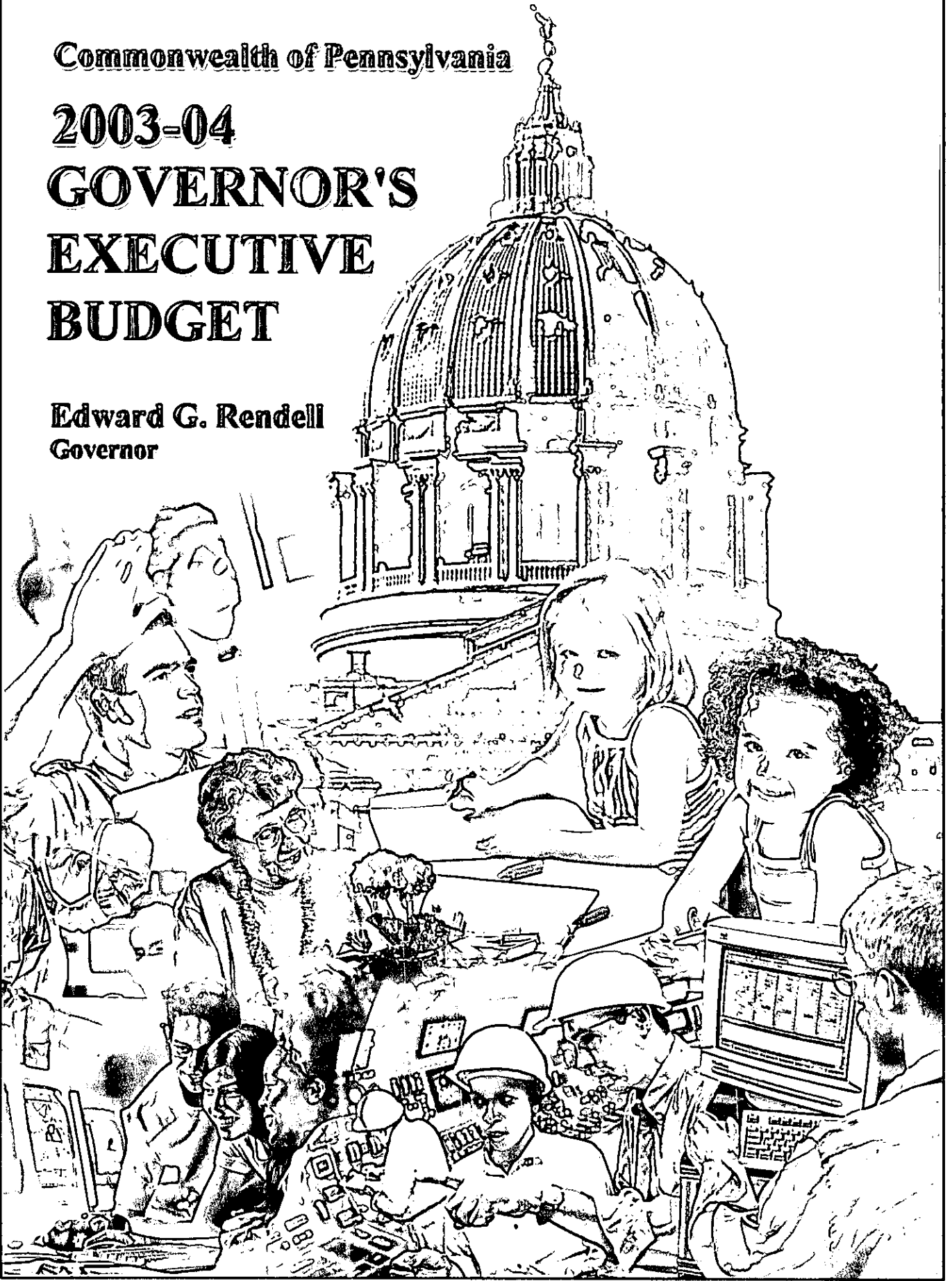


Commonwealth of Pennsylvania

2003-04

GOVERNOR'S EXECUTIVE BUDGET

Edward G. Rendell
Governor





COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

March 4, 2003

To the People of Pennsylvania:

Pursuant to Article VIII, Section 12 of the Constitution of Pennsylvania, and Section 613 of the Administrative Code of 1929 (71 P.S. Section 233), I am transmitting to your representatives in the General Assembly my proposed budget for Fiscal Year 2003-2004.

Over the past several years, Pennsylvania's economy has staggered under the weight of new challenges and long-standing burdens. We have weathered a sudden and wrenching period of economic recession. We are struggling to cope with the impact and aftermath of the devastating attacks of September 11, 2001. Economic growth remains fitful. Job losses continue to mount. Working families and seniors are suffering as the prospects for a real economic recovery recede further into the future.

Real and substantial change is needed if we are to weather this storm and emerge as an economic leader among states. Too many of our best and brightest young people continue to leave this Commonwealth to build their lives elsewhere. Our schools are in great need of our increased support, and we need those schools to teach our students how to achieve at higher levels than ever before. Our economic infrastructure must be transformed, so our industries can remain competitive in the new global economy, and our people can find work with decent wages and positive prospects for the future.

But first, we must get our fiscal house in order.

In Fiscal Year 2003-04, we face a third consecutive year of revenue shortfalls and double digit increases in key expenditure areas like health care and social services. Without corrective action, weak revenues and inflationary forces will combine to create a budget deficit next year in excess of \$2.4 billion dollars. Over the past two years, the growing structural gap in the Pennsylvania state budget was addressed using one-time revenue sources, in the hopes that economic recovery would spare us the need to make hard choices in order to bring the budget back to stable recurring balance.

It is now clear that this is not going to happen and hard choices cannot be avoided. Therefore, the budget I submit to you today lays bare the budget choices we face as a result of our current economic condition.

Without question, our first imperative must be to make government more efficient and more effective, doing more with less. This budget responds to that challenge by making a ten percent across-the-board reduction in the cost of government – a reduction that will decrease the size and cost of government administration in virtually every state department and agency.

Unfortunately, this reduction is not enough to bring the budget into balance, because the gap between current state expenditure levels and forecast state revenues is so large. To balance the budget within the confines of existing revenues, other cuts are also necessary, painful cuts that reduce support for social service programs, institutions of higher learning, cultural institutions, and many other state agencies, programs and services.

We face these challenges because we must. But no one should think that this current budget is the last word with respect to Pennsylvania's future. Pennsylvania's citizens and businesses deserve better and I have promised them more. I know that we can realize our hopes for a brighter future and revitalize Pennsylvania's economy. While the budget outlined herein addresses the painful reality of our current fiscal condition, the short-term pain embodied in this budget can be reduced and overcome through a plan for Pennsylvania's long-term growth and revitalization.

Our current budget deficit is only a symptom of our larger economic problems. And so too, by shaping a balanced budget we only take a first step to pave the way for a real and sustainable economic recovery in Pennsylvania.

There is an achievable path to Pennsylvania's economic recovery, and it will require substantial and strategic investment in economic development and job growth, increased investment in our public schools tied irreversibly to rigorous accountability and high expectations, and tax reform and property tax relief for local school districts and taxpayers. These are the elements we need to put in place in order to build a sound foundation for our future prosperity. Over the coming weeks, my administration will propose new programs designed to stimulate our economy, bring property tax relief across the Commonwealth, and make increased investments in effective and imaginative improvements to the education of our children. And we will identify the resources required to achieve these essential goals.

While we will never flinch from making tough choices to reduce spending, cut waste and increase our taxpayers' return on their investment, we must also understand that the current budget proposal represents only the beginning of a new day for Pennsylvania. While our current realities are sobering, it is with a great sense of optimism that we can look forward to working together to achieve the revival of our economy, the renewal of our communities, and the rekindling of our belief that we can chart a better future for the next generation.

Sincerely,



Edward G. Rendell



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Commonwealth of Pennsylvania
Pennsylvania**

Outstanding Policy Document

For the Fiscal Year Beginning
July 01, 2002

William P. ... *Jeffrey P. ...*

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Commonwealth of Pennsylvania for its annual budget for the fiscal year beginning July 1, 2002. This award is valid for a period of one year.

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

Overview of Sections within the Budget

Preface

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

A. Overview and Summaries

Provides an overview of program and financial goals and administration policies. It discusses the economic outlook, major operating funds and overall complement. It summarizes the budget for several major Commonwealth funds including the General Fund, Motor License Fund, Environmental Stewardship Fund, Lottery Fund, Tobacco Settlement Fund and Budget Stabilization Reserve (Rainy Day) Fund. It also provides summary information regarding 2003-04 Program Policy Direction and Budget Themes, Federal Block Grants, Public Information & Communications and selected other summaries.

B. Program Budget Summary

Provides a summary of the 2003-04 Budget by major revenue source and provides information for each major program by component categories and subcategories (subdivisions of programs).

C. Summary by Fund

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

D. Tax Expenditures

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

E. Department Presentations

Provides detailed expenditure information by agency, program and funding source. Program performance measures including impacts, workload, outputs and need/demand estimators for those programs administered by the agency are presented.

F. Capital Budget

Provides detailed information by agency regarding proposed capital budget projects recommended in 2003-04. In addition, proposed funding sources and amounts needed to support the entire capital program for the next five years are listed.

G. Public Debt

Provides data on the debt obligations of the Commonwealth used to fund capital programs, voter-approved bond referendums and certain disaster relief programs.

H. Other Special Funds

Provides a brief description and financial data for all Commonwealth funds not given an expanded treatment in other sections of the budget.

I. Complement

Provides a summary by department of salaried complement on a full-time equivalent (FTE) basis for the actual, available and budget years. It also provides a brief description by agency and appropriation of the changes recommended in the budget.

J. Statistical Data

Provides historical data for various Pennsylvania economic indicators.

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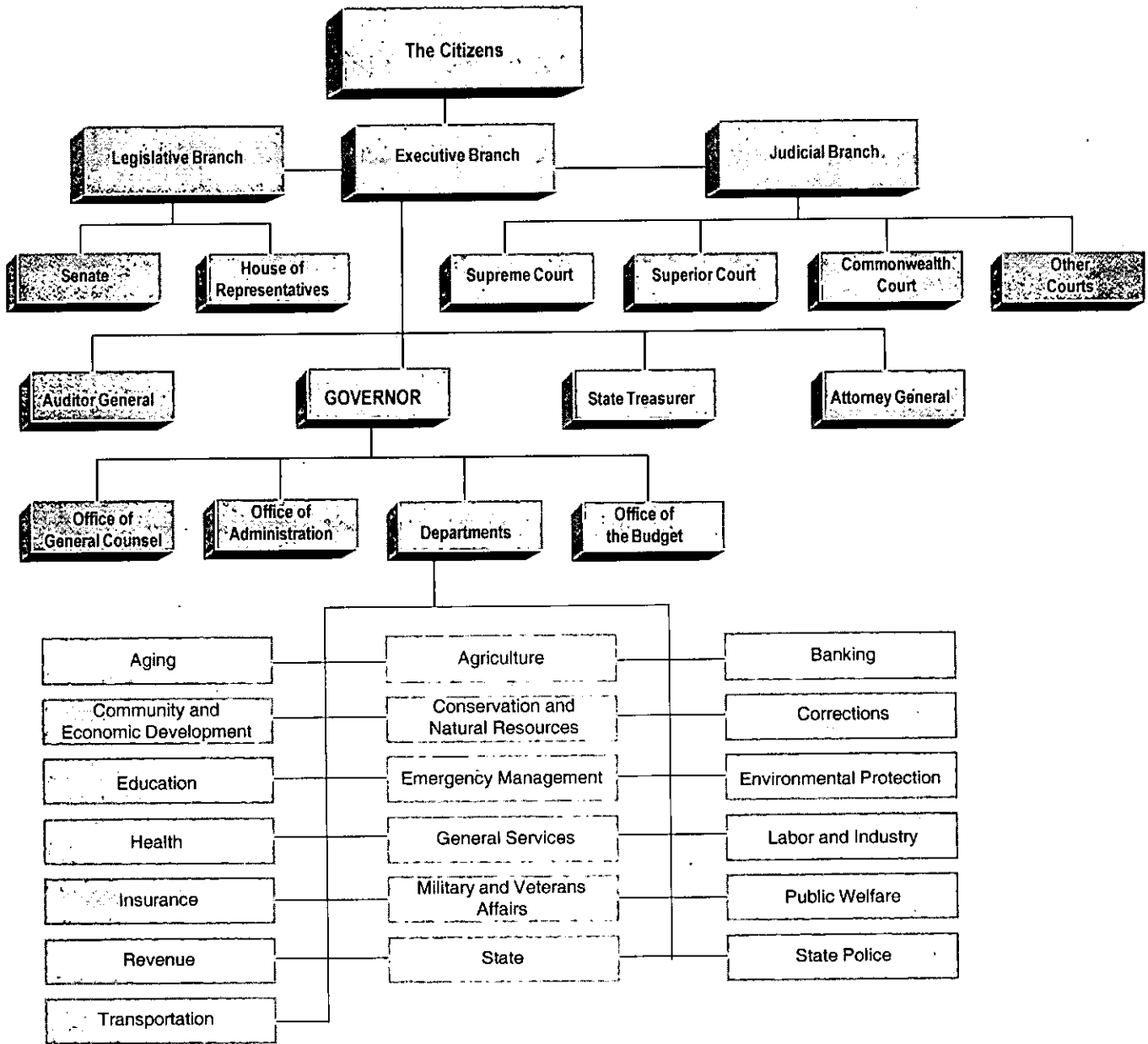
READER'S GUIDE

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

It contains an organization chart of the Commonwealth, descriptions of the operating and capital budget processes, an explanation of the accounting basis, terms used in the budget process and a list of the most common abbreviations used to identify Federal funds.

The government of the Commonwealth is composed of three separate branches: Executive, Legislative and Judicial. The general organization chart of Commonwealth government shown on the following page provides additional details.

**Commonwealth of Pennsylvania
Organization Chart**



AGENCIES

Higher Education Assistance
Housing Finance
Interstate Agencies

AUTHORITIES

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

BOARDS

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

COMMISSIONS

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

The Budget Process

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

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

PHASES OF THE BUDGET PROCESS

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

PREPARATION

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

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

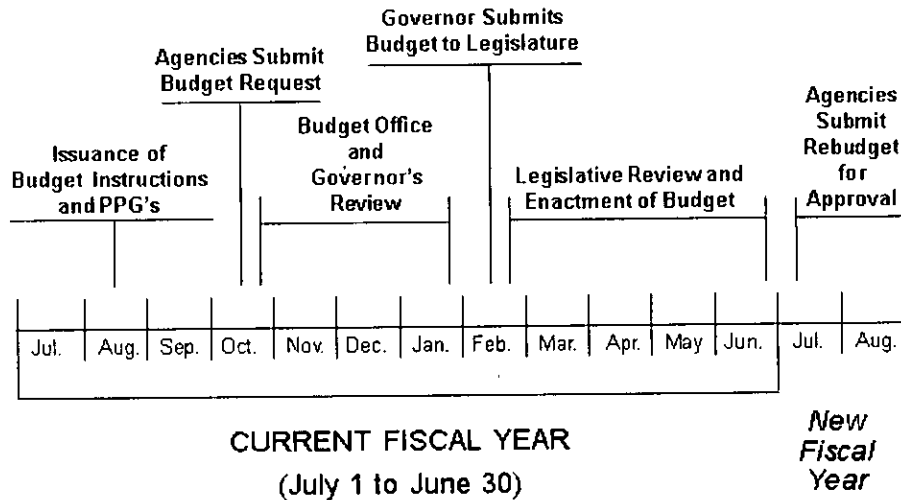
During December, the Governor meets with Legislative leaders to apprise them of anticipated spending and revenue levels and to discuss major fiscal issues expected to be addressed in the upcoming budget.

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

APPROVAL

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

BUDGET CYCLE IN PENNSYLVANIA



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

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

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

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

EXECUTION

The Office of the Budget has the authority to request and approve agency spending plans, commonly referred to as rebudgets, and to establish authorized levels for agency's full-time equivalent (FTE) salaried complement, ie, personnel. The rebudgets are based primarily on the enacted appropriations. The Office of the Budget uses the Integrated Central System and Imagine PA to electronically enter allocation amounts into the accounting system based upon the approved rebudget. Program managers and administrators are responsible for operating their programs within the resources that are available and for producing the results cited in the budget.

AUDIT

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

The Capital Budget Process

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

The preparation phase follows the operating budget preparation cycle for a fiscal year beginning July 1. When agencies submit the budget requests to the Secretary of the Budget beginning in early October, a capital budget request itemizing the projects the agencies want to undertake is also submitted. The requests are reviewed and recommendations developed based on the Governor's financial parameters and policies.

Final decisions on the capital budget are made by the Governor at the same time as the operating budget. The Governor's final recommendations are contained in a separate Capital Budget section in the Governor's Executive Budget document which is submitted to the General Assembly.

The recommendations in the budget document along with any additions or deletions made by the General Assembly are contained in a separate bill usually known as the Capital Budget Project Itemization Act. This bill, along with the Capital Budget Act which contains the maximum debt limitations for the next fiscal year beginning July 1, must be passed by both Houses of the General Assembly and presented to the Governor for signature. The Governor reviews the projects contained in the Capital Budget Project Itemization Act taking into consideration his priorities, the importance of the project and the impact on operating budgets. The Governor may approve the bill as is or item veto parts or all of the amounts contained in the bill. Any item veto may be overridden by a two-thirds vote of each House of the General Assembly.

The Governor's approval of the Capital Budget Project Itemization Act is the final stage of the capital budget approval process.

Each year, even if a capital project itemization bill is not passed, legislation establishing limitations on the debt to be incurred for capital projects is passed and signed into law. This legislation is known as the Capital Budget Act. The act establishes a debt ceiling for each major category of the capital program and remains in force for a single fiscal year.

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

The Structure of the Budget

THE COMMONWEALTH PROGRAM PLAN

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

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

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

THE DEPARTMENTAL PRESENTATION

Recommendations for the continuation of current programs at essentially current levels of commitment are shown within departmental program subcategories. Recommendations for major program changes in 2003-04 are identified as departmental Program Revision Requests (PRRs) which provide explanations and justification for the change.

Beyond 2003-04, the projections of financial data, as well as impacts and other program measures, show the future implications of the 2003-04 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 2003-04 level of commitment.

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

Summary By Fund And Appropriation

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

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

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

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

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

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

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

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

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

Program Presentation

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

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

Narrative—Describes program services and activities.

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

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

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

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

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

The Summary by Fund and Appropriation

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

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

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

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

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

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

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

GENERAL FUND:

General Government:

General Government Operations

- (F) Historic Preservation
- (F) Intermodal Surface Transportation Safety Act
- (F) Railroad Museum Improvement
- (F) Erie Maritime Center
- (A) Historic Preservation Fund
- (R) Keystone Fund

Subtotal

Records and Management Information

Maintenance Program

Subtotal - State Funds

Subtotal - Federal Funds

Subtotal - Augmentations

Total - General Government

Grants and Subsidies:

- Museum Assistance Grants**
- University of Pennsylvania Museum**
- Carnegie Museum of Natural History**
- Franklin Institute Science Museum**
- Academy of Natural Sciences**
- Carnegie Science Center**
- Afro-American Historical and Cultural Museum**
- Whitaker Center for Science and the Arts**

Total - Grants and Subsidies

STATE FUNDS

FEDERAL FUNDS

AUGMENTATIONS

GENERAL FUND TOTAL

KEYSTONE RECREATION, PARK AND CONSERVATION FUND:

Grants and Subsidies:

- Historic Site Development - Bond Proceeds
- Historic Site Development - Realty Transfer Tax

Total - Grants and Subsidies

KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL

OTHER FUNDS:

GENERAL FUND:

- Historic Preservation Act of 1966

HISTORICAL PRESERVATION FUND:

- Historic Preservation Fund

DEPARTMENT TOTAL - ALL FUNDS

GENERAL FUNDS

SPECIAL FUNDS

FEDERAL FUNDS

AUGMENTATIONS

OTHER FUNDS

TOTAL ALL FUNDS



al and Museum Commission

nd Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 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>
	\$ 4,930	\$ 5,400	\$ 4,000
	181	181	181
	181	181	181
	547	547	547
	335	335	335
	181	181	181
	256	256	256
	100	100	100
	<u>\$ 6,711</u>	<u>\$ 7,181</u>	<u>\$ 5,781</u>
	\$ 23,459	\$ 25,419	\$ 25,672
	1,473	2,509	1,010
	435	630	632
	<u>\$ 25,367</u>	<u>\$ 28,558</u>	<u>\$ 27,314</u>
	\$ 3,403	\$ 0	\$ 0
	6,341	4,555	4,646
	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
	\$ 930	\$ 80	\$ 80
	<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 Appropriation.

Identifies one of a group of special funds which are presented fully in Section C: Summary by Fund. For purposes of this presentation, State funds include the General, Motor License, Banking Department, Boat, Environmental Stewardship, Farm Products Show, Fish, Game, Keystone Recreation, Park and Conservation, Lottery, Milk Marketing, Racing and Tobacco Settlement funds.

Identifies selected restricted accounts and/or one of a group of special funds which are presented on a limited basis in Section H: Other Special Funds.

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

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 2003-04 are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

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

General Government Operations — Identifies a specific appropriation.

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

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

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

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

Program Measures:

Historic Preservation

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

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

Program Recommendations:

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

Appropriations within this Program:

	2001-02 Actual	2002-03 Available
GENERAL FUND:		
General Government Operations	\$ 15,354	\$ 16,794
Records and Management Information	450	4444
Maintenance Program	944	1,000
TOTAL GENERAL FUND	\$ 16,748	\$ 18,238



Historical and Museum Commission

Identifies the agency being presented.

and safeguard Pennsylvania's historic
monuments and museum program to educate and
preserve the resources of Pennsylvania history.

Objective — A statement of the program's 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.

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

It 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)

2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
\$ 18,891	\$ 19,916	\$ 20,262	\$ 20,610	\$ 20,973
0	0	0	0	0
1,000	1,020	1,040	1,061	1,082
<u>\$ 19,891</u>	<u>\$ 20,936</u>	<u>\$ 21,302</u>	<u>\$ 21,671</u>	<u>\$ 22,055</u>

Budgetary Basis of Accounting

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

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

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

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

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

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

GAAP Basis of Accounting

The budgetary basis financial information maintained by the Commonwealth to monitor and enforce budgetary control is adjusted at fiscal year end to reflect appropriate accruals for financial reporting in conformity with generally accepted accounting principles (GAAP). The use of GAAP requires a modified accrual basis of accounting for governmental and certain fiduciary fund types whereby revenues are recognized when they become both measurable and available to finance expenditures and whereby expenditures are generally recognized and recorded when a liability to make a payment, regardless of when the cash disbursement is to be made, is incurred. For proprietary and certain fiduciary fund types, GAAP requires a full accrual basis of accounting.

Financial statements of the Commonwealth prepared under GAAP differ from those traditionally prepared on a budgetary basis for several reasons. Among other differences, the GAAP statements (i) generally recognize revenues when they become measurable and available rather than when cash is received, (ii) report expenditures when goods and services are received and a liability incurred rather than when cash is disbursed, (iii) include a combined balance sheet for the Commonwealth presented by GAAP fund type rather than by Commonwealth funds, and (iv) include activities of all funds in the reporting entity, including agencies and authorities usually considered as independent of the Commonwealth for budgetary and financial reporting purposes. Budgetary basis revenues and expenditures required to conform to GAAP accounting generally require including (i) corporation tax accruals and audit adjustments for other accrued taxes, (ii) tax refunds payable and tax credits, and (iii) expenses not covered by appropriations.

Terms Used in the Budget Process

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

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

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

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

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

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

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

Deficit: A fiscal condition for an individual fund that may occur at the end of a fiscal year, whereby expenditures for a fiscal year exceed the actual revenues during the same period plus the prior year surplus. The deficit must be paid from the next year's revenues.

Encumbrance: That portion of an appropriation representing an expenditure pursuant to a contract, a purchase order, or a known invoice but where an actual disbursement has not been made. In accrual accounting it is treated as a debit against the appropriation in the same manner as a disbursement of cash.

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

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

Federal Fiscal Year (FFY): A twelve-month period beginning October 1 and ending September 30 of the following calendar year which is used as the Federal accounting and appropriation period. Referred to by the year in which the fiscal year ends. For example, October 1, 2002 to Sept. 30, 2003 would be FFY 2003.

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

Fiscal Year: A twelve-month period beginning July 1 and ending June 30 of the following calendar year which is used as the State's accounting and appropriation period. Referred to by the year in which the fiscal year begins, for example, July 1, 2003 to June 30, 2004 would be 2003.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Surplus: A fiscal condition that may occur in a fund at the end of a fiscal year, whereby expenditures are less than the fund's beginning balance, revenues/receipts and lapses during the same period. The surplus funds become available for appropriation during the following year.

Federal Funds Identification

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

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



Governor's Executive Budget

OVERVIEW
AND
SUMMARIES

OVERVIEW

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

GOAL: CREATE JOBS AND BUILD A VITAL ECONOMY

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

GOAL: BUILD A WORLD CLASS PUBLIC EDUCATION SYSTEM

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

GOAL: INCREASE ACCESS TO HIGH QUALITY HEALTH CARE

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

GOAL: BOOST THE SKILLS OF OUR WORKERS

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

GOAL: PROTECT OUR NATURAL RESOURCES

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

GOAL: ENSURE THE SAFETY OF OUR CITIZENS

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

GOAL: DELIVER GREATER VALUE AND EFFICIENCY IN GOVERNMENT

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

ECONOMIC OUTLOOK

The economic assumptions used to produce many of the tax revenue estimates in this budget were obtained from forecasts developed by Global Insight, Inc. (formerly known as DRI-WEFA), Lexington, Massachusetts, a private economic forecasting and consulting firm. Projections from Global Insight's national baseline forecast were used for the revised 2002-03 estimates and estimates for the budget year and other future fiscal years in this document. Global Insight's baseline scenario represents the economic forecast that, in Global Insight's opinion, is the forecast most likely to occur. Economic forecast scenarios available from Global Insight other than the baseline forecast are described by Global Insight as optimistic and pessimistic.

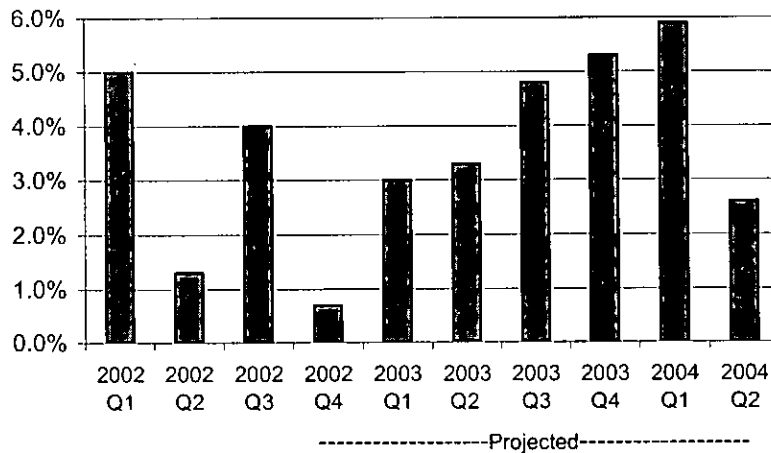
Recent Trends

Although the recent recession was one of the mildest and shortest on record, the recovery from it has been slow to develop and thus far has failed to reach even the modest projections of growth that had been anticipated during the preparation of the 2002-03 fiscal year budget. Despite the relatively brief duration of the recession and some incipient indications of growth in some economic sectors, Federal and state budgets continue to be adversely impacted by current economic trends, including significant cost inflation in some sectors, most notably health care, and slow growing -- and in some cases, declining -- net revenues from various revenue sources.

The recession of 2001 was primarily business-led with significant contraction in the capital spending, inventories, output and employment sectors, all of which have yet to recover. A distinguishing characteristic of the 2001 recession was that the consumer did not stop spending as consumption, housing and vehicles sales growth remained positive. Consequently, there has been little in the way of pent-up demand for goods and services that typically fuels most recoveries.

The Commonwealth's 2002-03 budget assumed real GDP growth of 3.1 percent for the 2002-03 fiscal year. Revisions to that projection have reduced the estimate to 2.2 percent real GDP growth for the 2002-03 fiscal year, as the recovery has been constrained by many underlying

Chart 1
Quarterly Real GDP Growth



weaknesses that have been converging to restrain growth in real GDP. Throughout the recovery, real GDP growth has been slow and erratic, as quarters of significant growth have been followed by periods of weakness.

Consumer spending has remained the economy's lone strong point and has driven nearly all of the growth experienced in the economy thus far, as businesses have sat out the post-recession period waiting for clearer signals that a sound, sustainable

recovery has taken hold. A cause for real concern is the fact that recent data indicate that consumers are becoming wary of rising economic and political uncertainties and thus have become more cautious about spending, while increasing their savings levels. While consumer spending continues to rise modestly, slow growth in consumer spending is reflective of the weakened state of consumers' financial conditions and their uncertainty regarding their financial future. The key to sustaining consumer expenditures and consumer confidence is the job market. Labor markets drive consumer spending, and consumer spending has been the single factor feeding the recovery to date. Unfortunately, the current recovery has been a jobless recovery because the tepid growth in real GDP has been insufficient to reduce the unemployment rate. Persistent recession-like conditions are particularly impacting employment adversely within certain

sectors such as manufacturing, commercial construction, travel and distribution. Hours worked are down, meaning that any growth in output is primarily the result of productivity gains -- which reached 50-year record levels in 2002 -- and not employment gains. Payrolls are continuing to weaken in manufacturing, distribution, retail, communications and financial sectors. The unemployment rate has remained at an eight-year high of 6% in December 2002 and is now estimated to continue to rise until peaking at 6.5 percent in the second quarter of 2003. In addition, uncertainties in the job market are draining consumer confidence, pushing it down to a nine-year low in December 2002.

While consumers have sustained the recovery to date, one of the two principal constraints on the economy has been the unwillingness of businesses to expand their operations, payrolls, inventories and capital spending. The reduction in business inventories experienced in 2001 has abated, and firms now have record low inventories. Traditional economic models would expect business to respond to low inventories with higher factory orders and output, but with the recent softness in consumption, that is not occurring. Businesses continue to be cautious in their spending and are not expanding their capital investments, inventories or payrolls.

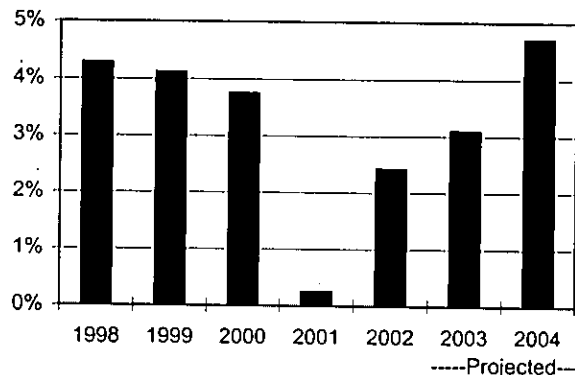
Data indicates that employers are also struggling to control rising compensation costs. While total compensation in private industry rose 3.2 percent for 2002, wages and salary increases were at their lowest levels in eight years. At the same time, benefit costs have been rising significantly, reaching a 4.7 percent increase for 2002 after posting an increase of 5.1 percent in 2001. These costs are projected to rise another 5 percent in 2003. Health insurance costs rose 10.2 percent in 2002, the largest increase in 11 years. These costs are projected to rise another 14 percent in 2003. With benefits accounting for nearly 30 percent of total compensation, companies are struggling to control compensation costs, further reducing their willingness to expand. These trends in compensation are likely reflected in consumer spending and are critical to the recovery's sustainability.

The remaining principal constraint to an expansion of the U.S. economy has been the emerging uncertainty of "geo-political risks," the Federal Reserve Board's euphemism for possible war with Iraq and ever-increasing nuclear saber-rattling on the Korean peninsula. Estimates of the economic impacts from a possible war vary, and will be dependent on the duration and scope of the hostilities. However, the persistent threat of hostilities in Iraq appears to be acting as a significant drag on the economy at present, and is adding to the uncertainty and anxiety already confronting the capital markets, businesses and consumers. Oil prices are up 65 percent since January 2002, having risen 22 percent in the last two months. Higher energy costs reduce economic growth, reduce household budgets, add to inflation, and increase the cost of doing business.

With the threat of war looming, consumers are becoming more cautious in their spending, and the timidity of businesses to expand is reinforced. In the equity markets, nervous investors have sent stock prices tumbling, and this too has created anxiety on the part of businesses and household investors. The worst bear market since the Great Depression continues to sap investor confidence as the stock market recently completed a third straight year of double digit losses.

Inflation, which has been held in check for some time, having increased only 1.6 percent last year, is forecast to increase by a modest 2.3 percent in 2003. Consumer prices, excluding food and energy, are likely to have bottomed out during the end of 2002. Significant monetary and fiscal policies have been implemented that have sought to bolster the recovery. The Federal Reserve Board lowered the federal funds rate 50 basis points in November to its lowest level since the 1950's, while the inflation adjusted funds rate is as negative as it has been in 30 years.

Chart 2
REAL GROSS DOMESTIC PRODUCT
Annual Growth



Billions in new government spending also assisted the consumer in propping up the recovery to date. However, as the lack of growth continues, and state and local governments are experiencing significant revenue shortfalls, their contribution to growth in real GDP is likely exhausted. New Federal spending for the military buildup in the Middle East, homeland defense, education and security have also provided timely fiscal stimulus to support the recovery.

Current Conditions

The slowly developing recovery from the 2001 recession has been plagued with fits and starts. Following negative annualized growth in GDP during the fourth quarter of 2001, real GDP grew at an annualized rate of 5 percent in the first quarter of 2002 only to be followed by a period of retraction to 1.3 percent annualized growth in the second quarter. Despite the corporate accounting scandals of the mid-year, real GDP growth rebounded in the fall quarter, reaching an annualized rate of 4 percent. But due to growing anxiety over a possible war with Iraq, a significant slowdown in consumer spending and a sharp decline in light vehicle sales, fourth quarter annualized real GDP growth is projected to have been a disappointing 0.7 percent. Combined, this erratic pattern is likely to result in an estimated 2.4 percent real GDP growth rate for all of 2002. Chart 2 displays the actual and projected annual growth rate for real GDP for the years 1998 through 2004. While the growth in real GDP experienced during a typical recovery averages between 5 and 7 percent, forecasters predict that the growth in real GDP is likely to peak well short of that range in this recovery, reaching only 4.7 percent by 2004.

The Baseline Forecast

The current recovery, though modest and slowly developing, is projected to continue according to Global Insight's baseline forecast, highlighted in Table 1. This table presents actual data for 2001 and Global Insight's forecasts for the 2002-2004 period for several national economic indicators. As shown, both real and nominal GDP are expected to slowly and moderately expand through the end of 2003. A greater level of growth is projected to occur in 2004. The Global Insight baseline forecast anticipates that economic activity will continue to be adversely impacted by continued concerns regarding possible war with Iraq. The baseline forecast assumes a short and successful war within the first quarter of 2003. At the outset of the anticipated war, the forecast anticipates that initially business and consumer confidence will drop, oil prices will spike, and the stock market will retreat. However, assuming a short and successful war is completed within the first quarter, Global Insight projects that consumer and business confidence could then return, in

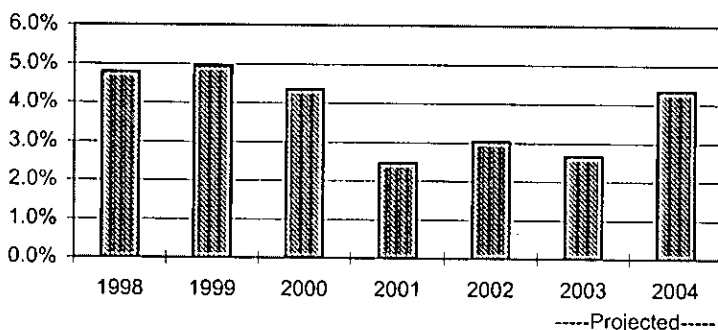
Indicator	2001	2002p	2003p	2004p
Nominal GDP	2.6	3.3	4.9	6.5
Real GDP	0.3	2.4	3.1	4.7
Real Personal Consumption	2.5	3.0	2.7	4.3
Corporate Profits (After Tax)	-14.3	-1.6	15.0	16.5
Unemployment Rate (Rate)	4.8	5.8	6.2	5.3
CPI	2.8	1.6	2.3	2.4
Federal Funds (Rate)	3.9	1.7	1.7	3.3

*Assumptions contained herein are incorporated in the 2003-04 fiscal year revenue estimates.
p=projected

which case recovery could begin in earnest during the second half of 2003. It should be noted however, that any change to these assumptions regarding the outcome, duration and severity of the anticipated war will significantly alter the resulting economic forecast.

Recent evidence suggests that consumers are becoming more cautious in their spending, and consequently consumption growth for 2003 could become more moderate. Due to continued weakness in the labor markets, flat income and rising uncertainties, overall consumption is expected to be lower in the first part of 2003 but then is expected to gain ground by the fall, with improved prospects for growth through 2004. Chart 3 displays the slow growth in personal consumption from 2001 through the end of 2003 relative to prior years. Unemployment and wage growth concerns are likely to continue to impact consumption. The unemployment rate is projected to climb through the first half of 2003, reaching its peak at 6.5 percent by the end of the second quarter. For all of 2003, the unemployment rate is projected at an average of 6.2 percent, with progress in job growth likely to occur only in the latter part of the year.

Chart 3
PERSONAL CONSUMPTION EXPENDITURES
Annual Average Growth

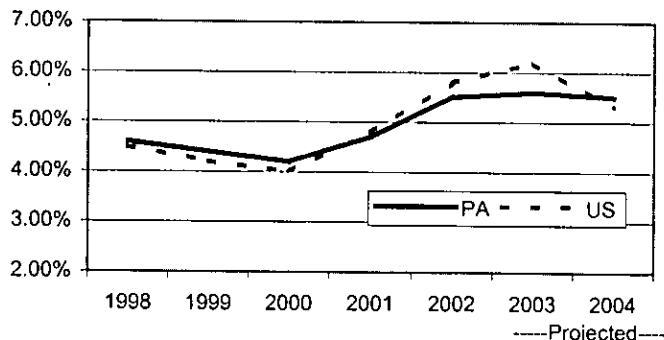


once the uncertainties of current "geo-political risks" are removed. Positive growth in business spending on equipment and inventories is therefore forecast for later in 2003. Resulting gains in employment are assumed that will have the effect of strengthening sagging consumer confidence thereby bolstering consumer spending. The equity markets also are projected to rebound slowly from the three years of double digit losses just experienced. Increased Federal spending combined with more disposable income from the realization of scheduled and proposed tax cuts are assumed to provide needed fiscal stimulus to the economy in 2003 and 2004 in the Global Insight model. As for monetary policy, the Global Insight forecast projects that the Federal Reserve will begin modest tightening of the money supply by raising interest rates by the fall of 2003.

Pennsylvania Outlook

Pennsylvania's economy continues to struggle. Job losses and lack of significant growth following the recent recession continue to adversely impact growth in the Commonwealth. Although the Pennsylvania economy generally tracks the national economy, our unemployment

Chart 4
PA AND US UNEMPLOYMENT RATE



rates had not risen as dramatically as the national average during the depths of the recession. However, the Pennsylvania unemployment rate has grown steadily, and the monthly unemployment rate reached 6.0 percent in December 2002 (resulting in a 5.5 percent annual unemployment rate for all of calendar 2002).

Since reaching record employment levels in January 2001, a net 94,000 jobs have been lost by the Pennsylvania economy. Additional job losses are projected to occur through 2004, offsetting

any modest job creation that may be occurring. As a result, Pennsylvania currently ranks 48th in terms of job creation nationally. Little improvement in unemployment levels is forecast for Pennsylvania compared to projected improvements in the national rates, as can be seen in Chart 4. The Global Insight baseline forecast projects that Pennsylvania's annual unemployment rate will likely remain around 5.5 percent through 2004. Employment losses have been broad-based over the last year as the manufacturing, transportation, utilities, trade, finance, insurance and real estate sectors have weakened. Only minimal growth in construction, services and government employment have been realized, and with a slowdown in the housing market forecast and state and local governments struggling with looming budget deficits, their contribution to employment is likely to be minimal for the short term.

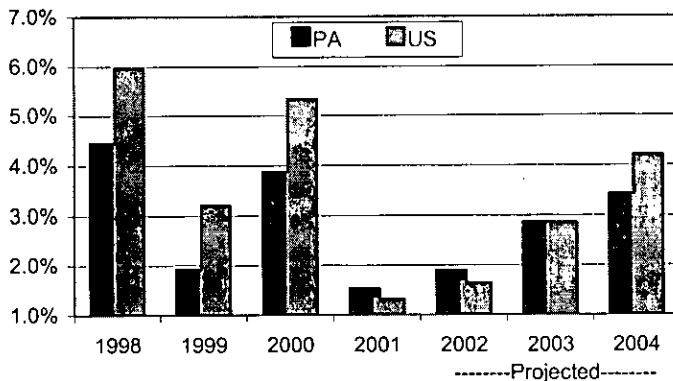
The reason Pennsylvania has been experiencing a lower unemployment rate than the U.S. as a whole is because of the lack of growth in the State's labor force over the past few years. The recent lack of significant job growth in the northeast United States overall tended to reverse the out-migration of Pennsylvania residents for a period of time. This reversal should impact the unemployment rate since it will result in expansion in the size of the State's labor force. But resurgent job growth in neighboring states could re-start out-migration patterns in the near-term.

Pennsylvania's manufacturing sector is projected to begin a rebound in 2003 as business investment restarts. However, in the near term most new jobs are expected to be created in the service sector. The industries driving Pennsylvania's labor markets continue to be higher education, pharmaceuticals, high-technology electronic component manufacturing, financial services, healthcare, and trucking and warehousing.

The short-term outlook for Pennsylvania's economy remains heavily dependent on trends in the national economy. Economic growth in Pennsylvania has a high correlation with growth in the U.S. economy overall. It is estimated that 86 percent of Pennsylvania's employment volatility is associated with U.S. employment changes.

A struggling economy and reductions in employment levels are also having impacts on U.S. and State personal income growth. Chart 5 plots actual and forecast annual real personal income

Chart 5
PA AND US REAL PERSONAL INCOME
Annual Percent Growth



growth for Pennsylvania and the United States for the years 1998 through 2004. As shown, growth in real personal income within Pennsylvania had lagged the national rate during the period when the economy was expanding. As indicated, the national real personal income growth rate has slowed to a level consistent with the Commonwealth's. However, since the national economy is projected to expand, the divergence between the State and national rates is likely to reappear.

Continued weakness in the State's old-

line manufacturing and transportation industries, particularly aviation, reduce the prospects for significant State economic growth. Business investment by Pennsylvania firms remains weak, as it does nationally. Growth in service sector employment and stabilization of employment losses in other sectors are projected to result in growth in real personal income during calendar years 2003 and 2004, but at levels below the national average.

Over the long term, Pennsylvania's economy continues to diversify significantly, and this should enable the State to better cope with cyclical downturns. Pennsylvania's economy is more diverse than those of its neighbors and is second in the nation only to Missouri in terms of diversity as compared to the U.S. economy overall. This diversity means that Pennsylvania's economy is more likely to follow the national economy. However, due to weak demographic trends, Pennsylvania's economy is likely to recover at a subdued rate. Demographically, Pennsylvania will continue to experience slow growth in population, and out-migration will likely restart as the national economy improves. On the positive side, the business climate continues to improve within Pennsylvania with business costs now equal to the national average. Energy costs are lower as a result of electric and natural gas industry deregulation. Pennsylvania is also succeeding in attracting high value-added industries such as electronics, pharmaceuticals and computer services. On balance, the continued diversification of the Pennsylvania economy and improvements to the business climate are projected to support a rebound, but demographic challenges and an aging infrastructure will likely lead to a slower recovery in Pennsylvania compared to the rest of the U.S.

SUMMARY OF MAJOR OPERATING FUNDS

The total 2003-04 operating budget for the Commonwealth is \$45.9 billion. This includes \$21.0 billion in the General Fund, \$2.0 billion in the Motor License Fund, \$15.2 billion in Federal funds and \$7.7 billion in fees and other special funds revenues.

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

General Fund

Revenue

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

Tax revenue in the General Fund constitutes nearly 98 percent of annual General Fund revenue. Four taxes account for the majority of General Fund tax revenue. The personal income tax, the sales and use tax, the corporate net income tax and the capital stock and franchise tax together provide approximately 84 percent of annual General Fund revenue. For non-tax revenue, the largest single source of revenue is the statutory transfer of amounts from special funds of the Commonwealth. Among the largest of these is the transfer from the State (Liquor) Stores Fund.

Recent Revenue Trends: For the five fiscal years ending with 2001-02, total General Fund revenue grew by 10.7 percent, an annual rate of 2.6 percent. The rate of growth for revenue during the period understates the actual growth in the tax base due to the enactment of several tax rate and tax base changes that reduced receipts. The fastest growing major tax revenue sources during this period were the insurance premiums tax, the liquor tax, the realty transfer tax and the sales and use tax. All had five-year increases of over 18.5 percent. Revenue from several tax sources declined over the period. Receipts from corporate taxes, public utility realty tax, the gross receipts tax and the cigarette tax fell. The decline in corporate taxes was partially the result of periodic reductions to the rates and bases enacted over the prior five fiscal years. The decline of public utility realty tax and gross receipts tax collections was a consequence of the deregulation of the electric generation and natural gas industries in Pennsylvania. Non-tax revenue sources during this period increased by 39.5 percent. Increased liquor store profits transfer and miscellaneous receipts, led by interest earnings on General Fund investments accounted for most of the increase during the period. Generally, larger available cash balances due to improved financial performance were responsible for the increase in interest earnings.

Receipts from the personal income tax in recent fiscal years had been helped by a moderately growing Pennsylvania economy and significant gains in the national financial markets. Personal income tax collections over the past five completed fiscal years have averaged 3.4 percent annual growth. However, the 2001 recession reversed recent growth in the personal income tax collections. Collections in the last fiscal year were 4.8 percent below estimate. Current fiscal year actual receipts through January are 3.9 percent below the official estimate. As a result of the continued sluggish economy and more recent economic data, the estimate for fiscal year 2002-03 personal income tax receipts has been reduced to a negative 0.6 percent growth rate. For fiscal year 2003-04, personal income tax receipts are anticipated to rise 3.8 percent above the revised estimate. Estimates for the personal income tax are developed from a regression equation that uses forecasts of wages, salaries, interest, dividends and rents.

The sales and use tax is levied on certain property and services used by consumers and by businesses. Recently, annual growth rates for this tax have varied significantly from a high of 7.4 percent in 1998-99 to a low of 1.2 percent in 2001-02. Economic patterns for consumer purchases are a significant determinant of sales and use tax receipts. For 2002-03 through January, sales and use tax receipts are slightly exceeding the official estimate, but by only 0.8 percent. Success in achieving receipts in line with the estimate to date is due mainly to continued

strength in the sales of motor vehicles, likely due to the continuation of generous producer-provided financing incentives. Sales and use tax receipts through January from motor vehicle sales transactions are 8.6 percent over the revised estimate while receipts from non-motor vehicle sales transactions are 0.6 percent below the revised estimate. Anticipating reduced tax receipts due to a continued slowdown in consumer and business spending in the remaining portion of the fiscal year, the official estimate for sales tax receipts growth has been lowered from 3.3 percent to 3.1 percent. For 2003-04, the expectation for modest gains in consumption spending is expected to produce a growth rate of 3.1 percent over the revised estimate. Estimates for the sales and use tax are developed from a regression equation that uses forecasts of national consumer expenditures on durable goods, national consumption on new and used motor vehicles and the Pennsylvania unemployment rate.

The largest single General Fund tax on business is the corporate net income tax. Annual receipts from the corporate net income tax can vary significantly from year-to-year and may experience a year-over-year decline. This variability is due to fluctuations in corporate profitability, including losses, the availability and use of tax credits and net operating loss deductions, and the timing of estimated and final State tax payments based on when a corporation's tax year begins. Recently, the robust gains in corporate profits during the middle-to-late 1990's have reversed in response to a slowing economy. Current fiscal year-to-date corporate net income tax receipts are below the official estimate by 12.2 percent through December. Receipts for 2002-03 have been revised and are now projected to increase by only 0.2 percent. Continued weakness in corporate profits is anticipated to significantly restrain receipts from this tax for the balance of the fiscal year. More recent economic forecasts indicate that the outlook for corporate profits may improve during the later half of calendar year 2003, and tax receipts from the corporate net income tax are anticipated to increase by 2.8 percent for fiscal year 2003-04. Estimates for the corporate net income tax are developed from a regression equation that uses forecasts of national before-tax corporate profits.

Proposed Tax Modifications: The Governor's proposed 2003-04 budget includes a revision to the capital stock and franchise tax.

Delayed Implementation of the Elimination of the Capital Stock and Franchise Tax: The complete phase out of this tax will be delayed by one fiscal year. Beginning January 1, 2003 the tax rate will be 7.24 mills and for 2004 the rate will be 6.99 mills. Beginning January 1, 2005 the tax will be phased out through a one mill reduction of the tax rate that year and each year thereafter until the tax is eliminated. The estimated 2002-03 savings is \$8.1 million and the estimated 03-04 savings is \$52.6 million.

Expenditures

The General Fund is the primary funding source for most State agencies and institutions. About three quarters of every dollar is returned to individuals, local governments, institutions, school districts, etc. in the form of grants and subsidies. The remainder pays operating expenses and debt service.

The total General Fund budget proposed for 2003-04 is \$21.0 billion, an increase of \$276.2 million or 1.3 percent. Major program expenditures occur in the area of State correctional institutions, economic development, education, and public health and welfare.

State Correctional Institutions: The 2003-04 budget proposed for the State correctional institutions is nearly \$1.3 billion. This area has shown a constant upward trend in cost in recent years. From 1999-00 to 2003-04, total costs have grown from just over \$1.1 billion to nearly \$1.3 billion. This is due to the continuing rise in inmate population in the State correctional institutions, which has grown from 36,384 inmates in 1999-00 to an estimated 41,483 inmates in 2003-04.

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



The largest such subsidy is the Basic Education Funding subsidy, which provides Commonwealth aid to local school districts. This budget proposes almost \$4.1 billion for the Basic Education Funding subsidy in 2003-04.

Higher Education: Higher education in Pennsylvania is provided through 239 degree-granting institutions, which include the fourteen universities of the State System of Higher Education, four State-related universities, community colleges and various other independent institutions. The budget proposes nearly \$1.8 billion for higher education institutions and students. This includes nearly \$348 million for the Grants to Students Program.

Public Health and Welfare: The Commonwealth provides temporary support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with mental and physical disabilities and supports programs to prevent or reduce social, mental and physical disease and disabilities. For 2002-03, the total public health and human services expenditures from all sources is \$20.84 billion. For 2003-04, \$20.85 billion has been proposed for these programs. In 2003-04, the amount from the General Fund will be \$7.49 billion, which is an increase of \$355 million or five percent.

The largest component of the public health and welfare expenditures is the Medical Assistance Program. In the decade of the 1990s, the program grew at an annual rate of 13.6 percent. The impact of a less than robust economy which results in a growing caseload, coupled with technological advances and general medical inflation, such as pharmaceutical prices, result in a projected State match requirement of \$4.7 billion. Cost containment is proposed to sustain the program for those most in need. The 2002-03 cost from all sources is \$11.37 billion and the 2003-04 budget proposes appropriations totaling \$11.33 billion. Normal growth of Medical Assistance would have required a State fund match of \$4.1 billion in 2003-04. However, because of the cost containment measures, \$3.6 billion is proposed in the budget.

Income maintenance, including cash assistance payments to families in transition to independence and self-sufficiency totaled \$2.02 billion from all sources for 2002-03. The 2003-04 budget proposes total resources of \$2.01 billion. The Commonwealth's General Fund appropriation is decreased from \$846 million to \$836 million. The budget provides a total of \$474 million for child care services. This represents an increase of 36 percent since 1997-98. The number of children served from low-income families increased by 231 percent.

The 2003-04 budget continues the policy of supporting independence for people with mental retardation and mental health disabilities. In June 1998, the State supported 6,811 institutional beds. By June 2003, that will be reduced to 4,840, a reduction of 29 percent. Over that period, the community budgets will have grown by \$707 million in total funds, an increase of 64 percent.

Motor License Fund

The Motor License Fund is one of the special revenue funds of the Commonwealth and a major operating fund of the Commonwealth. It is the fund that receives most of the revenues required by the Constitution of Pennsylvania to be used only for costs of construction, reconstruction, maintenance and repair of and safety on highways and bridges in the Commonwealth and for the payment of debt service on obligations incurred for such purposes. The major sources of revenue to the Motor License Fund are from motor fuels taxes, vehicle registration fees, license and operators' license fees and excise taxes imposed on products used in motor transportation. Certain of these revenues are further restricted to specific highway uses and are not included in the Motor License Fund estimate of revenue.

Liquid fuels taxes provided approximately 56 percent of total Motor License Fund revenues in 2001-02. Revenue from liquid fuels taxes has increased only slightly over the past five fiscal years. For the five-year period ending with 2001-02, liquid fuels tax revenues increased at an annual average of 1.9 percent. The budget for 2003-04 projects a 1.7 percent increase.

License and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources has been increasing. For the four-year period ending with 2001-02, license and fee revenues increased at an annual average of 2.5 percent. This rate of growth followed a one-year growth of over 35 percent in 1997-98 that resulted from an increase in registration fees for various vehicles effective in 1997 and 1998. For 2003-04 a 1.6 percent increase is projected.

For the sixth year in a row, the budget for 2003-04 recommends over a billion dollars for highway maintenance. More importantly, revenue enhancements have permitted a shift in highway maintenance from the least costly and least effective "oil and chip" patch repairs to more substantial and desirable resurfacing and reconstruction methods. At the same time, the additional revenues have allowed more miles of roads to be repaired and safety enhancements to be made in all of the Commonwealth's counties.

In addition to the above, improvements continue to be made in customer services at the Department of Transportation. In 2001, the department successfully implemented its internet renewal system for use by the general public. This new program gives customers the ability to renew their non-commercial drivers license, photo identification card or vehicle registration electronically. The issuing of licenses and registrations continues to be decentralized, making it easier for the citizens of the Commonwealth to use these services. In addition, the time needed to issue licenses and registrations continues to be reduced.

Looking to the future, the department is researching highway systems technology in such areas as intelligent transportation systems, advanced maintenance technologies, and high performance pavement markings. In addition, the department will provide quality services that are user friendly and customer-focused and will remain responsive and accountable to the citizens of the Commonwealth.

The Department of Transportation will continue to establish and maintain a first-rate infrastructure, which unites roads, rails, waterways, airports and information networks linking goods, services, people and ideas to our community, state and world markets.

Environmental Stewardship Fund

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

This fund is composed of monies received from landfill fees and interest earnings. There are also transfers from the Hazardous Sites Cleanup Fund and the Recycling Fund, which, by law, end in fiscal 2003-04. The Environmental Stewardship Fund originally received revenue from a 25

cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the Commonwealth. Act 90 of 2002 added an additional \$4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill. For fiscal year 2002-03, the first \$50 million received from this fee is to be deposited into this special fund. In fiscal year 2003-04, all revenue from these fees is to be deposited in this special fund, less one fiscal quarter accrual due the General Fund. Act 233 of 2002 mandates that, in fiscal year 2004-05, the Department of Agriculture receive \$16.5 million from this fee. For fiscal year 2005-06 and beyond, all revenue from these fees is to be deposited in this special fund.

The Commonwealth agencies involved with the "Growing Greener" programs are the Department of Conservation and Natural Resources, the Department of Environmental Protection, the Department of Agriculture, and the Infrastructure Investment Authority. Implementation of all programs began in 1999-00. For additional details, please see the Environmental Stewardship Fund in Section C.

Lottery Fund

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

The Pennsylvania State Lottery has reached a state of maturity where growth in sales revenues has slowed dramatically because of decreased participation in the online games. The online games show results primarily when there are unusually large jackpots of several million dollars. Also, the more popular instant games carry a lower profitability factor. To counter the trend of slow growth in revenues, the Lottery has joined the multi-state Powerball game, is working with retailers to increase sales, has implemented midday drawings, and has expanded advertising campaigns to promote higher levels of participation. Player Activated Terminals are proposed for wider retail locations to broaden game accessibility. Combined, these efforts will begin to address the Fund's ability to maintain programs.

The total costs of programs funded through the Lottery Fund continue to increase, a total of 37.8 percent compared to 1997-98. 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 and productive lives. For 2003-04, a transfer of \$370 million to the Pharmaceutical Assistance Fund will provide assistance to 217,500 older Pennsylvanians at an estimated cost of \$437.2 million. This is a \$133 million (56 percent) increase in the transfer compared to 1997-98. The departments of Aging and Revenue are developing an affordable and responsible proposal to further expand the income eligibility limits for PACE and PACENET, enabling additional older Pennsylvanians to obtain pharmaceutical coverage. The second largest program in the Lottery Fund is the PENNCARE Program that provides in-home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid institutionalization. For 2003-04, \$206.6 million is provided for the PENNCARE appropriation. This is a \$31.8 million (18 percent) increase compared to 1997-98. Combined, these programs account for approximately 69 percent of total Lottery Fund program expenditures. There are two primary factors in the rising costs of programs: 1) the increasing number of eligible older Pennsylvanians and 2) the rapidly rising costs and utilization of pharmaceuticals. There is a continual search for ways to control costs.

Tobacco Settlement Fund

On December 17, 1999, Pennsylvania finalized its contractual agreement with the five major tobacco companies under the Master Settlement Agreement (MSA). The MSA provides a perpetual reimbursement to states for the costs incurred as a result of tobacco use. Pennsylvania's share of the MSA funds for the first 25 years of the agreement is in excess of \$9 billion, with annual payments ranging between \$322 million and \$434 million from 1999 to 2025.

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

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

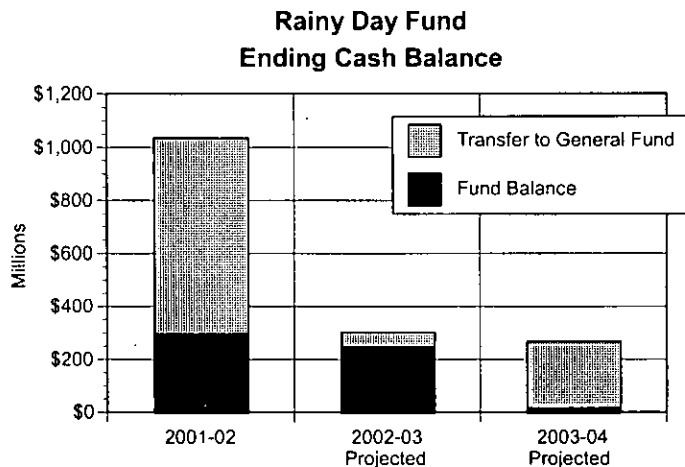
This budget proposes one-time use of \$330 million from the endowment account to support expenditures for programs in the General Fund consistent with the intended uses of the Tobacco Settlement Fund. To ensure that a similar transfer need not occur in the future, the Administration will work with the General Assembly to come to an agreement on ways to utilize the resources of the Tobacco Settlement Fund in a manner that will most effectively provide long-term solutions to the Commonwealth's most pressing health-related needs.

Rainy Day Fund

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

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

At the close of the 2001-02 fiscal year, the balance of the former Tax Stabilization Reserve Fund was nearly \$1.04 billion. In order to balance the 2001-02 General Fund budget, Act 91 of 2002 repealed the Tax Stabilization Reserve Fund and by law the entire balance was transferred to the General Fund. Act 7A, the General Appropriations Act of 2002, subsequently transferred \$300 million from the General Fund as an initial deposit into the new Budget Stabilization Reserve Fund. Thus, the net transfer of the Rainy Day Fund balance to the General Fund was nearly \$750 million.

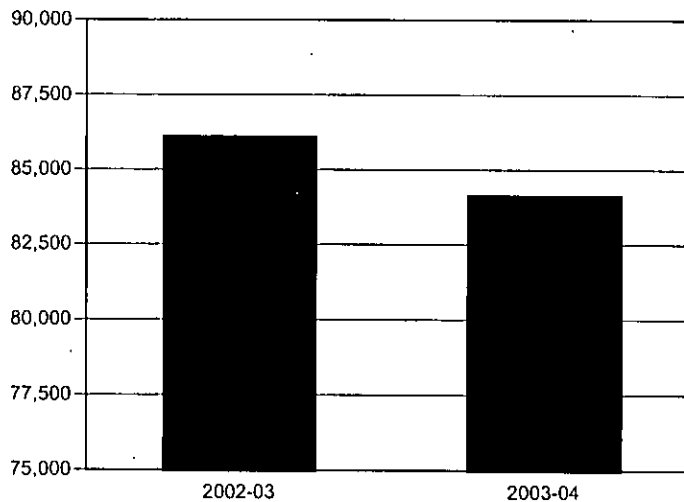


The lack of a meaningful economic recovery has continued to negatively impact the Commonwealth's General Fund revenues. To counteract the revenue decline, a spending freeze of nearly \$390 million has been implemented during the 2002-03 fiscal year. Further, this budget proposes significant state government spending cuts for 2003-04 in order to balance expenditures with revenues. However, the utilization of the Rainy Day Fund balance is also required. This budget proposes the use of \$50 million of the fund balance in the 2002-03 fiscal year and \$250 million in 2003-04.

Complement

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

Authorized Salaried Complement



This budget proposes an overall reduction in the Commonwealth's authorized FTE salaried complement level in 2003-04 of 1,959 positions, from 86,128 to 84,169 positions. The potential for additional complement reductions exists in some agencies in conjunction with the funding reductions proposed in this budget.





STATEMENTS

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



Seven Year Financial Statements By Fund

The following financial statements are a summary of the General Fund and selected Special Fund revenues and expenditures for the 2001-02 actual year, 2002-03 available year, 2003-04 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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance ^a	\$ 335,467	\$ 142,835	\$ -36,007	\$ 1,851	.....	.....	.....
Revenues.....	\$ 20,059,943	\$ 21,206,000	\$ 21,341,500	\$ 22,262,200	\$ 23,068,600	\$ 23,843,500	\$ 24,506,500
Adjustments ^b	-861,607	-828,300	-544,500	-909,075	-930,958	-960,382	-987,112
Funds Available.....	\$ 19,533,803	\$ 20,520,535	\$ 20,760,993	\$ 21,354,976	\$ 22,137,642	\$ 22,883,118	\$ 23,519,388
Expenditures.....	-20,429,399	-20,306,542	-21,008,525	-21,942,609	-22,654,394	-23,440,385	-24,193,693
Closing Balance.....	\$ -895,596	\$ 213,993	\$ -247,532	\$ -587,633	\$ -516,752	\$ -557,267	\$ -674,305
Transfer from Tax Stabilization							
Reserve Fund.....	1,038,431	0	0	0	0	0	0
Transfer from Budget Stabilization							
Reserve Fund.....	0	50,000	250,000	0	0	0	0
Less Transfer to Budget Stabilization							
Reserve Fund.....	0	-300,000	-617	0	0	0	0
Ending Balance ^a	\$ <u>142,835</u>	\$ <u>-36,007</u>	\$ <u>1,851</u>	\$ <u>-587,633</u>	\$ <u>-516,752</u>	\$ <u>-557,267</u>	\$ <u>-674,305</u>

^aEnding balance not carried forward after 2003-04.

^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)						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Beginning Balance.....	\$ 114,861	\$ 56,358	\$ 31,940	\$ 10,453	\$ 12,041	\$ 12,434	\$ 11,393
Receipts.....	1,982,800	2,034,048	2,026,348	2,046,830	2,070,850	2,093,750	2,123,160
Funds Available.....	\$ 2,097,661	\$ 2,090,406	\$ 2,058,288	\$ 2,057,283	\$ 2,082,891	\$ 2,106,184	\$ 2,134,553
Less Expenditures.....	-2,041,303	-2,058,466	-2,047,835	-2,045,242	-2,070,457	-2,094,791	-2,122,898
Ending Balance.....	<u>\$ 56,358</u>	<u>\$ 31,940</u>	<u>\$ 10,453</u>	<u>\$ 12,041</u>	<u>\$ 12,434</u>	<u>\$ 11,393</u>	<u>\$ 11,655</u>

Banking Department Fund

	(Dollar Amounts in Thousands)						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Beginning Balance.....	\$ 18,967	\$ 19,740	\$ 19,447	\$ 21,858	\$ 24,400	\$ 27,091	\$ 29,919
Receipts.....	12,914	13,429	13,579	13,714	13,867	14,008	14,149
Funds Available.....	\$ 31,881	\$ 33,169	\$ 33,026	\$ 35,572	\$ 38,267	\$ 41,099	\$ 44,068
Less Expenditures.....	-12,141	-13,722	-11,168	-11,172	-11,176	-11,180	-11,184
Ending Balance.....	<u>\$ 19,740</u>	<u>\$ 19,447</u>	<u>\$ 21,858</u>	<u>\$ 24,400</u>	<u>\$ 27,091</u>	<u>\$ 29,919</u>	<u>\$ 32,884</u>

Boat Fund

	(Dollar Amounts in Thousands)						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Beginning Balance.....	\$ 10,546	\$ 11,549	\$ 11,409	\$ 11,251	\$ 10,878	\$ 10,184	\$ 9,266
Receipts.....	11,880	11,194	10,643	10,643	10,643	10,643	10,643
Funds Available.....	\$ 22,426	\$ 22,743	\$ 22,052	\$ 21,894	\$ 21,521	\$ 20,827	\$ 19,909
Less Expenditures.....	-10,877	-11,334	-10,801	-11,016	-11,337	-11,561	-11,791
Ending Balance.....	<u>\$ 11,549</u>	<u>\$ 11,409</u>	<u>\$ 11,251</u>	<u>\$ 10,878</u>	<u>\$ 10,184</u>	<u>\$ 9,266</u>	<u>\$ 8,118</u>

^a Excludes restricted revenue.

Seven Year Financial Statements By Fund

Environmental Stewardship Fund^a

(Dollar Amounts in Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Beginning Balance.....	\$ 5,096	\$ 3,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts.....	90,053	87,000	107,100	82,600	99,100	99,100	99,100
Funds Available.....	\$ 95,149	\$ 90,095	\$ 107,100	\$ 82,600	\$ 99,100	\$ 99,100	\$ 99,100
Less Expenditures.....	-92,054	-90,095	-107,100	-82,600	-99,100	-99,100	-99,100
Ending Balance.....	<u>\$ 3,095</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Farm Products Show Fund

(Dollar Amounts in Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Beginning Balance.....	\$ 1,317	\$ 268	\$ 88	\$ 58	\$ 679	\$ 1,300	\$ 1,921
Receipts.....	5,664	6,718	8,513	8,164	8,164	8,164	8,164
Funds Available.....	\$ 6,981	\$ 6,986	\$ 8,601	\$ 8,222	\$ 8,843	\$ 9,464	\$ 10,085
Less Expenditures.....	-6,713	-6,898	-8,543	-7,543	-7,543	-7,543	-7,543
Ending Balance.....	<u>\$ 268</u>	<u>\$ 88</u>	<u>\$ 58</u>	<u>\$ 679</u>	<u>\$ 1,300</u>	<u>\$ 1,921</u>	<u>\$ 2,542</u>

Fish Fund

(Dollar Amounts in Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Beginning Balance.....	\$ 13,923	\$ 11,026	\$ 12,729	\$ 8,771	\$ 3,776	\$ -1,874	\$ -8,192
Receipts.....	40,359	33,510	28,162	28,162	28,162	28,162	28,162
Funds Available.....	\$ 54,282	\$ 44,536	\$ 40,891	\$ 36,933	\$ 31,938	\$ 26,288	\$ 19,970
Less Expenditures.....	-43,256	-31,807	-32,120	-33,157	-33,812	-34,480	-35,162
Ending Balance.....	<u>\$ 11,026</u>	<u>\$ 12,729</u>	<u>\$ 8,771</u>	<u>\$ 3,776</u>	<u>\$ -1,874</u>	<u>\$ -8,192</u>	<u>\$ -15,192</u>

^a Excludes restricted revenue.



Overview and Summaries

Seven Year Financial Statements By Fund

Game Fund

	(Dollar Amounts in Thousands)						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance.....	\$ 26,921	\$ 23,142	\$ 19,471	\$ 15,564	\$ 10,657	\$ 5,750	\$ 843
Receipts.....	56,582	56,715	56,633	56,633	56,633	56,633	56,633
Funds Available.....	\$ 83,503	\$ 79,857	\$ 76,104	\$ 72,197	\$ 67,290	\$ 62,383	\$ 57,476
Less Expenditures.....	-60,361	-60,386	-60,540	-61,540	-61,540	-61,540	-61,540
Ending Balance.....	<u>\$ 23,142</u>	<u>\$ 19,471</u>	<u>\$ 15,564</u>	<u>\$ 10,657</u>	<u>\$ 5,750</u>	<u>\$ 843</u>	<u>\$ -4,064</u>

Keystone Recreation, Park and Conservation Fund

	(Dollar Amounts in Thousands)						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance.....	\$ 78,487	\$ 82,936	\$ 26,728	\$ 43,750	\$ 46,419	\$ 48,612	\$ 50,727
Receipts.....	103,086	65,137	50,610	53,694	56,229	58,674	60,849
Funds Available.....	\$ 181,573	\$ 148,073	\$ 77,338	\$ 97,444	\$ 102,648	\$ 107,286	\$ 111,576
Less Expenditures.....	-98,637	-121,345	-33,588	-51,025	-54,036	-56,559	-58,967
Ending Balance.....	<u>\$ 82,936</u>	<u>\$ 26,728</u>	<u>\$ 43,750</u>	<u>\$ 46,419</u>	<u>\$ 48,612</u>	<u>\$ 50,727</u>	<u>\$ 52,609</u>

Lottery Fund

	(Dollar Amounts in Thousands)						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance.....	\$ 175,716	\$ 213,102	\$ 181,569	\$ 216,535	\$ 253,297	\$ 170,674	\$ 16,302
Add Reserve From Prior Year.....	160,000	100,000	100,000	100,000	100,000	100,000	100,000
Receipts.....	1,007,996	1,122,515	1,196,232	1,241,420	1,250,629	1,257,526	1,263,463
Funds Available.....	\$ 1,343,712	\$ 1,435,617	\$ 1,477,801	\$ 1,557,955	\$ 1,603,926	\$ 1,528,200	\$ 1,379,765
Less Expenditures.....	-1,030,610	-1,154,048	-1,161,266	-1,204,658	-1,333,252	-1,411,898	-1,507,676
Less Reserve for Current Year.....	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	0
Ending Balance.....	<u>\$ 213,102</u>	<u>\$ 181,569</u>	<u>\$ 216,535</u>	<u>\$ 253,297</u>	<u>\$ 170,674</u>	<u>\$ 16,302</u>	<u>\$ -127,911</u>

Seven Year Financial Statements By Fund

Milk Marketing Fund

	(Dollar Amounts in Thousands)						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance.....	\$ 1,639	\$ 1,519	\$ 1,276	\$ 1,578	\$ 1,880	\$ 2,182	\$ 2,484
Receipts.....	2,274	2,289	2,879	2,879	2,879	2,879	2,879
Funds Available.....	\$ 3,913	\$ 3,808	\$ 4,155	\$ 4,457	\$ 4,759	\$ 5,061	\$ 5,363
Less Expenditures.....	-2,394	-2,532	-2,577	-2,577	-2,577	-2,577	-2,577
Ending Balance.....	<u>\$ 1,519</u>	<u>\$ 1,276</u>	<u>\$ 1,578</u>	<u>\$ 1,880</u>	<u>\$ 2,182</u>	<u>\$ 2,484</u>	<u>\$ 2,786</u>

Racing Fund

	(Dollar Amounts in Thousands)						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance.....	\$ 8,695	\$ 7,293	\$ 7,211	\$ 8,047	\$ 8,047	\$ 8,047	\$ 8,047
Receipts.....	16,936	17,323	18,201	18,201	18,201	18,201	18,201
Funds Available.....	\$ 25,631	\$ 24,616	\$ 25,412	\$ 26,248	\$ 26,248	\$ 26,248	\$ 26,248
Less Expenditures.....	-18,338	-17,405	-17,365	-18,201	-18,201	-18,201	-18,201
Ending Balance.....	<u>\$ 7,293</u>	<u>\$ 7,211</u>	<u>\$ 8,047</u>	<u>\$ 8,047</u>	<u>\$ 8,047</u>	<u>\$ 8,047</u>	<u>\$ 8,047</u>

Tobacco Settlement Fund

	(Dollar Amounts in Thousands)						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Beginning Balance.....	\$ 667,305	\$ 501,619	\$ 430,337	\$ 360,528	\$ 357,566	\$ 354,676	\$ 351,438
Receipts.....	433,529	516,797	360,528	357,566	354,676	351,438	354,883
Funds Available.....	\$ 1,100,834	\$ 1,018,416	\$ 790,865	\$ 718,094	\$ 712,242	\$ 706,114	\$ 706,321
Less Expenditures.....	-599,215	-588,079	-430,337	-360,528	-357,566	-354,676	-351,438
Ending Balance.....	<u>\$ 501,619</u>	<u>\$ 430,337</u>	<u>\$ 360,528</u>	<u>\$ 357,566</u>	<u>\$ 354,676</u>	<u>\$ 351,438</u>	<u>\$ 354,883</u>

Overview and Summaries

Seven Year Department Summary by Fund

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

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Governor's Office							
General Fund.....	\$ 7,852	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
Tobacco Settlement Fund.....	25,783	0	0	0	0	0	0
Department Total	\$ 33,635	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
Executive Offices							
General Fund.....	\$ 316,045	\$ 341,020	\$ 251,793	\$ 251,783	\$ 251,873	\$ 247,773	\$ 247,773
Motor License Fund.....	5,282	10,341	11,341	11,341	11,341	11,341	11,341
Tobacco Settlement Fund.....	96,202	35,008	34,703	29,118	28,881	28,650	28,391
Department Total	\$ 417,529	\$ 386,369	\$ 297,837	\$ 292,242	\$ 292,095	\$ 287,764	\$ 287,505
Lieutenant Governor							
General Fund.....	\$ 1,083	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112
Attorney General							
General Fund.....	\$ 75,191	\$ 75,058	\$ 73,842	\$ 73,842	\$ 73,842	\$ 73,842	\$ 73,842
Auditor General							
General Fund.....	\$ 47,513	\$ 47,691	\$ 47,560	\$ 47,160	\$ 47,160	\$ 47,160	\$ 47,160
Treasury							
General Fund.....	\$ 585,656	\$ 395,659	\$ 714,357	\$ 867,119	\$ 905,058	\$ 918,371	\$ 923,228
Lottery Fund.....	4	100	100	100	100	100	100
Racing Fund.....	10	10	10	10	10	10	10
Motor License Fund.....	68,941	55,969	51,898	34,305	34,520	33,854	34,961
Game Fund.....	1	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
Keystone Recreation, Park and Conservation Fund.....	1	0	0	0	0	0	0
Department Total	\$ 654,614	\$ 451,773	\$ 766,400	\$ 901,569	\$ 939,723	\$ 952,370	\$ 958,334
Aging							
General Fund.....	\$ 36,689	\$ 38,880	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548
Lottery Fund.....	561,809	600,081	576,692	600,946	724,946	798,946	889,946
Tobacco Settlement Fund.....	46,231	46,833	52,625	44,088	43,726	43,373	42,977
Department Total	\$ 644,729	\$ 685,794	\$ 662,865	\$ 678,582	\$ 802,220	\$ 875,867	\$ 966,471
Agriculture							
General Fund.....	\$ 73,783	\$ 76,110	\$ 70,715	\$ 70,715	\$ 70,715	\$ 70,715	\$ 70,715
Racing Fund.....	18,099	17,164	17,122	17,958	17,958	17,958	17,958
Environmental Stewardship Fund.....	13,630	13,334	15,851	0	0	0	0
Farm Products Show Fund.....	5,713	6,353	6,538	6,538	6,538	6,538	6,538
Department Total	\$ 111,225	\$ 112,961	\$ 110,226	\$ 95,211	\$ 95,211	\$ 95,211	\$ 95,211
Banking							
Banking Department Fund.....	\$ 11,801	\$ 13,375	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825
Civil Service Commission							
General Fund.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Community and Economic Development							
General Fund.....	\$ 424,699	\$ 403,622	\$ 322,598	\$ 322,598	\$ 322,598	\$ 322,598	\$ 322,598
Tobacco Settlement Fund.....	160,000	0	0	0	0	0	0
Department Total	\$ 584,699	\$ 403,622	\$ 322,598	\$ 322,598	\$ 322,598	\$ 322,598	\$ 322,598
Conservation and Natural Resources							
General Fund.....	\$ 99,075	\$ 108,878	\$ 91,575	\$ 91,675	\$ 91,675	\$ 91,675	\$ 91,675
Environmental Stewardship Fund.....	22,195	21,713	25,811	23,458	28,144	28,144	28,144
Motor License Fund.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund.....	71,245	96,302	20,105	32,896	34,901	36,549	38,137
Department Total	\$ 193,515	\$ 227,893	\$ 138,491	\$ 149,029	\$ 155,720	\$ 157,368	\$ 158,956
Corrections							
General Fund.....	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542
Education							
General Fund.....	\$ 8,276,851	\$ 8,559,284	\$ 8,468,785	\$ 8,811,862	\$ 9,200,166	\$ 9,574,775	\$ 9,884,921
Motor License Fund.....	1,070	1,230	1,230	1,230	1,230	1,230	1,230
Keystone Recreation, Park and Conservation Fund.....	17,495	10,787	9,462	11,550	12,155	12,700	13,202
Department Total	\$ 8,295,416	\$ 8,571,301	\$ 8,479,477	\$ 8,824,642	\$ 9,213,551	\$ 9,588,705	\$ 9,899,353
Emergency Management Agency							
General Fund.....	\$ 23,380	\$ 23,969	\$ 44,173	\$ 17,823	\$ 17,486	\$ 17,320	\$ 17,231
Environmental Protection							
General Fund.....	\$ 289,409	\$ 245,636	\$ 179,365	\$ 179,213	\$ 179,218	\$ 179,222	\$ 179,226
Environmental Stewardship Fund.....	34,402	33,695	40,055	36,096	43,307	43,307	43,307
Motor License Fund.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Department Total	\$ 327,811	\$ 283,331	\$ 223,420	\$ 219,309	\$ 226,525	\$ 226,529	\$ 226,533
Fish and Boat Commission							
General Fund.....	\$ 11	\$ 12	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
Fish Fund.....	26,718	24,776	26,127	27,164	27,819	28,487	29,169
Boat Fund.....	8,840	8,629	8,793	9,008	9,329	9,553	9,783
Department Total	\$ 35,569	\$ 33,417	\$ 34,933	\$ 36,185	\$ 37,161	\$ 38,053	\$ 38,965
Game Commission							
Game Fund.....	\$ 51,609	\$ 50,957	\$ 51,557	\$ 52,557	\$ 52,557	\$ 52,557	\$ 52,557
Keystone Recreation, Park and Conservation Fund.....	13	0	0	0	0	0	0
Department Total	\$ 51,622	\$ 50,957	\$ 51,557	\$ 52,557	\$ 52,557	\$ 52,557	\$ 52,557
General Services							
General Fund.....	\$ 109,767	\$ 115,896	\$ 111,718	\$ 111,919	\$ 111,626	\$ 111,827	\$ 111,626
Motor License Fund.....	20,240	20,253	20,244	20,244	20,244	20,244	20,244
Banking Department Fund.....	340	342	338	342	346	350	354
Department Total	\$ 130,347	\$ 136,491	\$ 132,300	\$ 132,505	\$ 132,216	\$ 132,421	\$ 132,224

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Health							
General Fund.....	\$ 269,908	\$ 257,754	\$ 236,364	\$ 236,364	\$ 236,364	\$ 236,364	\$ 236,364
Tobacco Settlement Fund.....	125,301	134,393	133,404	111,763	110,846	109,949	108,944
Department Total	\$ 395,209	\$ 392,147	\$ 369,768	\$ 348,127	\$ 347,210	\$ 346,313	\$ 345,308
Higher Education Assistance Agency							
General Fund.....	\$ 403,075	\$ 412,838	\$ 407,641	\$ 407,310	\$ 407,310	\$ 407,310	\$ 407,310
Tobacco Settlement Fund.....	8,000	0	0	0	0	0	0
Department Total	\$ 411,075	\$ 412,838	\$ 407,641	\$ 407,310	\$ 407,310	\$ 407,310	\$ 407,310
Historical and Museum Commission							
General Fund.....	\$ 33,240	\$ 33,454	\$ 31,528	\$ 31,528	\$ 30,878	\$ 30,878	\$ 30,878
Keystone Recreation, Park and Conservation Fund.....	9,883	14,256	4,021	6,579	6,980	7,310	7,628
Department Total	\$ 43,123	\$ 47,710	\$ 35,549	\$ 38,107	\$ 37,858	\$ 38,188	\$ 38,506
Infrastructure Investment Authority							
Environmental Stewardship Fund.....	\$ 21,827	\$ 21,353	\$ 25,383	\$ 23,046	\$ 27,649	\$ 27,649	\$ 27,649
Insurance							
General Fund.....	\$ 45,805	\$ 57,769	\$ 58,483	\$ 74,168	\$ 79,862	\$ 85,620	\$ 90,378
Tobacco Settlement Fund.....	77,738	97,544	96,826	81,119	80,452	79,802	79,074
Department Total	\$ 123,543	\$ 155,313	\$ 155,309	\$ 155,287	\$ 160,314	\$ 165,422	\$ 169,452
Labor and Industry							
General Fund.....	\$ 109,805	\$ 108,639	\$ 85,751	\$ 85,751	\$ 85,751	\$ 85,751	\$ 85,751
Military and Veterans Affairs							
General Fund.....	\$ 93,219	\$ 107,061	\$ 109,953	\$ 109,953	\$ 109,953	\$ 109,953	\$ 109,953
Milk Marketing Board							
Milk Marketing Fund.....	\$ 2,394	\$ 2,522	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567
Probation and Parole							
General Fund.....	\$ 99,748	\$ 101,708	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965
Public Television Network							
General Fund.....	\$ 12,977	\$ 12,153	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232
Public Welfare							
General Fund.....	\$ 6,668,952	\$ 6,683,591	\$ 7,048,007	\$ 7,432,607	\$ 7,711,543	\$ 8,105,979	\$ 8,539,925
Tobacco Settlement Fund.....	60,053	318,577	113,055	94,716	93,937	93,178	92,328
Department Total	\$ 6,729,005	\$ 7,002,168	\$ 7,161,062	\$ 7,527,323	\$ 7,805,480	\$ 8,199,157	\$ 8,632,253
Revenue							
General Fund.....	\$ 222,737	\$ 229,031	\$ 212,722	\$ 212,710	\$ 214,796	\$ 216,987	\$ 219,288
Lottery Fund.....	349,798	448,548	447,352	463,748	465,544	467,337	469,205
Racing Fund.....	228	231	233	233	233	233	233
Motor License Fund.....	21,057	22,232	22,437	22,437	22,437	22,437	22,437
Department Total	\$ 593,820	\$ 700,042	\$ 682,744	\$ 699,128	\$ 703,010	\$ 706,994	\$ 711,163
Securities Commission							
General Fund.....	\$ 2,188	\$ 2,177	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110

Overview and Summaries

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
State							
General Fund.....	\$ 17,394	\$ 6,744	\$ 7,562	\$ 8,820	\$ 8,831	\$ 8,576	\$ 6,262
State Employees' Retirement System							
General Fund.....	\$ 0	\$ 0	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
State Police							
General Fund.....	\$ 164,245	\$ 178,213	\$ 174,633	\$ 173,247	\$ 173,247	\$ 173,247	\$ 173,247
Motor License Fund.....	339,767	371,775	355,090	355,090	355,090	355,090	355,090
Department Total	\$ 504,012	\$ 549,988	\$ 529,723	\$ 528,337	\$ 528,337	\$ 528,337	\$ 528,337
Tax Equalization Board							
General Fund.....	\$ 1,373	\$ 1,366	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335
Transportation							
General Fund.....	\$ 306,593	\$ 319,488	\$ 300,153	\$ 300,153	\$ 300,153	\$ 300,153	\$ 300,153
Lottery Fund.....	118,999	137,122	137,122	139,864	142,662	145,515	148,425
Motor License Fund.....	1,579,946	1,571,866	1,580,595	1,595,595	1,620,595	1,645,595	1,672,595
Department Total	\$ 2,005,538	\$ 2,028,276	\$ 2,017,870	\$ 2,035,612	\$ 2,063,410	\$ 2,091,263	\$ 2,121,173
Legislature							
General Fund.....	\$ 229,080	\$ 258,100	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,602
Judiciary							
General Fund.....	\$ 231,211	\$ 236,512	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108
COMMONWEALTH TOTALS:							
General Fund	\$ 20,429,399	\$ 20,713,796	\$ 21,008,525	\$ 21,942,609	\$ 22,654,394	\$ 23,440,385	\$ 24,193,693
Lottery Fund	1,030,610	1,185,851	1,161,266	1,204,658	1,333,252	1,411,898	1,507,676
Racing Fund	18,337	17,405	17,365	18,201	18,201	18,201	18,201
Motor License Fund	2,041,303	2,058,466	2,047,835	2,045,242	2,070,457	2,094,791	2,122,898
Game Fund	51,610	50,962	51,562	52,562	52,562	52,562	52,562
Fish Fund	26,719	24,781	26,132	27,169	27,824	28,492	29,174
Banking Department Fund	12,141	13,722	11,168	11,172	11,176	11,180	11,184
Milk Marketing Fund	2,394	2,532	2,577	2,577	2,577	2,577	2,577
Farm Products Show Fund	5,713	6,358	6,543	6,543	6,543	6,543	6,543
Boat Fund	8,840	8,634	8,798	9,013	9,334	9,558	9,788
Keystone Recreation, Park and Conservation Fund	98,637	121,345	33,588	51,025	54,036	56,559	58,967
Tobacco Settlement Fund.....	599,308	632,355	430,613	360,804	357,842	354,952	351,714
Environmental Stewardship Fund.....	92,054	90,095	107,100	82,600	99,100	99,100	99,100
GRAND TOTAL	\$ 24,417,065	\$ 24,926,302	\$ 24,913,072	\$ 25,814,175	\$ 26,697,298	\$ 27,586,798	\$ 28,464,077

General and Special Funds

This table shows a summary by Commonwealth Programs of 2001-02 expenditures, the 2002-03 amounts available, the 2003-04 amounts budgeted and future year estimates as presented in the Governor's 2003-04 Executive Budget for the General Fund and selected Special Funds.

Seven Year Commonwealth Program Summary

(Dollar amounts in Thousands)

Commonwealth Program	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Direction and Supportive Services.....	\$ 1,293,604	\$ 1,372,045	\$ 1,299,824	\$ 1,332,154	\$ 1,336,294	\$ 1,333,542	\$ 1,335,505
Protection of Persons and Property.....	3,045,280	3,153,170	3,160,634	3,233,796	3,249,819	3,253,929	3,253,941
Education.....	8,745,431	8,990,885	9,000,479	9,394,395	9,789,530	10,163,858	10,476,191
Health and Human Services.....	8,147,221	8,494,809	8,624,182	8,998,156	9,402,576	9,870,909	10,396,170
Economic Development.....	844,439	596,915	591,087	606,693	626,866	634,145	634,465
Transportation and Communication.....	1,864,748	1,816,152	1,845,754	1,852,181	1,887,199	1,922,808	1,957,709
Recreation and Cultural Enrichment.....	476,342	502,326	372,612	396,800	405,014	407,607	410,096
GENERAL FUND AND SPECIAL							
FUNDS TOTAL.....	\$ 24,417,065	\$ 24,926,302	\$ 24,894,572	\$ 25,814,175	\$ 26,697,298	\$ 27,586,798	\$ 28,464,077

Distribution of the Commonwealth Dollar

**GENERAL FUND AND
SPECIAL FUNDS**

2003-04 Fiscal Year
(Dollar Amounts in Thousands)



Education \$9,000,479 36.2%

Health and Human Services \$8,624,182 34.6%

Protection of Persons and Property \$3,160,634 12.7%

Transportation and Communication \$1,845,754 7.4%

Direction and Supportive Services \$1,299,824 5.2%

TOTAL \$24,894,572

Economic Development \$591,087 2.4%

Recreation and Cultural Enrichment \$372,612 1.5%

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 2001-02 expenditures, the 2002-03 amounts available, the 2003-04 amounts budgeted and future year estimates as presented in the Governor's 2003-04 Executive Budget for the General Fund.

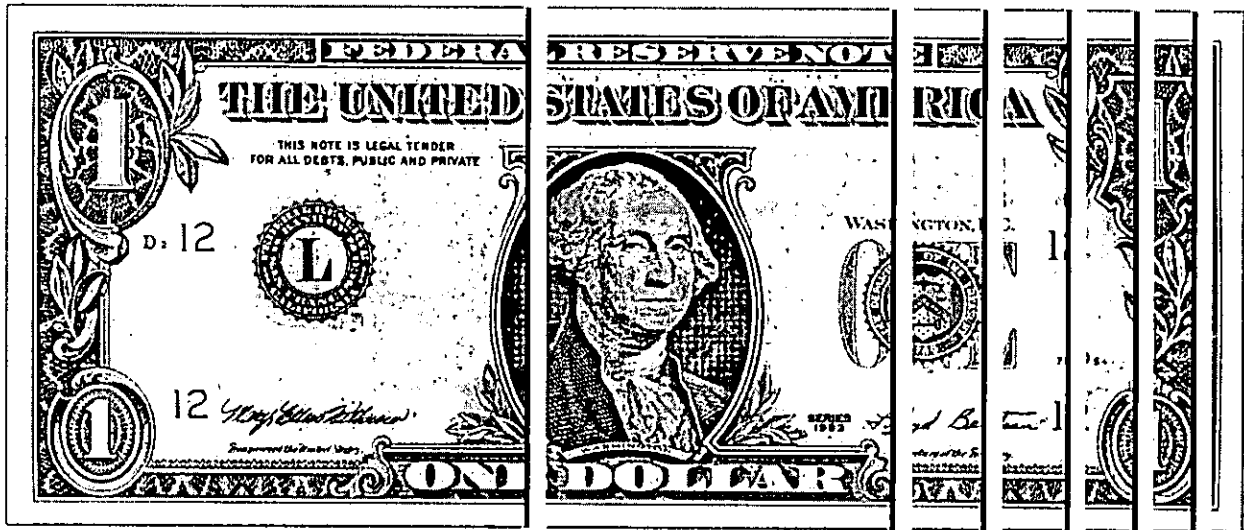
Seven Year Commonwealth Program Summary

	(Dollar amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Commonwealth Program							
Direction and Supportive Services.....	\$ 885,255	\$ 943,919	\$ 870,194	\$ 891,234	\$ 893,336	\$ 888,543	\$ 888,443
Protection of Persons and Property.....	2,405,771	2,467,386	2,469,559	2,578,788	2,588,293	2,593,113	2,593,753
Education.....	8,721,857	8,983,762	8,991,025	9,383,639	9,778,293	10,152,177	10,464,106
Health and Human Services.....	7,115,115	7,135,623	7,490,909	7,886,879	8,167,034	8,560,998	8,995,050
Economic Development.....	662,612	575,562	565,704	583,647	599,217	606,496	606,816
Transportation and Communication.....	356,941	327,745	368,674	376,308	386,085	397,300	404,194
Recreation and Cultural Enrichment.....	281,848	279,799	233,960	242,114	242,136	241,758	241,331
GENERAL FUND TOTAL.....	\$ 20,429,399	\$ 20,713,796	\$ 20,990,025	\$ 21,942,609	\$ 22,654,394	\$ 23,440,385	\$ 24,193,693

Distribution of the Commonwealth Dollar

GENERAL FUND

2003-04 Fiscal Year



Education 42.8¢

Health and Human Services 35.7¢

Protection of Persons and Property 11.8¢

Direction and Supportive Services 4.1¢

Economic Development 2.7¢

Transportation and Communication 1.8¢

Recreation and Cultural Enrichment 1.1¢

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 2002-03 amounts available and the 2003-04 amounts budgeted and the percent each program represents of the General Fund total as presented in the 2003-04 Governor's Executive Budget.

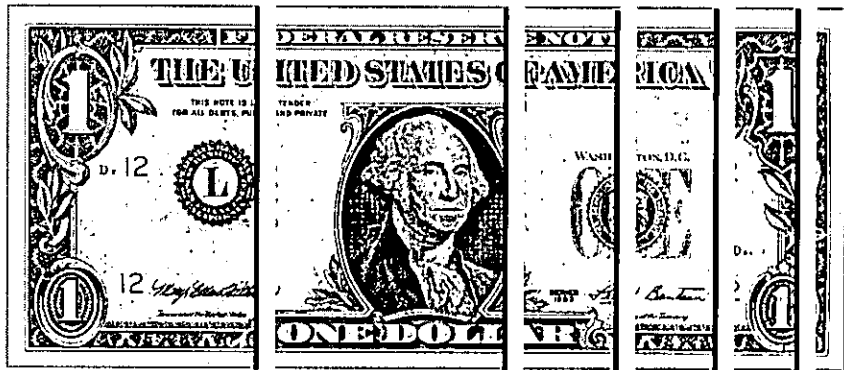
Program Summary

(Dollar Amounts in Thousands)

Commonwealth Program	2002-03		2003-04	
	Dollar Amount	Percent	Dollar Amount	Percent
Direction and Supportive Services.....	\$ 943,919	4.6%	\$ 870,194	4.1%
Protection of Persons and Property.....	2,467,386	11.9%	2,469,559	11.8%
Education.....	8,983,762	43.4%	8,991,025	42.8%
Health and Human Services.....	7,135,623	34.4%	7,490,909	35.7%
Economic Development.....	575,562	2.8%	565,704	2.7%
Transportation and Communication.....	327,745	1.6%	368,674	1.8%
Recreation and Cultural Enrichment.....	279,799	1.3%	233,960	1.1%
GENERAL FUND TOTAL.....	\$ 20,713,796	100.0%	\$ 20,990,025	100.0%

GENERAL FUND

2003-04 Fiscal Year



Income

(Dollar Amounts in Thousands)

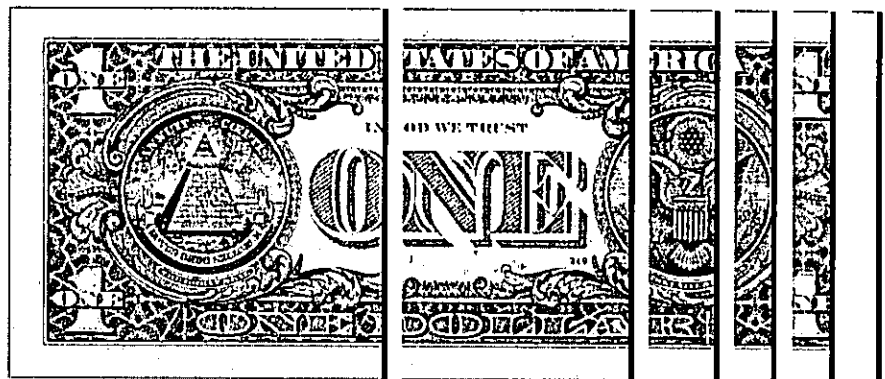
TOTAL INCOME	\$ 21,341,500
Refunds	-1,062,200
Revenue Enhancements ...	517,700
Beginning Balance	-36,007
TOTAL	\$ 20,760,993

Sales	\$7,767,700	36.4%
Personal Income	\$7,390,600	34.6%
Other Business	\$2,292,200	10.7%
Other Revenues	\$1,697,900	8.0%
Corporate Net Income	\$1,456,400	6.8%
Inheritance	\$736,700	3.5%

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$ 21,008,525
Budget Stabilization	
Reserve Fund	-249,383
Plus Ending Surplus	1,851
TOTAL	\$ 20,760,993



Education	\$8,991,025	42.8%
Health and Human Services	\$7,490,909	35.7%
Protection	\$2,469,559	11.8%
Direction	\$870,194	4.1%
Other Programs	\$602,634	2.9%
Economic Development	\$565,704	2.7%

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

2003-04 Fiscal Year

Grants and Subsidies 74.3¢



General Government 11.9¢

Institutional 10.6¢

Debt Service Requirements 3.2¢

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.



2003-04 FISCAL AND PROGRAM POLICY DIRECTION

The 2003-04 Fiscal and Program Policy Direction section immediately following this page presents the fiscal and program policies that guided the development of the Governor's Executive Budget. The revenue and expenditure recommendations included in this Budget seek to address Pennsylvania's structural deficit, and provide a solid fiscal foundation for the Governor to begin to successfully address his vision, goals and program priorities for Pennsylvania.

2003-04 Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2003-04 Governor's Executive Budget. Every four or eight years, as a new Governor assumes leadership of the Commonwealth, the budget planning and decision process commences under the direction of the outgoing Governor and concludes under the direction of the incoming Governor. The 2003-04 fiscal year is such a year. Typically, the outgoing Governor does not outline new priorities or program initiatives in the annual Program Policy Guidelines, but instead, directs agencies to complete any remaining program initiatives and to budget program operations at levels consistent with the economic forecast and the fiscal condition of the Commonwealth.

The 2003-04 Program Policy Guidelines noted that the recession which began in March 2001 resulted in a significant erosion of Commonwealth tax and revenue receipts during the past two fiscal years. Further, the threat of a double-dip recession remained for the 2002-03 fiscal year. Agencies were advised that tax revenues were very sensitive to changes in economic growth and therefore the economic outlook must be a critical component of budget planning. With the strength of the economic recovery uncertain, it was critical for agencies to use substantial caution in budget planning for the 2003-04 Budget. Given the economic forecast, agencies were directed to plan on no overall increase in agency spending, except in certain special circumstances. Proposals for new or expanded programs were to be offset by reduced funding in other programs. Agencies also 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 Program Policy Guidelines also emphasized the importance of monitoring and assuring program performance and directed agencies to focus on the long-term fiscal management of their programs and operations.

As Governor Rendell took office in January 2003, Pennsylvania was facing a potentially devastating budget deficit of at least \$2 billion. Over the past two fiscal years, revenue shortfalls and a growing structural budget deficit have contributed to this deficit. Commonwealth program spending has exceeded recurring revenue sources ever since the national economic recession forced the last Administration and the General Assembly to increasingly rely on one-time revenue sources to balance the past two State budgets. The 2002-03 Enacted Budget included at least \$1.5 billion from one-time revenue sources – revenue not available for the 2003-04 Budget. Current plans call for the Commonwealth to continue to draw from Rainy Day Fund reserves, which means over \$750 million from the fund will be used to balance the last two State budgets, leaving about \$250 million available for the 2003-04 Budget.

Given these dire economic and fiscal circumstances, budget planning for the 2003-04 fiscal year also required significant fiscal and program actions to address the \$600 million revenue shortfall projected for the 2002-03 fiscal year. Governor Rendell has taken prudent action to freeze \$120 million in State spending (in addition to the \$267 million frozen by the outgoing Governor) to provide a sound fiscal foundation for the State spending plan outlined in this Budget. Placing these funds in budgetary reserve is an effective first step in addressing the projected revenue shortfall, and will reduce the need for more drastic actions at fiscal year-end. Governor Rendell also proposes to use a portion of Rainy Day Fund reserves to help address the projected revenue shortfall.

While the budgetary freeze actions have effectively addressed the projected 2002-03 revenue shortfall, the growing shortfall in revenue collections throughout the 2002-03 fiscal year suggests that the national and Pennsylvania economies are not on the way to recovery. In fact, all credible revenue growth estimates for the 2003-04 fiscal year are extraordinarily low. If swift and decisive action is not taken to address Pennsylvania's structural budget deficit and bring spending in line with recurring revenues, the Commonwealth will face persistent and increasing budget deficits well into the future.

This Budget makes the tough decisions and hard choices necessary to address the serious budget situation now facing Pennsylvania. On the revenue side, this Budget proposes \$777.7 million in new and one-time tax and non-tax revenue enhancements to close the budget gap, including proposals to enhance revenue collections enforcement, bring selected State fee rates more in line with current costs, modify the phase-out schedule for the Capital Stock and Franchise Tax, and use Rainy Day Fund reserves, special funds and other funding sources to support General Fund programs. On the expenditure side, this Budget proposes expenditure reductions in all State programs except education and economic development, including proposals to reduce State government administration expenses to 10% below current year levels and reduce or eliminate funding for many other State operating and grant and subsidy programs. While this Budget makes difficult choices affecting spending on many programs that benefit Pennsylvania's citizens, it maintains public education programs at current year funding levels. In addition, this Budget maintains spending on programs that will stimulate business development and economic growth, allowing Pennsylvania to grow its way out of the current budget crisis and thus improve the financial circumstances of all Pennsylvanians. Equally significant, the revenue and expenditure recommendations included in this Budget seek to address Pennsylvania's structural deficit, and provide a solid fiscal foundation for the Governor to begin to successfully address his vision, goals and program priorities for Pennsylvania.

The reader is referred to the Overview portion of the Overview and Summaries section for a summary of Governor Rendell's vision and goals for Pennsylvania. The reader is also referred to Section C. General Fund – Notes on Financial Statement for a summary of revenue enhancements to address the Commonwealth's structural deficit. Specific budget recommendations for each program appropriation can be found in the agency Program Presentations in Section E. Department Presentations.



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 Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created two new block grants: Temporary Assistance to Needy Families and the Child Care Development Fund which replaced the Child Care Block Grant. These programs are scheduled to be reauthorized in 2002-03.

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

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 2002-03 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 2003-04 is a preliminary proposal. Opportunities for public review and comment may result in modifications to the proposed distribution.

SUMMARY OF FEDERAL BLOCK GRANTS

This table shows a summary by Federal block grant of 2001-02 expenditures, 2002-03 available and 2003-04 amounts budgeted as presented in the 2003-04 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Community Services.....	\$ 24,888	\$ 29,370	\$ 29,370
Small Communities.....	2,288	3,300	3,300
Education.....	17,226	70,967	72,358
Maternal and Child Health.....	29,613	33,600	34,214
Preventive Health and Health Services.....	8,117	7,555	7,297
Substance Abuse.....	61,814	64,925	66,847
Workforce Investment.....	199,009	207,900	253,518
Child Care and Development Fund.....	269,067	295,038	308,712
Low Income Home Energy Assistance.....	119,198	193,744	186,850
Mental Health Services.....	18,830	19,235	17,306
Social Services.....	153,515	142,901	137,001
Temporary Assistance to Needy Families.....	782,671	851,661	812,031
Anti-Drug Abuse.....	43,335	66,748	68,808
TOTAL.....	\$ 1,729,571	\$ 1,986,944	\$ 1,997,612

Community Services

This block grant provides funds for community-based programs that offer health, nutrition, housing and employment related services to improve the standard of living of low-income persons. Programs consolidated into the block grant include Community Action, Senior Opportunities and Services, Community Food and Nutrition, Energy Conservation and Training, Evaluation and Technical Assistance.

Federal law requires that 90 percent of the funding be distributed to Community Action Agencies (CAAs). Five percent is allowed for administration and the remaining five percent is utilized for competitive projects. The 90 percent program monies are being granted to existing CAAs for operating costs and low-income energy assistance efforts, the Pennsylvania Directors' Association for Community Action, and competitive grants are awarded in the areas of employment training, job preparedness, community conservation corps, community economic development, summer employment and youth programs, emergency assistance and homeless assistance.

The funds estimated for administration are based on the statutory limitation of five percent and will be utilized for program purposes if not needed for administration.

(Dollar Amounts in thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Community and Economic Development:			
CSBG — Administration.....	\$ 590	\$ 1,370	\$ 1,370
CSBG — Community Services.....	24,298	28,000	28,000
TOTAL.....	\$ 24,888	\$ 29,370	\$ 29,370

Small Communities

The Housing and Community Development Act of 1974, Title I created this block grant which provides assistance in expanding low and moderate income housing opportunities, enhancing economic development and job opportunities for low and moderate income individuals, correcting deficiencies in public facilities such as water and sewer systems, and improving public facilities that affect the public health and safety.

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

Beginning in Fiscal Year 2001-02 the Federal funds, with the exception of those for administration and special projects, are granted directly to the local governments through the implementation of the United States Department of Housing and Urban Development Integrated Disbursement and Information System and do not flow through the state. The Commonwealth, however, maintains administrative oversight.

HUD Disaster Recovery funds are one-time grant awards to the Commonwealth that support a cadre of special projects. Funds are generally used for hazard mitigation, although projects sometimes include activities such as Appalachian Regional Commission Economic Development Administration revitalization projects. These funds supplement discretionary projects although funds are not distributed by formula.

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Community and Economic Development:			
SCDBG — Administration.....	\$ 788	\$ 1,300	\$ 1,300
SCDBG — HUD Disaster Recovery.....	1,500	2,000	2,000
TOTAL.....	\$ 2,288	\$ 3,300	\$ 3,300

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	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Education:			
ESEA Title VI — Administration/State.....	\$ 2,658 ^a	\$ 14,967 ^a	\$ 16,358 ^a
School Districts:			
ESEA Title VI — School Districts.....	\$ 14,568	\$ 56,000 ^b	\$ 56,000 ^b
TOTAL.....	\$ 17,226	\$ 70,967	\$ 72,358

^a Includes carryover.

^b Includes one-time funding of \$44 million for school construction renovations to be expended in both FY 2002-03 and 2003-04.

Maternal and Child Health

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

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Health:			
MCHSBG — Administration and Operation.....	\$ 13,218	\$ 16,368	\$ 16,549
MCHSBG — Program Services.....	16,395	17,232	17,665
TOTAL.....	\$ 29,613	\$ 33,600	\$ 34,214

Preventive Health and Health Services

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

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Health:			
PHHSBG — Administration and Operation.....	\$ 2,600	\$ 3,167	\$ 3,167
PHHSBG — Block Program Services.....	3,121	3,679	3,679
Subtotal.....	\$ 5,721	\$ 6,846	\$ 6,846
Public Welfare:			
PHHSBG — Domestic Violence.....	\$ 150	\$ 150	\$ 150
PHHSBG — Rape Crisis	2,246	559	301
Subtotal.....	\$ 2,396	\$ 709	\$ 451
TOTAL.....	\$ 8,117	\$ 7,555	\$ 7,297

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	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs.....	\$ 2,100	\$ 2,100	\$ 2,100
Health:			
SABG — Administration and Operation.....	\$ 5,341	\$ 5,980	\$ 6,254
SABG — Drug and Alcohol Services.....	52,390	54,862	56,510
Subtotal.....	\$ 57,731	\$ 60,842	\$ 62,764
Public Welfare:			
Homeless Services — SABG.....	\$ 1,983	\$ 1,983	\$ 1,983
TOTAL.....	\$ 61,814	\$ 64,925	\$ 66,847

Workforce Investment

The Federal Workforce Investment Act (WIA) of 1998 replaced the Job Training Partnership Act (JTPA), on July 1, 2000. WIA reformed Federal job training programs and created a new comprehensive workforce investment system governing programs of job training, adult education and literacy, and vocational rehabilitation, and replaced them with streamlined and more flexible components of workforce development systems. The act provided for an orderly transition from JTPA to the new programs. In addition, the law gave states and individuals more authority and responsibility for job training needs and decisions. WIA is scheduled for reauthorization in 2003. The level of integration, coordination, and collaboration between the Temporary Assistance to Needy Families (TANF) and Workforce Investment Act (WIA) programs in each state has been reviewed as part of the reauthorization process.

Pennsylvania is implementing the act through the Pennsylvania Workforce Investment Board (PWIB) – a public-private partnership among businesses, government, communities and economic developers to provide resources needed for businesses in Pennsylvania. The PWIB is comprised of five State agencies: Departments of Aging, Community and Economic Development, Education, Labor and Industry and Public Welfare with private sector members from the State's employers, educators, labor unions, and community leaders. WIA emphasizes job placement over job training, with customers empowered to make informed choices about their career path, education and training they need to reach their career goals. The PWIB coordinates the provision of services and use of funds and resources among State agencies consistent with the laws and regulations governing the programs.

Title I of WIA established a one-stop career center system, state and local workforce investment boards, and a unified strategic five-year plan. Funding for numerous career service programs has been consolidated into three basic grants: adult employment and training, disadvantaged youth employment and training, and dislocated workers.

Eighty-five percent of the adult and youth employment and training funds are distributed to local workforce investment boards. Fifteen percent of the adult and youth employment and training funds can be used for Statewide activities of which five percent can be used for administration. Adult program activities include, but are not limited to, basic skills training, occupational skills training, on-the-job training, customized training, skill upgrade and retraining, and supportive services. Training is available for those who met intensive services eligibility, but were unable to find employment.

At least 30 percent of the funds for youth employment and training must be used for services to out-of-school youth. Activities for youth programs, include, but are not limited to, study skills training and instruction leading to completion of secondary school, alternative secondary school services, summer employment directly linked to academic and occupational learning, and occupational skill training.

Sixty percent of dislocated worker funds must go to local workforce investment boards. Twenty-five percent are used for rapid response activities and fifteen percent can be used for Statewide activities. Program activities for dislocated workers include, but are not limited to, intensive services available for unemployed individuals who have been unable to obtain jobs through core services. Training services are available for those individuals who met intensive services eligibility, but were unable to find employment and those defined as incumbent workers.

WIA Title II reauthorized the Federal Adult Education and Literacy programs. WIA Title III amended the Federal Wagner Peyser Act to require the Federal Employment Service/Job Statistics programs to become part of the one-stop career system and established a national employment statistics initiative. WIA Title IV reauthorized the Federal Vocational Rehabilitation Act programs and links these programs to the workforce development system. Title V contains general provisions that include authority for unified planning, incentive grants for states exceeding performance levels, the Adult Education Act and the Carl D. Perkins Vocational and Technical Education Act.

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Executive Offices:			
WIA — Program Accountability.....	\$ 363	\$ 400	\$ 400
Labor and Industry:			
WIA — Administration.....	\$ 8,022	\$ 8,500	\$ 8,500
WIA — Adult Employment & Training.....	43,148	45,000	60,000
WIA — Youth Employment & Training.....	51,512	52,000	52,000
WIA — Statewide Activities.....	19,786	23,000	23,000
WIA — Dislocated Workers.....	76,178	79,000	109,000
WIA — Veterans Employment and Training.....	0	0	618
Subtotal.....	\$ 198,646	\$ 207,500	\$ 253,118
TOTAL.....	\$ 199,009	\$ 207,900	\$ 253,518

Child Care and Development Fund

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

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Executive Offices:			
<i>Commission on Crime and Delinquency</i>			
CCDFBG — Early Childhood Task Force.....	\$ 600 ^a	\$ 1,400 ^a	\$ 0
Community and Economic Development:			
CCDFBG — Cyberstart.....	\$ 8,400	\$ 8,400	\$ 0
Education:			
CCDFBG-Early Childhood Development.....	\$ 250	\$ 100	\$ 0
Public Welfare:			
CCDFBG — Administration.....	\$ 9,994	\$ 17,421	\$ 12,490
CCDFBG — Cash Grants.....	110,557	110,588	122,039
CCDFBG — Family Centers	2,000	3,000	4,000
CCDFBG — Child Care	136,606	154,269	168,923
CCDFBG — School Age.....	1,260	1,260	1,260
Subtotal.....	\$ 260,417	\$ 286,538	\$ 308,712
TOTAL.....	\$ 269,067	\$ 295,038	\$ 308,712

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

Low-Income Home Energy Assistance

This block grant provides funds to assist eligible low-income individuals and families meet the cost of home energy through cash assistance and to alleviate crisis situations. The amounts below include weather-related contingency funding. The Department of Public Welfare's energy assistance program received supplemental funding from the Energy Conservation and Assistance Fund. The fund provided \$918,000 in 2001-02, \$3,800,000 in 2002-03 and \$113,000 for 2003-04 for the Low-Income Home Energy Assistance Program (LIHEAP).

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Community and Economic Development:			
LIHEABG — Administration.....	\$ 308	\$ 500	\$ 500
LIHEABG — Weatherization Program.....	19,033	22,700	22,700
Subtotal.....	\$ 19,341	\$ 23,200	\$ 23,200
Public Welfare:			
LIHEABG — Administration.....	\$ 6,963	\$ 7,912	\$ 6,423
LIHEABG — Low-Income Families and Individuals.....	92,894	162,632	157,227
Subtotal.....	\$ 99,857	\$ 170,544	\$ 163,650
TOTAL.....	\$ 119,198	\$ 193,744	\$ 186,850

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	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Public Welfare:			
MHSBG — Administration.....	\$ 250	\$ 158	\$ 158
MHSBG — Community Mental Health.....	18,580	19,077	17,148
TOTAL.....	\$ 18,830	\$ 19,235	\$ 17,306

Social Services

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

In addition to funds received directly through the Social Services Block Grant, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 authorized transfers from the Temporary Assistance to Needy Families Block Grant. This has included one-time transfers for initiatives. In addition, the SSBG was utilized by the Federal government as a vehicle to provide mental health counseling grants following the September 2001 disaster.

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

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Education:			
SSBG — Early Childhood Development.....	\$ 0	\$ 400	\$ 0
SSBG — Early Childhood Screening.....	0	1,500	0
Subtotal.....	\$ 0	\$ 1,900	\$ 0
Public Welfare:			
SSBG — Administration.....	\$ 3,691	\$ 3,691	\$ 3,691
SSBG — County Assistance	6,262	6,262	6,262
SSBG — Basic Institutional Program.....	1,056	1,056	1,056
SSBG — Community Mental Health	14,808	14,808	14,808
Emergency Disaster Relief - SSBG (EA).....	200	0	0
SSBG — Community Mental Retardation.....	13,984	13,984	13,984
SSBG — Early Intervention.....	2,195	2,195	2,195
SSBG — Child Welfare.....	12,021	12,021	12,021
SSBG — Child Care	30,977	30,977	30,977
SSBG — Domestic Violence.....	1,205	1,205	1,205
SSBG — Rape Crisis.....	634	634	634
SSBG — Family Planning.....	3,845	3,845	3,845
SSBG — Legal Services.....	5,049	5,049	5,049
SSBG — Legal Services Systems Improvements.....	0	2,000	0
SSBG — Homeless Services.....	2,183	2,183	2,183
SSBG — Services to Persons with Disabilities.....	120	120	120
SSBG — Attendant Care.....	6,971	6,971	6,971
Subtotal.....	\$ 105,201	\$ 107,001	\$ 105,001
Community and Economic Development:			
Empowerment Zones and Enterprise Communities — SSBG.....	\$ 48,314	\$ 34,000 ^a	\$ 32,000 ^a
TOTAL.....	\$ 153,515	\$ 142,901	\$ 137,001

^a Estimated carryover.

Temporary Assistance to Needy Families

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

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Executive Offices:			
<i>Office of Inspector General</i>			
TANFBG — Program Accountability.....	\$ 2,010	\$ 2,722	\$ 2,780
<i>Juvenile Court Judges Commission</i>			
TANFBG — Juvenile Probation Emergency Assistance Services.....	2,000	2,000	2,000
<i>Commission on Crime and Delinquency</i>			
TANFBG — Victims Assistance (EA)	1,500 ^a	0	0
TANFBG — Stop Violence Against Women.....	0	2,246	0
TANFBG — Nurse Home Visitation.....	4,402	7,200	5,100
TANFBG — Weed and Seed.....	0	2,000	2,000
Subtotal.....	<u>\$ 9,912</u>	<u>\$ 16,168</u>	<u>\$ 11,880</u>
Community and Economic Development:			
TANFBG — Housing Assistance.....	\$ 4,414	\$ 8,900	\$ 5,000
TANFBG — Housing Collaboration.....	6,000	30,000	0
TANFBG — Family Savings Account.....	1,997	2,000	2,000
TANFBG — Digital Divide.....	4,000	4,000	0
TANFBG — Child Care Challenge Grants.....	9,877	10,000	10,000
TANFBG — Critical Job Training Grants.....	0	5,000	0
Subtotal.....	<u>\$ 26,288</u>	<u>\$ 59,900</u>	<u>\$ 17,000</u>
Health:			
TANFBG — I Am Your Child Program.....	\$ 0	\$ 4,008	\$ 0
TANFBG — I Am Your Child (EA).....	993 ^a	0	0
TANFBG — Abstinence Education.....	500	750	0
Subtotal.....	<u>\$ 1,493</u>	<u>\$ 4,758</u>	<u>\$ 0</u>
Higher Education Assistance Agency:			
TANFBG — Education Opportunities.....	\$ 1,500	\$ 1,500	\$ 1,500
Labor and Industry:			
TANFBG — Youth Employment & Training	\$ 15,000	\$ 15,000	\$ 15,000

Temporary Assistance to Needy Families (continued)

Public Welfare:

TANFBG — Administration.....	\$	3,913	\$	4,724	\$	6,193
TANFBG — Information Systems.....		3,796		6,260		10,467
TANFBG — Statewide.....		4,421		4,421		3,996
TANFBG — County Assistance.....		39,460		50,930		51,450
TANFBG — Child Support Enforcement.....		0		1,850		1,850
TANFBG — New Directions.....		110,529		159,969		165,308
TANFBG — Youth Development Center.....		5,873		6,907		7,907
TANFBG — Cash Grants.....		279,040		199,394		204,453
TANFBG — Alternatives to Abortion.....		0		1,000		1,000
TANFBG — Child Welfare.....		264,446		296,373		295,940
TANFBG — Child Care Services.....		2,000		2,600		2,000
TANFBG — Domestic Violence.....		4,500		4,500		2,500
TANFBG — Rape Crisis.....		2,087		2,087		1,587
TANFBG — Homeless Assistance.....		2,000		2,000		2,000
Subtotal.....	\$	722,065	\$	743,015	\$	756,651

Transportation:

TANFBG — Access to Jobs.....	\$	8,906	\$	11,320	\$	10,000
GRAND TOTAL ALL PROGRAMS.....	\$	782,671	\$	851,661 ^b	\$	812,031 ^b

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

^b Includes carryover funding.

Anti-Drug Abuse

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

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

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI)			
Executive Offices:			
<i>Integrated Criminal Justice System</i>			
DCSI — Electronic Reporting.....	\$ 1,575 ^a	\$ 2,120 ^a	\$ 1,500 ^a
<i>Juvenile Court Judges Commission</i>			
DCSI — Enhanced Data Collection.....	\$ 276 ^a	\$ 40 ^a	\$ 0
DCSI — Specialized Probation Technical Assistance.....	177 ^a	304 ^a	165 ^a
Subtotal.....	\$ 453	\$ 344	\$ 165
<i>Commission on Crime and Delinquency</i>			
DCSI — Administration.....	\$ 1,117	\$ 1,600	\$ 1,600
DCSI — Program Grants.....	24,000	30,000	30,000
DCSI — Criminal History Records.....	10	10	10
Subtotal.....	\$ 25,127	\$ 31,610	\$ 31,610
Attorney General:			
DCSI — Elder Abuse Advisory Board.....	\$ 11 ^a	\$ 0	\$ 0
DCSI — Child Sexual Exploitation Prevention.....	16 ^a	4 ^a	0
DCSI — Senior Crime Prevention University.....	23 ^a	116 ^a	94 ^a
DCSI — Financial Investigations and Money Laundering.....	112 ^a	0	0
DCSI — Pennsylvania Drug Law Enforcement Coordinating System.....	264 ^a	252 ^a	98 ^a
DCSI — Computer Forensics.....	426 ^a	299 ^a	163 ^a
DCSI — Witness Protection Program.....	28 ^a	267 ^a	267 ^a
DCSI — Organized Crime and Drug Enforcement.....	92 ^a	0	0
Subtotal.....	\$ 972	\$ 938	\$ 622
Aging:			
DCSI — Older Domestic Violence Victims CrossTraining	\$ 105 ^a	\$ 54 ^a	\$ 15 ^a
DCSI — Protective Services Training	98 ^a	115 ^a	115 ^a
DCSI — Sexual Abuse Response Training.....	74 ^a	87 ^a	83 ^a
Subtotal.....	\$ 277	\$ 256	\$ 213

Overview and Summaries

Anti-Drug Abuse (continued)

Department / Appropriation	(Dollar Amounts in Thousands)		
	20001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Corrections:			
DCSI — Hispanic Therapeutic Community.....	\$ 0	\$ 50 ^a	\$ 250 ^a
DCSI — Violent Crime Victims.....	40 ^a	12 ^a	0
DCSI — Community Outreach Recruitment.....	85 ^a	25 ^a	0
DCSI — Therapeutic Community.....	207 ^a	200 ^a	75 ^a
DCSI — Employment Opportunities.....	730 ^a	375 ^a	242 ^a
DCSI — Virtual Visitation.....	120 ^a	60 ^a	67 ^a
DCSI — Adult Interactive Living.....	263 ^a	200 ^a	90 ^a
DCSI — Intervention Training.....	18 ^a	0	0
DCSI — Video Conferencing.....	0	60 ^a	0
DCSI — Sex Offender Assessment.....	0	345 ^a	115 ^a
DCSI — Inmate Culinary Training.....	4 ^a	53 ^a	53 ^a
Subtotal.....	\$ 1,467	\$ 1,380	\$ 892
Health:			
DCSI — Adult Offender Treatment.....	\$ 735 ^a	\$ 357 ^a	\$ 108 ^a
Military and Veterans Affairs:			
DCSI — Drug Enforcement Training.....	\$ 456 ^a	\$ 1,034 ^a	\$ 162 ^a
Probation and Parole:			
DCSI — Residential Substance Abuse Treatment Aftercare.....	\$ 111 ^a	\$ 298 ^a	\$ 50 ^a
DCSI — County SAVE.....	597 ^a	565 ^a	0
DCSI — Community Notification.....	75 ^a	89 ^a	0
DCSI — Parole Planning System Automation.....	197 ^a	0	0
DCSI — Sexual Offenders Treatment.....	60 ^a	1,750 ^a	300 ^a
DCSI — Case Management.....	79 ^a	381 ^a	0
DCSI — Critical Incident Response Training.....	26 ^a	0	0
Subtotal.....	\$ 1,145	\$ 3,083	\$ 350
Public Welfare:			
DCSI — Mental Health Initiatives.....	\$ 82 ^a	\$ 0	\$ 0
DCSI — Training Academy.....	0	11 ^a	0
DCSI — Helping Communities Respond.....	94 ^a	0	0
Subtotal.....	\$ 176	\$ 11	\$ 0
State Police:			
DCSI — Staff and Command Training.....	\$ 0	\$ 173	\$ 173
DCSI — Latent Print Transmission.....	0	250	250
DCSI — Digital Wiretap Network.....	88 ^a	529 ^a	0
DCSI — Minority Recruitment.....	129 ^a	212 ^a	30 ^a
DCSI — Local Computer Crime Prevention.....	0	380 ^a	0
Subtotal.....	\$ 217	\$ 1,544	\$ 453

Anti-Drug Abuse (continued)

Department / Appropriation	2001-02 Actual Block	2002-03 Available Block	2003-04 Recommended Block
Legislature:			
<i>Commission on Sentencing</i>			
DCSI — Web Expansion & JNET Interface.....	\$ 0	\$ 395 ^a	\$ 19 ^a
DCSI — Policy Research.....	0	147 ^a	0
DCSI — JNET Information Technology.....	0	125 ^a	126 ^a
DCSI — Community Corrections.....	0	136 ^a	0
DCSI — Restitution Collections.....	0	100 ^a	100 ^a
DCSI — RIP Evaluations.....	0	69 ^a	138 ^a
Subtotal.....	<u>\$ 0</u>	<u>\$ 972</u>	<u>\$ 383</u>
TOTAL.....	<u><u>\$ 25,127</u></u>	<u><u>\$ 32,033</u></u>	<u><u>\$ 32,033</u></u>
 SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)			
Executive Offices:			
<i>Commission on Crime and Delinquency</i>			
DFSC — Special Programs.....	\$ 3,516	\$ 5,200	\$ 5,200
Education:			
DFSC — Administration.....	\$ 1,448	\$ 14,423	\$ 15,783
DFSC — School Districts.....	13,244	13,299	14,000
Subtotal.....	<u>\$ 14,692</u>	<u>\$ 27,722</u>	<u>\$ 29,783</u>
Health:			
DFSC — Special Programs for Student Assistance.....	\$ 1,125 ^a	\$ 1,125 ^a	\$ 1,125 ^a
Military and Veterans Affairs:			
DFSC — Scotland School for Veterans Children.....	\$ 2 ^a	\$ 0	\$ 0
DFSC — Drug Free Schools.....	0	1	0
Subtotal.....	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 0</u>
Public Welfare:			
DFSC — Special Programs — Juvenile Aftercare			
Services (EA)	\$ 960 ^a	\$ 0	\$ 0
DFSC — Special Programs Juvenile Aftercare.....	0	1,225	1,225
DFSC — Special Programs for Domestic Violence (EA)	425 ^a	0	0
DFSC — Domestic Violence	0	425	425
DFSC — Special Programs for Rape Crisis (EA)	142 ^a	0	0
DFSC — Special Programs for Rape Crisis	0	142	142
Subtotal.....	<u>\$ 1,527</u>	<u>\$ 1,792</u>	<u>\$ 1,792</u>
TOTAL.....	<u><u>\$ 18,208</u></u>	<u><u>\$ 34,715</u></u>	<u><u>\$ 36,775</u></u>
GRAND TOTAL ALL PROGRAMS.....	<u><u>\$ 43,335</u></u>	<u><u>\$ 66,748</u></u>	<u><u>\$ 68,808</u></u>

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

Overview and Summaries

Public Information and Communications

The Commonwealth spends funds on activities to provide government information to the news media and the general public and for other essential communications efforts. Funds are budgeted in over 30 agencies to provide public notification and information to the Commonwealth's public, news media, businesses, legislators and citizens regarding the bidding of contracts, issuance of rules and regulations, announcement of public hearings and the availability of services and financial aid. The amounts that are detailed below exclude those items that are strictly educational and materials that are offered for public sale such as the "Game News" and "Pennsylvania Angler and Boater".

	(Dollar Amounts in Thousands)	
	2002-03 Estimate	2003-04 Estimate
Governor's Office.....	\$816	\$775
Executive Offices.....	213	203
Aging.....	154	149
Agriculture.....	268	265
Banking.....	27	28
Civil Service Commission.....	38	33
Community and Economic Development.....	365	358
Conservation and Natural Resources.....	272	261
Corrections.....	275	283
Education.....	297	287
Emergency Management Agency.....	167	167
Environmental Protection.....	2,624	2,572
Fish and Boat Commission.....	118	120
Game Commission.....	260	267
General Services.....	68	65
Health.....	417	396
Historical and Museum Commission.....	141	138
Insurance.....	201	200
Labor and Industry.....	348	338
Liquor Control Board.....	234	216
Military and Veterans Affairs.....	243	224
Milk Marketing Board.....	180	190
Probation and Parole Board.....	79	76
Public Television Network.....	14	13
Public Utility Commission.....	190	195
Public Welfare.....	452	443
Revenue.....	259	246
Securities Commission.....	32	30
State.....	233	240
State Police.....	223	223
Transportation.....	1,687	1,719
TOTAL	\$10,895	\$10,720

The Commonwealth also spends funds in these areas:

---- *Lottery sales promotion* - \$30 million will be spent on advertising campaigns to promote lottery sales and to disseminate information on the various lottery programs including property tax and rent assistance for older Pennsylvanians during 2003-04. These expenditures are expected to generate approximately \$1.2 billion in lottery revenues during 2003-04.

---- *Economic development* - A total of \$22.1 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$21.8 billion in 2003-04 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.



Governor's Executive Budget

PROGRAM
BUDGET
SUMMARY



COMMONWEALTH PROGRAM BUDGET

This section summarizes the 2003-04 fiscal year budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the twelve budgeted special revenue funds, Federal funds, and other revenues including augmentations, restricted receipts and revenues, and other special revenue funds.

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

Program Budget Summary

SUMMARY OF REVENUES AND EXPENDITURES FOR THE OPERATING PROGRAM

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
BEGINNING BALANCES							
General Fund (a).....	\$ 335,467	\$ 142,835	\$ -54,507	\$ 1,851	.....	.....	.....
Adjustment to Beginning Balance.....	1,000	-300	0	0	\$ 0	\$ 0	\$ 0
Adjusted Beginning Balance.....	<u>\$ 336,467</u>	<u>\$ 142,535</u>	<u>\$ -54,507</u>	<u>\$ 1,851</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Special Funds (b).....	<u>\$ 1,283,473</u>	<u>\$ 1,031,647</u>	<u>\$ 842,205</u>	<u>\$ 798,393</u>	<u>\$ 829,640</u>	<u>\$ 739,076</u>	<u>\$ 574,148</u>
REVENUES							
General Fund:							
Corporation Taxes.....	\$ 1,418,493	\$ 1,421,800	\$ 1,456,400	\$ 1,536,500	\$ 1,601,000	\$ 1,646,300	\$ 1,670,600
Personal Income Tax.....	7,138,668	7,090,400	7,390,600	7,821,300	8,199,200	8,599,900	8,943,800
Sales and Use Taxes.....	7,292,499	7,518,800	7,767,700	8,150,900	8,525,400	8,864,500	9,173,100
All Other Revenues/Taxes.....	4,210,283	5,175,000	4,726,800	4,753,500	4,743,000	4,732,800	4,719,000
Less Refunds.....	-967,200	-929,600	-1,062,200	-1,107,875	-1,147,758	-1,186,782	-1,220,012
Proposed Tax Changes.....	0	8,100	517,700	198,800	216,800	226,400	232,900
Total General Fund.....	<u>\$ 19,092,743</u>	<u>\$ 20,284,500</u>	<u>\$ 20,797,000</u>	<u>\$ 21,353,125</u>	<u>\$ 22,137,642</u>	<u>\$ 22,883,118</u>	<u>\$ 23,519,388</u>
Special Funds.....	3,678,626	3,811,400	3,879,428	3,920,506	3,970,033	3,999,178	4,040,286
Federal Funds.....	12,989,372	15,037,749	15,167,854	14,855,670	14,766,363	14,784,957	14,797,862
Other Funds.....	5,566,170	6,355,757	5,811,634	5,578,867	5,364,011	5,134,102	4,882,948
Total Revenues and Balances.....	<u>\$ 42,945,851</u>	<u>\$ 46,663,588</u>	<u>\$ 46,443,614</u>	<u>\$ 46,508,412</u>	<u>\$ 47,067,689</u>	<u>\$ 47,540,431</u>	<u>\$ 47,814,632</u>
PROGRAM EXPENDITURES							
Direction and Supportive							
Services.....	\$ 1,807,631	\$ 1,524,378	\$ 1,452,043	\$ 1,485,199	\$ 1,488,130	\$ 1,485,273	\$ 1,487,341
Protection of Persons and							
Property.....	4,644,715	5,586,624	5,418,113	5,342,846	5,355,418	5,365,272	5,374,017
Education.....	10,307,713	10,912,998	10,958,794	11,353,975	11,746,179	12,120,507	12,432,840
Health and Human Services.....	19,246,104	20,826,282	20,838,450	21,015,130	21,213,224	21,461,937	21,718,834
Economic Development.....	2,086,678	2,107,719	2,006,469	2,003,950	2,021,593	2,021,285	2,022,405
Transportation and							
Communications.....	4,293,871	4,719,221	4,691,859	4,521,680	4,462,892	4,507,079	4,560,698
Recreation and Cultural Enrichment	585,220	641,836	507,582	531,862	539,486	543,754	548,002
Less General Fund Lapses.....	-104,593	-95,000	0	0	0	0	0
Less Special Fund Lapses.....	-85,447	-195,105	0	0	0	0	0
Total Operating Expenditures..	<u>\$ 42,781,892</u>	<u>\$ 46,028,953</u>	<u>\$ 45,873,310</u>	<u>\$ 46,254,642</u>	<u>\$ 46,826,922</u>	<u>\$ 47,505,107</u>	<u>\$ 48,144,137</u>
Transfer from Tax Stabilization							
Reserve Fund.....	1,038,431	0	0	0	0	0	0
Transfer from Budget Stabilization							
Reserve Fund.....	0	50,000	250,000	0	0	0	0
Transfer to Budget Stabilization							
Reserve Fund.....	0	-300,000	-617	0	0	0	0
ENDING BALANCES							
General Fund.....	<u>\$ 142,835</u>	<u>\$ -54,507</u>	<u>\$ 1,851</u>	<u>\$ -587,633</u>	<u>\$ -516,752</u>	<u>\$ -557,267</u>	<u>\$ -674,305</u>
Special Funds (b).....	<u>\$ 1,031,647</u>	<u>\$ 842,205</u>	<u>\$ 798,393</u>	<u>\$ 829,640</u>	<u>\$ 739,076</u>	<u>\$ 574,148</u>	<u>\$ 326,357</u>

(a) Balances are not carried forward beyond 2004-05.

(b) Includes Lottery Fund reserve.

Program Budget Summary

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2001-02 actual expenditures, 2002-03 amounts available, 2003-04 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2003-04 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Direction and Supportive Services							
General Fund.....	\$ 885,255	\$ 943,919	\$ 870,194	\$ 891,234	\$ 893,336	\$ 888,543	\$ 888,443
Special Funds.....	408,349	428,126	429,630	440,920	442,958	444,999	447,062
Federal Funds.....	13,587	16,505	17,144	16,761	16,761	16,761	16,761
Other Funds.....	500,440	135,828	135,075	134,970	135,075	134,970	135,075
Total Operating.....	\$ 1,807,631	\$ 1,524,378	\$ 1,452,043	\$ 1,483,885	\$ 1,488,130	\$ 1,485,273	\$ 1,487,341
Capital Bond Authorizations.....	\$ 516,969	\$ 0	\$ 51,592	\$ 12,382	\$ 13,110	\$ 13,839	\$ 14,567
Program Total.....	\$ 2,324,600	\$ 1,524,378	\$ 1,503,635	\$ 1,496,267	\$ 1,501,240	\$ 1,499,112	\$ 1,501,908
Protection of Persons and Property							
General Fund.....	\$ 2,405,771	\$ 2,467,386	\$ 2,469,559	\$ 2,578,788	\$ 2,588,293	\$ 2,593,113	\$ 2,593,753
Special Funds.....	639,509	685,784	691,075	655,008	661,526	660,816	660,188
Federal Funds.....	429,726	666,214	693,151	613,979	623,685	634,652	645,965
Other Funds.....	1,169,709	1,767,240	1,564,328	1,495,069	1,481,914	1,476,691	1,474,111
Total Operating.....	\$ 4,644,715	\$ 5,586,624	\$ 5,418,113	\$ 5,342,844	\$ 5,355,418	\$ 5,365,272	\$ 5,374,017
Capital Bond Authorizations.....	\$ 1,049,382	\$ 0	\$ 79,506	\$ 96,790	\$ 81,598	\$ 89,350	\$ 89,235
Program Total.....	\$ 5,694,097	\$ 5,586,624	\$ 5,497,619	\$ 5,439,634	\$ 5,437,016	\$ 5,545,622	\$ 5,463,252
Education							
General Fund.....	\$ 8,721,857	\$ 8,983,762	\$ 8,991,025	\$ 9,383,639	\$ 9,778,293	\$ 10,152,177	\$ 10,464,106
Special Funds.....	23,574	7,123	9,454	10,756	11,237	11,681	12,085
Federal Funds.....	1,227,488	1,604,559	1,632,093	1,632,093	1,632,093	1,632,093	1,632,093
Other Funds.....	334,794	317,554	326,222	324,556	324,556	324,556	324,556
Total Operating.....	\$ 10,307,713	\$ 10,912,998	\$ 10,958,794	\$ 11,351,044	\$ 11,351,044	\$ 12,120,507	\$ 12,432,840
Capital Bond Authorizations.....	\$ 1,763,807	\$ 0	\$ 33,002	\$ 34,122	\$ 36,129	\$ 38,136	\$ 40,143
Program Total.....	\$ 12,071,520	\$ 10,912,998	\$ 10,991,796	\$ 11,385,166	\$ 11,782,308	\$ 12,158,643	\$ 12,472,983
Health and Human Services							
General Fund.....	\$ 7,115,115	\$ 7,135,623	\$ 7,490,909	\$ 7,886,879	\$ 8,167,034	\$ 8,560,998	\$ 8,995,050
Special Funds.....	1,032,106	1,359,186	1,133,273	1,111,277	1,235,542	1,309,911	1,401,120
Federal Funds.....	9,337,094	10,256,426	10,444,300	10,371,613	10,365,991	10,366,725	10,367,517
Other Funds.....	1,761,789	2,075,047	1,769,968	1,644,666	1,444,657	1,224,303	955,147
Total Operating.....	\$ 19,246,104	\$ 20,826,282	\$ 20,838,450	\$ 21,014,435	\$ 21,213,224	\$ 21,461,937	\$ 21,718,834
Capital Bond Authorizations.....	\$ 486,050	\$ 0	\$ 18,532	\$ 10,725	\$ 11,356	\$ 11,897	\$ 12,618
Program Total.....	\$ 19,732,154	\$ 20,826,282	\$ 20,856,982	\$ 21,025,160	\$ 21,224,580	\$ 21,473,834	\$ 21,731,452

Program Budget Summary

Seven Year Summary of Commonwealth Programs

	(Dollar Amounts in Thousands)						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Economic Development							
General Fund.....	\$ 662,612	\$ 575,562	\$ 565,704	\$ 583,646	\$ 599,217	\$ 606,496	\$ 606,816
Special Funds.....	181,827	21,353	25,383	23,046	27,649	27,649	27,649
Federal Funds.....	634,431	732,149	716,946	710,484	710,584	713,684	714,484
Other Funds.....	607,808	778,655	698,436	685,543	684,143	673,456	673,456
Total Operating.....	\$ 2,086,678	\$ 2,107,719	\$ 2,006,469	\$ 2,002,719	\$ 2,021,593	\$ 2,021,285	\$ 2,022,405
Capital Bond Authorizations.....	\$ 4,393,822	\$ 0	\$ 0	\$ 409	\$ 433	\$ 457	\$ 482
Program Total.....	\$ 6,480,500	\$ 2,107,719	\$ 2,006,469	\$ 2,003,128	\$ 2,022,026	\$ 2,021,742	\$ 2,022,887
Transportation and Communication							
General Fund.....	\$ 356,941	\$ 327,745	\$ 368,674	\$ 376,308	\$ 386,085	\$ 397,300	\$ 404,194
Special Funds.....	1,507,807	1,488,407	1,477,080	1,475,873	1,501,114	1,525,508	1,553,515
Federal Funds.....	1,315,567	1,719,696	1,624,780	1,471,695	1,378,304	1,382,097	1,382,097
Other Funds.....	1,113,556	1,183,373	1,221,325	1,197,786	1,197,389	1,202,174	1,220,892
Total Operating.....	\$ 4,293,871	\$ 4,719,221	\$ 4,691,859	\$ 4,521,662	\$ 4,462,892	\$ 4,507,079	\$ 4,560,698
Capital Bond Authorizations.....	\$ 1,906,033	\$ 0	\$ 93,215	\$ 81,484	\$ 81,571	\$ 81,658	\$ 81,746
Program Total.....	\$ 6,199,904	\$ 4,719,221	\$ 4,785,074	\$ 4,603,146	\$ 4,544,463	\$ 4,588,737	\$ 4,642,444
Recreation and Cultural Enrichment							
General Fund.....	\$ 281,848	\$ 279,799	\$ 233,960	\$ 242,114	\$ 242,136	\$ 241,758	\$ 241,331
Special Funds.....	194,494	222,527	138,652	154,686	162,878	165,849	168,765
Federal Funds.....	31,479	42,200	39,440	39,045	38,945	38,945	38,945
Other Funds.....	77,399	97,310	95,530	95,527	95,527	97,202	98,961
Total Operating.....	\$ 585,220	\$ 641,836	\$ 507,582	\$ 531,372	\$ 539,486	\$ 543,754	\$ 548,002
Capital Bond Authorizations.....	\$ 345,401	\$ 0	\$ 58,060	\$ 36,618	\$ 38,773	\$ 40,927	\$ 43,081
Program Total.....	\$ 930,621	\$ 641,836	\$ 565,642	\$ 567,990	\$ 578,259	\$ 584,681	\$ 591,083
COMMONWEALTH TOTALS							
General Fund.....	\$ 20,429,399	\$ 20,713,796	\$ 20,990,025	\$ 21,942,609	\$ 22,654,394	\$ 23,440,385	\$ 24,193,693
Special Funds.....	3,987,666	4,212,506	3,904,547	3,871,566	4,042,904	4,146,413	4,270,384
Federal Funds.....	12,989,372	15,037,749	15,167,854	14,855,670	14,766,363	14,784,957	14,797,862
Other Funds.....	5,565,495	6,355,007	5,810,884	5,578,117	5,363,261	5,133,352	4,882,198
Total Operating.....	\$ 42,971,932	\$ 46,319,058	\$ 45,873,310	\$ 46,247,962	\$ 46,826,922	\$ 47,505,107	\$ 48,144,137
Capital Bond Authorizations.....	\$ 10,461,464	\$ 0	\$ 333,907	\$ 272,530	\$ 262,970	\$ 276,354	\$ 281,872
Program Total.....	\$ 53,433,396	\$ 46,319,058	\$ 46,207,217	\$ 46,520,492	\$ 47,089,892	\$ 47,781,461	\$ 48,426,009

Program Budget Summary

Direction and Supportive Services

The goal of this Commonwealth program is to provide an efficient and effective administrative support system through which the goals and objectives of the Commonwealth programs can be attained. This Commonwealth program supports the Administration's goal to Deliver Greater Value and Efficiency in Government through the activities of centralized agencies to support this goal.

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)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Administrative and Support Services \$	352,232	291,291	218,319	212,724	212,577	208,246	207,987
Executive Direction.....	344,233	285,081	213,594	207,999	207,852	203,521	203,262
Personnel Selection.....	1	1	1	1	1	1	1
State Retirement System.....	0	0	2	2	2	2	2
Legal Services.....	7,998	6,209	4,722	4,722	4,722	4,722	4,722
Fiscal Management \$	530,128	647,899	625,653	640,956	643,227	645,495	647,813
Revenue Collection and Administration.....	439,637	541,562	520,619	537,490	539,761	542,029	544,347
Disbursement.....	43,457	58,977	57,804	56,306	56,306	56,306	56,306
Auditing.....	47,034	47,360	47,230	47,160	47,160	47,160	47,160
Physical Facilities & Commodities Management .. \$	130,347	136,491	132,300	132,505	132,216	132,421	132,224
Facility, Property and Commodity Management.....	130,347	136,491	132,300	132,505	132,216	132,421	132,224
Legislative Processes \$	229,080	258,100	257,702	257,702	257,702	257,702	257,602
Legislature.....	229,080	258,100	257,702	257,702	257,702	257,702	257,602
Interstate Relations \$	848	970	933	933	933	933	933
Interstate Relations.....	848	970	933	933	933	933	933
Debt Service \$	50,969	37,294	64,917	87,334	89,639	88,745	88,946
Debt Service.....	50,969	37,294	64,917	87,334	89,639	88,745	88,946
PROGRAM TOTAL	\$ 1,293,604	\$ 1,372,045	\$ 1,299,824	\$ 1,332,154	\$ 1,336,294	\$ 1,333,542	\$ 1,335,505



Program Budget Summary

Protection of Persons and Property

The goal of this Commonwealth program is to provide an environment and a social system in which the lives of individuals and the property of individuals and organizations are protected from natural and man-made disasters and from illegal and unfair actions. This Commonwealth program supports the Administration's goal to Ensure the Safety of Our Citizens as well as the goal to Protect Our Natural Resources.

This program deals with the following substantive areas: consumer and environmental protection, certain regulatory activities, the criminal justice system and mitigation of the effects of disasters.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
General Administration and Support.....	\$ 69,019	\$ 76,035	\$ 62,706	\$ 62,550	\$ 62,550	\$ 62,550	\$ 62,550
Criminal and Juvenile Justice Planning.....	48,438	53,577	38,771	38,771	38,771	38,771	38,771
Environmental Support Services.....	20,581	22,458	23,935	23,779	23,779	23,779	23,779
Public Protection and Law Enforcement.....	\$ 707,387	\$ 748,584	\$ 736,960	\$ 735,574	\$ 735,574	\$ 735,574	\$ 735,574
State Police.....	504,012	549,988	529,723	528,337	528,337	528,337	528,337
Attorney General.....	75,191	75,058	73,842	73,842	73,842	73,842	73,842
Highway Safety Administration and Licensing.....	128,184	123,538	133,395	133,395	133,395	133,395	133,395
Control and Reduction of Crime.....	\$ 1,250,592	\$ 1,368,044	\$ 1,398,465	\$ 1,463,507	\$ 1,463,507	\$ 1,463,507	\$ 1,463,507
Institutionalization of Offenders.....	1,150,844	1,266,336	1,298,500	1,363,542	1,363,542	1,363,542	1,363,542
Reintegration of Adult Offenders.....	99,748	101,708	99,965	99,965	99,965	99,965	99,965
Juvenile Crime Prevention.....	\$ 23,592	\$ 23,907	\$ 23,393	\$ 23,393	\$ 23,393	\$ 23,393	\$ 23,393
Reintegration of Juvenile Delinquents.....	23,592	23,907	23,393	23,393	23,393	23,393	23,393
Adjudication of Defendants.....	\$ 231,211	\$ 236,512	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108
State Judicial System.....	231,211	236,512	246,108	246,108	246,108	246,108	246,108
Public Order and Community Safety.....	\$ 41,643	\$ 41,412	\$ 34,775	\$ 33,425	\$ 33,088	\$ 32,922	\$ 32,833
Emergency Management.....	20,107	21,407	16,523	15,173	14,836	14,670	14,581
State Military Readiness.....	21,536	20,005	18,252	18,252	18,252	18,252	18,252
Protection From Natural Hazards and Disasters.....	\$ 307,230	\$ 260,873	\$ 199,485	\$ 195,530	\$ 202,746	\$ 202,750	\$ 202,754
Environmental Protection and Management.....	307,230	260,873	199,485	195,530	202,746	202,750	202,754
Consumer Protection.....	\$ 249,614	\$ 275,187	\$ 270,752	\$ 256,973	\$ 262,011	\$ 266,864	\$ 268,580
Consumer Protection.....	17,394	6,744	7,562	8,820	8,831	8,576	6,262
Financial Institution Regulation.....	11,801	13,375	10,825	10,825	10,825	10,825	10,825

Program Budget Summary

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Securities Industry Regulation.....	2,188	2,177	2,110	2,110	2,110	2,110	2,110
Insurance Industry Regulation.....	123,543	155,313	155,309	155,287	160,314	165,422	169,452
Horse Racing Regulation.....	17,925	16,964	16,919	17,755	17,755	17,755	17,755
Milk Industry Regulation.....	2,394	2,522	2,567	2,567	2,567	2,567	2,567
Protection and Development of Agricultural Industries....	74,369	78,092	75,460	59,609	59,609	59,609	59,609
Community and Occupational Safety and Stability. \$	35,510 \$	33,117 \$	38,830 \$	32,330 \$	32,330 \$	32,330 \$	32,330
Community and Occupational Safety and Stability.....	32,237	30,555	29,680	29,680	29,680	29,680	29,680
Fire Prevention and Safety.....	3,273	2,562	9,150	2,650	2,650	2,650	2,650
Prevention & Elimination of Discriminatory Practi \$	12,840 \$	11,589 \$	10,965 \$	10,965 \$	10,965 \$	10,965 \$	10,965
Prevention & Elimination of Discriminatory Practices.....	12,840	11,589	10,965	10,965	10,965	10,965	10,965
Debt Service..... \$	116,642 \$	77,910 \$	138,195 \$	175,763 \$	177,547 \$	176,966 \$	175,347
Debt Service.....	116,642	77,910	138,195	175,763	177,547	176,966	175,347
PROGRAM TOTAL.....	\$ 3,045,280	\$ 3,153,170	\$ 3,160,634	\$ 3,236,118	\$ 3,249,819	\$ 3,253,929	\$ 3,253,941

Program Budget Summary

Education

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

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)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Educational Support Services	\$ 34,851	\$ 35,695	\$ 32,696	\$ 30,696	\$ 30,696	\$ 30,696	\$ 30,696
Education Support Services.....	34,851	35,695	32,696	30,696	30,696	30,696	30,696
Basic Education	\$ 6,698,232	\$ 6,979,382	\$ 7,014,898	\$ 7,359,968	\$ 7,749,482	\$ 8,125,361	\$ 8,436,842
Basic Education.....	6,678,237	6,958,326	6,990,680	7,335,757	7,724,061	8,098,670	8,408,816
Public Utility Realty Payments.....	19,995	21,056	24,218	24,211	25,421	26,691	28,026
Higher Education	\$ 1,897,829	\$ 1,892,500	\$ 1,807,837	\$ 1,808,808	\$ 1,809,289	\$ 1,809,733	\$ 1,810,137
Higher Education.....	1,486,754	1,479,662	1,400,196	1,401,498	1,401,979	1,402,423	1,402,827
Financial Assistance to Students.....	368,486	372,378	369,204	368,873	368,873	368,873	368,873
Financial Assistance to Institutions.....	42,589	40,460	38,437	38,437	38,437	38,437	38,437
Debt Service	\$ 114,519	\$ 83,308	\$ 145,048	\$ 197,854	\$ 200,063	\$ 198,068	\$ 198,516
Debt Service.....	114,519	83,308	145,048	197,854	200,063	198,068	198,516
PROGRAM TOTAL	\$ 8,745,431	\$ 8,990,885	\$ 9,000,479	\$ 9,397,326	\$ 9,789,530	\$ 10,163,858	\$ 10,476,191

Program Budget Summary

Health and Human Services

The goals of this program are to ensure access to quality medical care for all citizens; to support people seeking self-sufficiency; to provide military assistance; and to maximize the capacity of individuals and families to participate in society. This Commonwealth program includes activities that support the Administration's goal to Increase Access to High Quality Health Care.

This program addresses the following substantive areas: research; prevention and treatment of physical, mental health and mental retardation disorders; maternal and child health care; financial assistance for older Pennsylvanians, medically needy individuals and families in transition; and other programs aimed at addressing the various problems individuals encounter in a complex society.

These activities are primarily the responsibility of the Departments of Aging, Health and Public Welfare with contributions by the Departments of Agriculture, Labor and Industry, Military and Veterans Affairs, Revenue and Transportation.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Human Services Support.....	\$ 96,677	\$ 114,272	\$ 114,403	\$ 114,263	\$ 113,763	\$ 113,687	\$ 113,687
Human Services Support.....	96,677	114,272	114,403	114,263	113,763	113,687	113,687
Social Development of Individuals.....	\$ 797,988	\$ 856,690	\$ 837,836	\$ 871,970	\$ 904,006	\$ 937,644	\$ 972,964
Human Services.....	797,988	856,690	837,836	871,970	904,006	937,644	972,964
Support of Older Pennsylvanians.....	\$ 900,901	\$ 972,896	\$ 946,756	\$ 964,740	\$ 1,090,701	\$ 1,166,726	\$ 1,259,790
Community Services for Older Pennsylvanians.....	258,128	256,112	258,438	256,740	256,615	256,493	256,356
Older Pennsylvanians Transit.....	136,459	164,922	163,516	166,258	169,056	171,909	174,819
Homeowners and Renters Assistance.....	119,713	122,180	120,375	119,900	119,425	118,950	118,500
Pharmaceutical Assistance.....	386,601	429,682	404,427	421,842	545,605	619,374	710,115
Income Maintenance.....	\$ 827,418	\$ 861,414	\$ 849,027	\$ 856,619	\$ 859,386	\$ 862,258	\$ 865,158
Income Maintenance.....	813,432	845,690	835,720	843,312	846,079	848,951	851,851
Workers Compensation and Assistance.....	3,510	2,502	2,239	2,239	2,239	2,239	2,239
Military Compensation and Assistance.....	10,476	13,222	11,068	11,068	11,068	11,068	11,068
Physical Health Treatment.....	\$ 3,902,313	\$ 4,026,347	\$ 4,210,095	\$ 4,507,441	\$ 4,750,378	\$ 5,106,724	\$ 5,500,595
Medical Assistance.....	3,426,966	3,542,461	3,741,847	4,060,834	4,304,688	4,661,931	5,056,807
Health Treatment Services.....	39,009	19,603	18,382	18,382	18,382	18,382	18,382
Health Support Services.....	47,574	50,277	46,840	46,840	46,840	46,840	46,840
Health Research.....	105,860	103,997	90,770	77,506	76,944	76,394	75,777
Emergency Food Assistance.....	18,931	17,905	17,847	17,847	17,847	17,847	17,847
Prevention and Treatment of Drug and Alcohol Abuse....	40,578	40,360	40,498	40,498	40,498	40,498	40,498
Preventive Health.....	162,188	177,910	173,278	164,901	164,546	164,199	163,811
Veterans Homes and School.....	61,207	73,834	80,633	80,633	80,633	80,633	80,633
Mental Health.....	\$ 672,131	\$ 676,976	\$ 657,128	\$ 658,409	\$ 658,409	\$ 658,409	\$ 658,409
Mental Health.....	672,131	676,976	657,128	658,409	658,409	658,409	658,409

Program Budget Summary

Economic Development

The goal of this program is to provide a system in which the employment opportunities of individuals, the economic growth and development of communities and the overall economic development of the Commonwealth will be maximized, including optimum use of natural resources to support economic growth. This Commonwealth program supports the Administration's goal to Create Jobs and Build a Vital Economy as well as the goal to Boost the Skills of Our Workers.

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Economic Development Support Services \$	83,890	83,579	68,572	68,572	68,572	68,572	68,572
Economic Development Support Services.....	83,890	83,579	68,572	68,572	68,572	68,572	68,572
Commonwealth Economic Development \$	389,500	224,003	228,183	225,846	230,449	230,449	230,449
Business and Job Development.....	292,573	127,300	134,900	134,900	134,900	134,900	134,900
Technology Development.....	75,100	75,350	67,900	67,900	67,900	67,900	67,900
Environmental Infrastructure.....	21,827	21,353	25,383	23,046	27,649	27,649	27,649
Workforce Investment \$	74,058	75,582	53,832	53,832	53,832	53,832	53,832
Workforce Development.....	29,122	29,671	7,926	7,926	7,926	7,926	7,926
Vocational Rehabilitation.....	44,936	45,911	45,906	45,906	45,906	45,906	45,906
Community Development \$	147,611	132,637	68,758	68,753	69,629	70,550	71,516
Community Development.....	133,136	117,393	51,226	51,226	51,226	51,226	51,226
Public Utility Realty Payments.....	14,475	15,244	17,532	17,527	18,403	19,324	20,290
Local Government Assistance \$	479	331	330	0	0	0	0
Municipal Pension Systems.....	479	331	330	0	0	0	0
Debt Service \$	148,901	80,783	171,412	190,920	204,384	210,742	210,096
Debt Service.....	148,901	80,783	171,412	190,920	204,384	210,742	210,096
PROGRAM TOTAL \$	844,439	596,915	591,087	607,923	626,866	634,145	634,465

Program Budget Summary

Transportation and Communication

The purpose of this program is to provide a system for the fast, convenient, efficient and safe movement of individuals, cargo, and information within the Commonwealth that is interfaced with a national and international system of transportation and communication. This Commonwealth program supports the Administration's goal to Create Jobs and Build a Vital Economy through the establishment of a first-rate infrastructure.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Transportation Systems and Services	\$ 1,740,895	\$ 1,739,816	\$ 1,720,959	\$ 1,735,959	\$ 1,760,959	\$ 1,785,959	\$ 1,812,959
State Highway and Bridge Construction and Reconstru	444,950	436,776	410,050	448,050	448,050	448,050	448,050
Local Highway and Bridge Assistance.....	185,772	189,879	194,239	194,239	194,239	194,239	194,239
Mass Transportation.....	271,474	273,474	255,353	255,353	255,353	255,353	255,353
Intercity Transportation.....	10,613	10,763	11,263	11,263	11,263	11,263	11,263
State Highway and Bridge Maintenance.....	750,734	757,402	778,140	755,140	780,140	805,140	832,140
Transportation Support Services.....	77,352	71,522	71,914	71,914	71,914	71,914	71,914
Debt Service	\$ 123,853	\$ 76,336	\$ 124,795	\$ 116,240	\$ 126,240	\$ 136,849	\$ 144,750
Debt Service.....	123,853	76,336	124,795	116,240	126,240	136,849	144,750
PROGRAM TOTAL	\$ 1,864,748	\$ 1,816,152	\$ 1,845,754	\$ 1,852,199	\$ 1,887,199	\$ 1,922,808	\$ 1,957,709

Program Budget Summary

Recreation and Cultural Enrichment

The goal of this program is to make available sufficient opportunities for individual and group recreation and cultural growth. This Commonwealth program supports the Administration's goals to Protect Our Natural Resources and Create Jobs and Build a Vital Economy.

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimate
Recreation \$	280,706	312,267	224,981	237,771	245,438	247,978	250,478
Parks and Forests Management.....	193,515	227,893	138,491	149,029	155,720	157,368	158,956
Recreational Fishing and Boating.....	35,569	33,417	34,933	36,185	37,161	38,053	38,965
Wildlife Management.....	51,622	50,957	51,557	52,557	52,557	52,557	52,557
Cultural Enrichment \$	168,193	173,999	119,144	122,488	122,363	122,794	123,210
State Historical Preservation.....	25,570	26,259	24,682	24,682	24,032	24,032	24,032
Local Museum Assistance.....	17,553	21,451	10,867	13,425	13,826	14,156	14,474
Development of Artists and Audiences.....	15,146	15,152	15,123	15,123	15,123	15,123	15,123
State Library Services.....	96,947	98,984	57,240	58,026	58,150	58,251	58,349
Public Television Services.....	12,977	12,153	11,232	11,232	11,232	11,232	11,232
Debt Service \$	27,443	16,060	28,487	37,031	37,213	36,835	36,408
Debt Service.....	27,443	16,060	28,487	37,031	37,213	36,835	36,408
PROGRAM TOTAL \$	476,342	502,326	372,612	397,290	405,014	407,607	410,096



Governor's Executive Budget

SUMMARY

BY

FUND



GENERAL FUND

The General Fund is the major operating fund of the Commonwealth. It receives all tax receipts and other types of revenue not specified by law to be placed in special funds. Except for certain restricted receipts, the income of the General Fund is appropriated in specific amounts for the ordinary programs of government.

Pennsylvania's major sources of General Fund revenues are corporation taxes, consumption taxes, the Personal Income tax and nontax revenues.



FINANCIAL STATEMENT

The following financial statement and accompanying notes are a summary of the General Fund revenues and expenditures for the 2001-02 actual year, 2002-03 available year and 2003-04 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 335,467	\$ 142,835	\$ -36,007
Adjustment to Beginning Balance.....	<u>1,000</u>	<u>-300</u>	<u>0</u>
Adjusted Beginning Balance.....	\$ 336,467	\$ 142,535	\$ -36,007
Revenue:			
Revenue Receipts.....	\$ 20,059,943	\$ 21,206,000	\$ 21,341,500
Tobacco Settlement Fund.....	0	0	330,000
Proposed Revenue Changes.....	0	8,100	187,700
Less Refunds.....	<u>-967,200</u>	<u>-929,600</u>	<u>-1,062,200</u>
Total Revenue.....	\$19,092,743	\$ 20,284,500	\$ 20,797,000
Prior Year Lapses.....	<u>104,593</u>	<u>93,500</u>	<u>0</u>
Funds Available.....	\$19,533,803	\$ 20,520,535	\$ 20,760,993
Expenditures:			
Appropriations.....	\$ 20,782,268	\$ 20,697,126	\$ 21,008,525
Supplemental Appropriations.....	0	16,670	0
Less Current Year Lapses.....	<u>-352,869</u>	<u>-407,254</u>	<u>0</u>
Total Expenditures.....	<u>\$20,429,399</u>	<u>\$ 20,306,542</u>	<u>\$ 21,008,525</u>
Preliminary Balance.....	\$ -895,596	\$ 213,993	\$ -247,532
Transfer from Tax Stabilization Reserve Fund	1,038,431	0	0
Transfer from Budget Stabilization Reserve Fund.....	0	50,000	250,000
Less Transfer to Budget Stabilization Reserve Fund.....	<u>0</u>	<u>-300,000</u>	<u>-617</u>
Ending Balance	<u><u>\$ 142,835</u></u>	<u><u>\$ -36,007</u></u>	<u><u>\$ 1,851</u></u>

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED REVENUE ENHANCEMENTS

	2003-04 Estimated
Tax Revenue:	
Capital Stock and Franchise Tax Phase Out	\$ 52,600
The tax will continue to be phased out although at a temporarily modified rate. Beginning January 1, 2003 the tax rate will be 7.24 mills and for 2004 the rate will be 6.99 mills. Beginning January 1, 2005 the tax will be phased out through a one mill reduction of the tax rate that year and each year thereafter until the tax is eliminated.	
Revenue Enforcement Enhancements	13,500
Various enforcement enhancements are proposed in order to assist the with the collection of tax liabilities owed to the Commonwealth.	
Interest Paid by the Commonwealth	2,300
An administrative change is proposed to reduce the interest rate paid by the Commonwealth on tax refunds to two percentage points below the rate paid by taxpayers on tax delinquencies.	
Non-Tax Revenue:	
Tobacco Settlement Fund	\$ 330,000
Proposed transfer of Endowment Account funds to the General Fund.	
Budget Stabilization Reserve Fund	250,000
Proposed transfer to the General Fund. This is in addition to the \$50 million proposed to be transferred in 2002-03.	
Escheats	90,000
Changes to the Escheats program including the calculation of the dormancy period for mutual insurance companies is proposed.	
Fee Increase	29,300
Selected license and fee amounts are proposed to be increased.	
TOTAL PROPOSED REVENUE ENHANCEMENTS	\$ 767,700

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	<u>2002-03</u> <u>Available</u>
Education	
School Food Services.....	\$ 1,113
Early Intervention.....	4,906
Community Colleges.....	9,351
<i>Education Total</i>	<u>\$ 15,370</u>
Health	
Renal Dialysis.....	<u>\$ 1,300</u>
Public Welfare	
Cash Grants.....	\$ 3,214
Supplemental Grants - Aged, Blind and Disabled.....	1,827
Medical Assistance - Outpatient.....	17,777
Medical Assistance - Inpatient.....	10,300
Medical Assistance - Capitation.....	-19,730
Long-Term Care Facilities.....	-17,320
Medical Assistance - Transportation.....	3,932
<i>Public Welfare Total</i>	<u>\$ 0</u>
TOTAL	<u>\$ 16,670</u>

General Fund

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2001-02 actual expenditures, the 2002-03 amounts available and the 2003-04 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Budget
Governor's Office.....	\$ 7,852	\$ 8,034	\$ 7,619
Executive Offices.....	316,045	341,020	251,793
Lieutenant Governor's Office.....	1,083	1,112	1,112
Attorney General.....	75,191	75,058	73,842
Auditor General.....	47,513	47,691	47,560
Treasury.....	585,656	395,659	714,357
Aging.....	36,689	38,880	33,548
Agriculture.....	73,783	76,110	70,715
Civil Service Commission.....	1	1	1
Community and Economic Development.....	424,699	403,622	322,598
Conservation and Natural Resources.....	99,075	108,878	91,575
Corrections.....	1,150,844	1,266,336	1,298,500
Education*.....	8,276,851	8,559,284	8,468,785
Emergency Management Agency.....	23,380	23,969	44,173
Environmental Protection**.....	289,409	245,636	179,365
Fish and Boat Commission.....	11	12	13
Game Commission.....	0	0	0
General Services.....	109,767	115,896	111,718
Health.....	269,908	257,754	236,364
Higher Education Assistance Agency.....	403,075	412,838	407,641
Historical and Museum Commission.....	33,240	33,454	31,528
Insurance.....	45,805	57,769	58,483
Labor and Industry.....	109,805	108,639	85,751
Military and Veterans Affairs.....	93,219	107,061	109,953
Probation and Parole Board.....	99,748	101,708	99,965
Public Television Network.....	12,977	12,153	11,232
Public Welfare.....	6,668,952	6,683,591	7,048,007
Revenue***.....	222,737	229,031	212,722
Securities Commission.....	2,188	2,177	2,110
State.....	17,394	6,744	7,562
State Employees' Retirement System.....	0	0	2
State Police.....	164,245	178,213	174,633
Tax Equalization Board.....	1,373	1,366	1,335
Transportation.....	306,593	319,488	300,153
Legislature****.....	229,080	258,100	257,702
Judiciary.....	231,211	236,512	246,108
GRAND TOTAL.....	\$ 20,429,399	\$ 20,713,796	\$ 21,008,525

* 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 2001-02 actual expenditures, the 2002-03 amounts available and the 2003-04 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Budget
Executive Offices.....	\$ 102,538	\$ 174,914	\$ 166,172
Attorney General.....	11,296	13,312	13,703
Aging.....	17,401	23,708	23,055
Agriculture.....	8,984	17,122	18,013
Community and Economic Development.....	194,035	235,022	131,622
Conservation and Natural Resources.....	10,382	18,493	18,455
Corrections.....	26,819	24,626	36,546
Education.....	1,227,291	1,602,842	1,630,579
Emergency Management Agency.....	29,035	74,234	52,168
Environmental Protection*.....	91,237	142,244	146,144
Health.....	312,608	372,570	430,283
Higher Education Assistance Agency.....	1,500	3,164	3,164
Historical and Museum Commission.....	2,628	3,348	2,369
Infrastructure Investment Authority.....	100,746	125,919	123,462
Insurance.....	110,736	120,812	136,636
Labor and Industry.....	411,403	446,919	547,911
Liquor Control Board.....	625	195	0
Military and Veterans Affairs.....	74,854	84,866	91,949
Probation and Parole Board.....	1,678	3,635	852
Public Utility Commission.....	1,225	1,210	1,500
Public Welfare.....	8,759,904	9,516,634	9,641,783
State.....	0	32,000	57,600
State Police.....	11,140	23,927	19,321
Transportation.....	25,672	85,760	83,450
Legislature.....	0	972	383
GRAND TOTAL.....	\$ 11,533,737	\$ 13,148,448	\$ 13,377,120

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2001-02 actual expenditures, the 2002-03 amounts available and the 2003-04 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Budget
Executive Offices.....	\$ 75,606	\$ 60,775	\$ 60,607
Attorney General*.....	9,751	11,308	11,135
Auditor General.....	6,553	7,768	7,695
Treasury.....	14,383	3,690	3,735
Aging.....	1,117	859	1,850
Agriculture.....	2,569	3,568	4,215
Civil Service Commission.....	14,694	15,116	14,960
Community and Economic Development*.....	13,545	15,525	15,124
Conservation and Natural Resources.....	46,317	53,694	54,365
Corrections.....	1,297	1,709	1,511
Education.....	16,125	12,355	9,883
Emergency Management Agency.....	317	77	144
Environmental Protection* **.....	22,109	29,259	28,053
General Services.....	4,572	5,175	5,381
Health.....	3,656	2,792	2,691
Historical and Museum Commission.....	555	865	635
Insurance.....	2,076	2,134	2,260
Labor and Industry*.....	43,184	46,636	46,664
Military and Veterans Affairs.....	24,738	23,753	23,401
Probation and Parole Board.....	10,801	11,003	12,947
Public Television Network.....	52	136	0
Public Utility Commission*.....	43,759	46,739	46,063
Public Welfare.....	1,443,036	1,759,921	1,457,559
Revenue.....	17,779	18,328	18,730
Securities Commission.....	4,622	5,413	5,219
State*.....	27,909	33,518	35,132
State Police*.....	35,397	37,240	38,806
Transportation*.....	81,862	84,886	79,815
Judiciary*.....	27,621	45,492	45,705
GRAND TOTAL.....	\$ 1,996,002	\$ 2,339,734	\$ 2,034,285

* Includes funds appropriated from restricted revenues.

** Includes Environmental Hearing Board.

General Fund Revenue Summary

Seven Year Summary of Revenues

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

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax.....	\$ 1,418,493	\$ 1,421,800	\$ 1,456,400	\$ 1,536,500	\$ 1,601,000	\$ 1,646,300	\$ 1,670,600
Capital Stock and Franchise Taxes..	913,426	901,600	873,600	786,200	682,500	565,500	437,400
Selective Business:							
Gross Receipts Tax.....	710,597	780,600	792,600	821,600	842,300	868,000	885,900
Public Utility Realty Tax.....	28,850	47,900	53,100	50,200	48,400	50,300	52,200
Insurance Premiums Tax.....	300,554	326,000	331,900	355,300	387,500	423,500	464,900
Financial Institutions Tax.....	216,310	220,800	228,500	236,500	246,500	257,800	270,700
Other Selective Business Taxes....	13,390	12,500	12,500	12,500	12,500	12,500	12,500
Total — Corporation Taxes.....	\$ 3,601,620	\$ 3,711,200	\$ 3,748,600	\$ 3,798,800	\$ 3,820,700	\$ 3,823,900	\$ 3,794,200
Consumption Taxes							
Sales and Use Tax.....	\$ 7,292,499	\$ 7,518,800	\$ 7,767,700	\$ 8,150,900	\$ 8,525,400	\$ 8,864,500	\$ 9,173,100
Cigarette Tax.....	266,795	845,900	837,400	821,900	806,500	791,300	776,300
Malt Beverage Tax.....	26,653	25,700	25,700	25,700	25,700	25,700	25,700
Liquor Tax.....	170,769	187,500	187,200	194,000	201,000	208,200	215,700
Total — Consumption Taxes.....	\$ 7,756,716	\$ 8,577,900	\$ 8,818,000	\$ 9,192,500	\$ 9,558,600	\$ 9,889,700	\$ 10,190,800
Other Taxes							
Personal Income Tax.....	\$ 7,138,668	\$ 7,090,400	\$ 7,390,600	\$ 7,821,300	\$ 8,199,200	\$ 8,599,900	\$ 8,943,800
Realty Transfer Tax.....	290,472	352,400	315,900	334,700	351,600	367,900	382,400
Inheritance Tax.....	779,571	715,700	736,700	759,500	783,000	806,500	829,900
Minor and Repealed Taxes.....	6,881	6,600	-2,800	-2,700	-2,600	-2,500	7,300
Total — Other Taxes.....	\$ 8,215,592	\$ 8,165,100	\$ 8,440,400	\$ 8,912,800	\$ 9,331,200	\$ 9,771,800	\$ 10,163,400
TOTAL TAX REVENUE.....	\$ 19,573,928	\$ 20,454,200	\$ 21,007,000	\$ 21,904,100	\$ 22,710,500	\$ 23,485,400	\$ 24,148,400
NONTAX REVENUE							
State Stores Fund Transfer.....	\$ 120,000	\$ 155,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees.....	90,399	135,300	91,500	91,500	91,500	91,500	91,500
Miscellaneous.....	243,030	432,500	163,900	187,500	187,500	187,500	187,500
Fines, Penalties and Interest:							
On Taxes.....	28,898	26,000	26,000	26,000	26,000	26,000	26,000
Other.....	3,688	3,000	3,100	3,100	3,100	3,100	3,100
TOTAL NONTAX REVENUES.....	\$ 486,015	\$ 751,800	\$ 334,500	\$ 358,100	\$ 358,100	\$ 358,100	\$ 358,100
GENERAL FUND TOTAL.....	\$ 20,059,943	\$ 21,206,000	\$ 21,341,500	\$ 22,262,200	\$ 23,068,600	\$ 23,843,500	\$ 24,506,500

Adjustments to Revenue Estimate

On June 29, 2002, the Official Estimate for fiscal year 2002-03 was certified to be \$21,812,100,000. The adjustments detailed below take into account actual revenue collections through the first seven 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)

	2002-03 Official Estimate	Adjustments	2002-03 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income Tax.....	\$ 1,597,800	\$ -176,000	\$ 1,421,800
Capital Stock and Franchise Taxes.....	956,600	-55,000	901,600
Selective Business:			
Gross Receipts Tax.....	768,600	12,000	780,600
Public Utility Realty Tax.....	41,900	6,000	47,900
Insurance Premiums Tax.....	326,000	0	326,000
Financial Institutions Tax.....	220,800	0	220,800
Other Selective Business Taxes.....	12,500	0	12,500
Total — Corporation Taxes.....	\$ 3,924,200	\$ -213,000	\$ 3,711,200
Consumption Taxes			
Sales and Use Tax.....	\$ 7,531,700	\$ -12,900	\$ 7,518,800
Cigarette Tax.....	830,900	15,000	845,900
Malt Beverage Tax.....	25,700	0	25,700
Liquor Tax.....	187,500	0	187,500
Total — Consumption Taxes.....	\$ 8,575,800	\$ 2,100	\$ 8,577,900
Other Taxes			
Personal Income Tax.....	\$ 7,395,800	\$ -305,400	\$ 7,090,400
Realty Transfer Tax.....	322,400	30,000	352,400
Inheritance Tax.....	785,700	-70,000	715,700
Minor and Repealed Taxes.....	6,600	0	6,600
Total — Other Taxes.....	\$ 8,510,500	\$ -345,400	\$ 8,165,100
TOTAL TAX REVENUE.....	\$ 21,010,500	\$ -556,300	\$ 20,454,200
NONTAX REVENUE			
State Stores Fund Transfer.....	\$ 155,000	\$ 0	\$ 155,000
Licenses Fees and Miscellaneous:			
Licenses and Fees.....	136,700	-1,400	135,300
Miscellaneous.....	482,300	-49,800	432,500
Fines, Penalties and Interest:			
On Taxes.....	26,000	0	26,000
Other.....	1,600	1,400	3,000
TOTAL NONTAX REVENUES.....	\$ 801,600	\$ -49,800	\$ 751,800
GENERAL FUND TOTAL.....	\$ 21,812,100	\$ -606,100	\$ 21,206,000

General Fund Revenue Sources

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

Corporate Net Income Tax

Tax Base: This tax is paid by all domestic and foreign business corporations for the privilege of doing business, carrying on activities, or employing or owning capital or property in Pennsylvania and is levied on Federal taxable income with Pennsylvania modifications. When the entire business of any corporation is not transacted within Pennsylvania, taxable income usually is determined by a three factor apportionment formula, where the sales factor is given a weight of 60 percent.

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

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

Capital Stock and Franchise Taxes

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

Tax Rates:

January 1, 2002 through December 31, 2002.....	7.24 mills (The semiannual transfer to the Hazardous Sites Cleanup Fund (HSCF) is suspended unless the Fund balance is expected to be less than \$5 million).
January 1, 2001 through December 31, 2001 ...	7.49 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 2000 through December 31, 2000....	8.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1999 to December 31, 1999.....	10.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1998 to December 31, 1998.....	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1992 to December 31, 1997.....	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1991 to December 31, 1991.....	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to HSCF and 0.25 mill for transfer semiannually to the State Lottery Fund).
January 1, 1988 to December 31, 1990.....	9.5 mills (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1987 to December 31, 1987.....	9 mills.
Prior to January 1, 1987.....	10 mills.

Proposed Change: The scheduled phase out of the tax will be extended by one year through a temporary suspension of the rate reductions effective December 31, 2002. The rate is proposed to remain constant at 7.24 mills through December 31, 2003. A proposed reduction to the rate of 0.25 mills would be effective January 1, 2004 after which annual one mill reductions to the rate would begin in 2005 and would continue until the tax is eliminated on January 1, 2011.

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

General Fund Revenue Sources

Gross Receipts Tax

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

Tax Rates: July 1, 1991 to Current.....	45 mills plus a 5 mill surtax (electric utilities pay 44 mills or a rate as adjusted by the revenue neutral reconciliation rate, which was permanently set at 15 mills for 2003 and thereafter).
January 1, 1988 to June 30, 1991	44 mills.
Prior to January 1, 1988.....	45 mills.

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

Public Utility Realty Tax

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

Tax Rate: The tax rate is set each year upon determination by the Department of Revenue of the required distribution of the realty tax equivalent to local tax authorities. Revenue from an additional 7.6 mills is deposited in the Public Transportation Assistance Fund. For tax year 2004 and thereafter, the Department of Revenue will calculate a Gross Receipts Tax surcharge in the event refunds for Public Utility Realty Tax appeals exceed \$5 million in the prior fiscal year.

Reference: Purdon's Title 72 P.S. §8101-A—§8109-A.

Insurance Premiums Tax

Tax Base: This tax is levied on the gross premiums from all business transacted within the Commonwealth during each calendar year by domestic and foreign insurance companies.

Tax Rates: The rate is 2 percent of gross premiums plus a retaliatory tax where applicable. Marine insurance companies pay a 5 percent tax on underwriting profits attributable to Pennsylvania in lieu of the gross premiums tax. A tax of 3 percent is imposed on all gross premiums of surplus lines written with an unlicensed insurer.

Reference: Purdon's Title 72 P.S. §7901—§7906.

Financial Institutions Taxes

Tax Base: This category includes taxes levied on the taxable amount of the capital stock of banks, trust and domestic title insurance companies, and on the taxable net income of mutual thrift institutions.

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

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

Other Selective Business Taxes

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

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

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

Sales and Use Tax

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

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

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

Cigarette Tax

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

Tax Rates: The rate is 5.0 cents per cigarette. Beginning in fiscal year 2002-03, fixed annual amounts of \$30.73 million and \$20.485 million of Cigarette Tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of Cigarette Tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of Cigarette Tax receipts to the ACEP Fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. The revenues shown for the General Fund are net of these transfers.

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

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 47 P.S. §794—§796.

Personal Income Tax

Tax Base: The tax is paid by all residents, resident trust and estates on eight separate classes of income: (1) compensation, (2) net profits, (3) interest, (4) dividends, (5) income from the disposition of property, (6) rents and royalties, (7) gambling and lottery winnings (except Pennsylvania Lottery winnings won after July 20, 1983), and (8) income from estates and trusts. The tax is also paid by non-resident individuals, estates and trusts on the following income from sources within the Commonwealth: compensation for personal services performed in Pennsylvania unless the taxpayer is a resident of a state with which there is a reciprocal agreement; net profits from activity conducted in Pennsylvania; and income from the rental, ownership or disposition of any real or personal property. A loss in one class of income may not be offset against income in another class, nor may gains or losses be carried back or forward from year to year. A credit is available to those individuals receiving tax forgiveness under the special provisions for poverty. Beginning in 1999, a qualified single individual with eligibility income of \$6,500 or less would receive 100 percent tax forgiveness. The amount of forgiveness declines by 10 percent for each \$250 of income. The eligibility income limit for each qualifying dependent of a claimant for tax forgiveness under the special tax provisions for poverty increased from \$8,500 in 2001 to \$9,000 in 2002.

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%

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

Realty Transfer Tax

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

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

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

Inheritance and Estate Taxes

Tax Base: The Inheritance Tax is imposed on the value of property transferred to beneficiaries of a deceased person and certain transfers made during the decedent's lifetime. The value of the transfer is established on the date of the decedent's death. The Estate Tax is levied when the Federal estate tax credit for State death taxes exceeds a decedent's Inheritance Tax liability. The Federal estate tax credit is scheduled to be phased out between 2002 and 2005. However, the Pennsylvania Estate Tax will continue to be based on Federal law as amended to June 1, 2001, which is prior to the effective date of the Federal act that phases out the credit.

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

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

Minor and Repealed Taxes

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

State Stores Fund Transfer

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

Licenses, Fees and Miscellaneous Revenue

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

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

Fines, Penalties and Interest

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

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

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
TAX REVENUE			
Corporate Net Income Tax.....	\$ 1,418,493	\$ 1,421,800	\$ 1,456,400
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic.....	\$ 404,326	\$ 399,091	\$ 386,697
Franchise Taxes — Foreign.....	509,100	502,509	486,903
SUBTOTAL.....	\$ 913,426	\$ 901,600	\$ 873,600
Gross Receipts Tax			
Electric, Hydroelectric and Water Power.....	\$ 538,697	\$ 601,300	\$ 609,500
Motor Transportation.....	332	0	0
Telephone and Telegraph.....	169,480	176,300	180,000
Transportation.....	2,088	3,000	3,100
SUBTOTAL.....	\$ 710,597	\$ 780,600	\$ 792,600
Public Utility Realty Tax.....	\$ 28,850	\$ 47,900	\$ 53,100
Insurance Premiums Tax			
Domestic Casualty.....	\$ 53,602	\$ 58,140	\$ 59,193
Domestic Fire.....	18,822	20,416	20,785
Domestic Life and Previously Exempted Lines.....	57,778	62,670	63,804
Excess Insurance Brokers.....	10,206	11,070	11,270
Foreign Excess Casualty.....	2,761	2,995	3,049
Foreign Excess Fire.....	3,368	3,653	3,719
Foreign Life.....	144,797	157,056	159,898
Marine.....	155	168	171
Title Insurance.....	4,475	4,854	4,942
Unauthorized Insurance.....	4,590	4,978	5,069
SUBTOTAL.....	\$ 300,554	\$ 326,000	\$ 331,900
Financial Institutions Taxes			
Federal Mutual Thrift Institutions.....	\$ 3,062	\$ 3,136	\$ 3,627
National Banks.....	157,273	160,493	164,501
State Banks.....	24,990	25,502	26,139
State Mutual Thrift Institutions.....	13,145	13,464	15,573
Trust Companies.....	17,840	18,205	18,660
SUBTOTAL.....	\$ 216,310	\$ 220,800	\$ 228,500
Other Selective Business Taxes			
Corporate Loans — Domestic.....	\$ 7,601	\$ 6,901	\$ 6,901
Corporate Loans — Foreign.....	5,911	5,367	5,367
Miscellaneous Business Taxes.....	256	232	232
Corporation Taxes — Clearing Accounts Undistributed.....	-378	0	0
SUBTOTAL.....	\$ 13,390	\$ 12,500	\$ 12,500
Sales and Use Tax			
Motor Vehicle.....	\$ 1,161,755	\$ 1,215,200	\$ 1,234,000
Non-Motor Vehicle.....	6,130,744	6,303,600	6,533,700
SUBTOTAL.....	\$ 7,292,499	\$ 7,518,800	\$ 7,767,700
Cigarette Tax.....	\$ 266,795	\$ 845,900	\$ 837,400
Malt Beverage Tax.....	\$ 26,653	\$ 25,700	\$ 25,700
Liquor Tax.....	\$ 170,769	\$ 187,500	\$ 187,200

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Personal Income Tax			
Non-Withholding.....	\$ 1,553,212	\$ 1,404,000	\$ 1,462,000
Withholding.....	5,585,456	5,686,400	5,928,600
SUBTOTAL.....	\$ 7,138,668	\$ 7,090,400	\$ 7,390,600
Realty Transfer Tax.....	\$ 290,472	\$ 352,400	\$ 315,900
Inheritance Tax			
Nonresident Inheritance and Estate Tax.....	\$ 4,159	\$ 3,818	\$ 3,930
Resident Inheritance and Estate Tax.....	775,412	711,882	732,770
SUBTOTAL.....	\$ 779,571	\$ 715,700	\$ 736,700
Minor and Repealed Taxes			
Spirituos and Vinous Liquors Tax.....	\$ 4	\$ *	\$ *
Excess Vehicle Rental Tax.....	5,826	6,100	6,200
Job Creation Tax Credit.....	-448	-500	-10,000
Payments of Intergrated Taxes (KITS).....	-125	-83	-83
Tax on Writs, Wills and Deeds.....	1,624	1,083	1,083
SUBTOTAL.....	\$ 6,881	\$ 6,600	\$ -2,800
TOTAL TAX REVENUE.....	\$ 19,573,928	\$ 20,454,200	\$ 21,007,000
NONTAX REVENUES			
State Stores Fund Transfer.....	\$ 120,000	\$ 155,000	\$ 50,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 2	\$ 3	\$ 3
SUBTOTAL.....	\$ 2	\$ 3	\$ 3
Executive Offices			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 50	\$ 50	\$ 50
Interest Transferred to Federal JAIBG Program.....	-181	-200	-200
Interest Transferred to Employee Benefits.....	-5,706	-6,000	-6,000
Contra Revenue Code 001710-018499-103.....	-8,275	0	0
Refunds Of Expenditures Not Credited To Appropriations.....	1,769	1,800	1,800
SUBTOTAL.....	\$ -12,343	\$ -4,350	\$ -4,350
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees.....	\$ 6	\$ 7	\$ 7
Board Of Pardons -- Filing Fees.....	7	8	8
MISCELLANEOUS REVENUE			
Miscellaneous.....	*	0	0
Refunds of Expend Not Credited To Approp.....	3	0	0
SUBTOTAL.....	\$ 16	\$ 15	\$ 15
Auditor General			
LICENSES AND FEES			
Filing Fees -- Board of Arbitration of Claims.....	\$ 5	\$ 12	\$ 12
SUBTOTAL.....	\$ 5	\$ 12	\$ 12
Attorney General			

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments.....	\$ 905	\$ 210	\$ 216
Miscellaneous Interest Offset for Appropriation 611.....	-58	-80	-82
Miscellaneous.....	7	28	29
Refunds Of Expenditures Not Credited To Appropriations.....	8	9	9
SUBTOTAL.....	\$ 862	\$ 167	\$ 172
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs.....	\$ 2,261	\$ 2,500	\$ 2,500
Depository Adjustments.....	7	0	0
Dividend Income Reinvested - Long Term.....	2,719	0	0
Interest Transferred to Asbestos/Lead Account.....	-72	-50	-50
Interest Transferred to Hodge Trust Fund.....	-8	-10	0
Interest Transferred to PA Tech Invest Authority.....	-228	-100	-100
Interest Income Reinvested - Long Term.....	15,037	0	0
Interest on Average Collected Balance - WIC Program.....	38	50	40
Interest On Deposits.....	207	250	250
Interest On Securities — Liquor License Fund.....	72	90	85
Interest On Securities.....	94,827	50,230	50,175
Miscellaneous.....	292	50	50
Premium on Sale of Securities.....	*	0	0
Realized Gain or Loss on Sale of Investments - Long Term.....	-48,923	0	0
Redeposit Of Checks.....	6,674	2,000	2,000
Refunds Of Expenditures Not Credited To Appropriations.....	0	3	0
Transfer to Disaster Relief Fund - Act323.....	*	0	0
Unclaimed Property — Administration Cost Reimbursements.....	-10,625	-500	0
Unclaimed Property — Claim Payments.....	-17,395	-24,000	-39,200
Unclaimed Property — Financial Institution Deposits.....	23,387	55,700	25,000
Unclaimed Property — Other Holder Deposits.....	49,922	180,400	52,200
SUBTOTAL.....	\$ 118,192	\$ 266,613	\$ 92,950
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses.....	\$ *	\$ 4	\$ 0
Approved Inspectors Certificate And Registration Fees.....	4	4	4
Domestic Animal Dealers' Licenses.....	45	48	48
Eating & Drinking Licenses.....	1,226	1,200	1,200
Egg Certification Fees.....	13	12	12
Egg Opening Licenses.....	*	*	*
Farm Products Inspection Fees.....	84	84	84
Garbage Feeders Licenses.....	1	1	1
Ice Cream Licenses.....	161	164	164
Livestock Branding Fees.....	*	*	*
Maple Syrup Program.....	*	1	1
Miscellaneous Licenses And Fees.....	16	17	17
Poultry Technician Licenses.....	2	2	2
Public Weighmasters' Liquid Fuel License — State Share.....	42	150	150
Registration Fee — Food Establishment.....	232	235	235
Rendering Plant Licenses.....	7	5	5
Lab Directors Exam Fees.....	1	1	1
Seed Testing And Certification Fees.....	67	60	60
Veterinarian Diagnostic Laboratory Fees.....	300	300	345

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Department of Agriculture (continued)			
MISCELLANEOUS REVENUE			
Refunds Of Expenditures Not Credited To Appropriations.....	15	0	0
Telephone Commissions.....	2	0	0
SUBTOTAL.....	\$ 2,218	\$ 2,288	\$ 2,329
Civil Service Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ 0	\$ 0
Refunds of Expend Not Credited to Appropriations.....	1	0	0
SUBTOTAL.....	\$ 1	\$ 0	\$ 0
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees.....	\$ 244	\$ 240	\$ 250
MISCELLANEOUS REVENUE			
Infrastructure Developer - Loan Repayments.....	338	325	300
Interest From Grantees.....	836	800	800
Housing and Redevelopment Loan Repayments.....	595	575	550
Miscellaneous.....	3,998	3,002	2,502
Nursing Home Loans — Repayments.....	47	45	40
PNHLA Prior Year In-Transit.....	4,432	4,400	4,000
Refunds of Expenditures Not Credited to Appropriations.....	2,178	1,000	500
Repayable Grant Payments.....	1,491	1,500	1,500
SUBTOTAL.....	\$ 14,159	\$ 11,887	\$ 10,442
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases.....	\$ 808	\$ 800	\$ 800
Ground Rents.....	13	13	13
Housing Rents.....	25	27	27
Minerals Sales.....	4	4	4
Miscellaneous.....	9	10	10
Refunds Of Expenditures Not Credited To Appropriations.....	13	13	13
Rights-Of-Way.....	398	400	400
Sales Tax Escrow Account.....	8	9	9
Telephone Commissions.....	3	2	2
Water Leases.....	17	17	17
SUBTOTAL.....	\$ 1,298	\$ 1,295	\$ 1,295
Department of Corrections			
MISCELLANEOUS REVENUE			
Antitrust Case Payments.....	\$ 46	\$ 80	\$ 110
Miscellaneous.....	5	5	6
Restitution Payments.....	218	275	275
Telephone Commissions.....	6,476	6,725	6,850
SUBTOTAL.....	\$ 6,745	\$ 7,085	\$ 7,241
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts.....	\$ 32	\$ 32	\$ 32
Fees For Licensing Private Schools.....	181	200	200
PDE Fees Transcripts — Closed Private Schools.....	*	*	*
Private Academic School Teacher Certification Fees.....	11	12	11
Fees For Licensing Private Driver Training Schools.....	87	77	77

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Department of Education (continued)			
Secondary Education Evaluation Fees.....	4	5	4
Teacher Certification Fees.....	587	516	597
MISCELLANEOUS REVENUE			
Miscellaneous.....	2	0	0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 904	\$ 842	\$ 921
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 5	0	0
Refunds of Expenditures Not Credited to Appropriations.....	6	0	0
SUBTOTAL.....	\$ 11	\$ 0	\$ 0
Department of Environmental Protection			
LICENSES AND FEES			
Anthracite Miners' Examination and Certification Fees.....	\$ *	\$ *	\$ *
Bituminous Miners' Examination and Certification Fees.....	2	2	1
Bituminous Shot Firers and Machine Runners Exam A.....	0	0	1
Blasters' Examination and Licensing Fees.....	4	4	28
Dams And Encroachment Fees.....	168	171	152
Examination and Certification Fees.....	3	3	3
Explosives Storage Permit Fees.....	64	64	63
Hazardous Waste Facility Annual Permit Administration Fees.....	54	55	55
Hazardous Waste Facility Permit Application Fees.....	128	130	90
Hazardous Waste Transporter License and Fees.....	43	44	48
Hazardous Waste Storage-Disposal Fac-Fee.....	51	52	27
Infectious and Chemical Waste Transport Fees.....	15	15	11
Municipal Waste Annual Permit Administration Fees.....	223	226	188
Municipal Waste Permit Application Fees.....	670	680	448
Residual Waste Permit Administration Fees.....	202	205	194
Residual Waste Permit Application/Modification Fees.....	89	90	76
Residual Waste Closure Admin Fees.....	1	1	4
Restaurant Licenses.....	*	*	*
Sewage Enforcement+Exam Fees.....	*	*	*
Sewage Permit Fees.....	378	384	420
Submerged Land Fees.....	59	60	56
Water Bacteriological Examination Fees.....	28	28	30
Water Power and Supply Permit Fees.....	103	105	93
Tipping Fees.....	0	42,000	0
MISCELLANEOUS REVENUE			
Ground Rentals.....	18	18	14
Interest on Loan Payments.....	250	821	703
Interest Payments — Mine Subsidence.....	4	3	3
Mineral Sales.....	*	*	*
Miscellaneous.....	25	25	19
Payment To Occupy Submerged Lands.....	275	279	261
Penalty Charges — Delinquent Interest.....	5	0	0
Refunds of Expenditures Not Credited to Appropriations.....	33	34	28
Repayment Of Loans — Water Facilities.....	763	2,050	1,793
Rights-of-Way.....	7	7	10
Royalties for Recovery Of Materials — Schuylkill River.....	173	175	155
Sales Tax Escrow Account.....	*	*	*
Sales Tax — Allegheny County.....	*	*	*
Sewage Treatment And Waterworks Application Fees.....	51	51	63
Surface Subsidence Assistance Loans — Repayments.....	17	17	19

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Department of Environmental Protection (continued)			
Telephone Commissions.....	1	1	1
SUBTOTAL	\$ 3,907	\$ 47,800	\$ 5,057
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7.....	\$ 2,553	\$ 2,553	\$ 2,553
Allocation Of Purchasing Costs Job 19.....	1,164	1,164	1,164
Miscellaneous.....	147	147	147
Real Estate Services.....	358	358	358
Refunds of Expenditures Not Credited to Appropriations.....	58	0	0
Rental Of State Property.....	357	188	76
Sale Of Publications.....	9	0	0
Sale Of State Property.....	101	4,353	10,418
Sale Of Unserviceable Property.....	381	381	381
Mileage.....	*	0	0
Reading State Office Building.....	143	143	143
Scranton State Office Building.....	1,278	1,278	1,278
Altoona State Office Building.....	39	39	39
SUBTOTAL	\$ 6,588	\$ 10,604	\$ 16,557
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees.....	\$ 2	\$ 2	\$ 2
Cre Certification Fees.....	17	34	17
Hospice Licensing Fees.....	32	28	29
Immunization Service Fees.....	23	23	23
Life Safety Code Inspection Fees.....	279	300	321
Miscellaneous Licensure Fees.....	92	100	109
Nursing Home Licenses.....	362	370	377
Pediatric Extended Care Licensing Fees.....	2	1	1
Profit Making Hospital Licenses.....	145	160	160
Organized Camps Program Fees.....	4	5	5
Registration Fees — Hearing Aid Act.....	98	98	98
Registration Fees — Drugs Devices and Cosmetics Act.....	369	363	381
Vital Statistics Fees.....	2,999	3,130	3,226
Wholesale Prescription Drug Distribution Licenses.....	55	62	69
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program.....	-6	-7	-7
Miscellaneous.....	108	115	123
Refunds of Expenditures Not Credited to Appropriations.....	3	3	3
SUBTOTAL	\$ 4,584	\$ 4,787	\$ 4,937
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	*	*
Refunds of Expenditures Not Credited to Appropriations.....	47	30	30
SUBTOTAL	\$ 47	\$ 30	\$ 30
Insurance Department			
LICENSES AND FEES			
Agents' and Brokers' Certification Fees.....	\$ 736	\$ 800	\$ 0
Agents' Licenses.....	12,274	12,000	12,800
Brokers' Licenses.....	65	230	0
Division of Companies Certification — Certificates and Filing Fees.....	985	850	850
Examination Fees and Expenses.....	2,352	2,400	2,600

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Insurance Department (continued)			
Market Conduct Examination Fees.....	438	425	450
Miscellaneous Fees.....	27	3	1
Miscellaneous Licenses.....	11	14	12
New Applicants.....	1,373	1,350	1,400
Physical Damage Appraiser License.....	22	22	18
Renewals.....	2,411	2,500	3,500
Valuation of Policies Fees.....	5,324	5,300	5,300
MISCELLANEOUS REVENUE			
Contra to Revenue Code 001780-009696-102.....	-7	0	0
Miscellaneous.....	323	350	350
Refunds of Expenditures Not Credited to Appropriations.....	3	0	0
SUBTOTAL.....	\$ 26,337	\$ 26,244	\$ 27,281
Department of Labor and Industry			
LICENSES AND FEES			
Approval of Building Plan Fees.....	\$ 5,010	\$ 5,000	\$ 4,000
Approval of Elevator Plan Fees.....	426	425	425
Bedding And Upholstery Fees.....	718	550	550
Boiler Inspection Fees.....	3,167	3,000	3,000
Elevator Inspection Fees.....	2,014	1,900	1,900
Employment Agency Licenses.....	36	34	34
Employment Agents' Registration Fees.....	3	4	4
Flammable Liquids Storage Fees.....	39	40	40
Liquefied Petroleum Gas Registration Fees.....	231	200	200
Projectionists' Examination And License Fees.....	6	3	0
Stuffed Toys Manufacturers' Registration Fees.....	68	60	60
MISCELLANEOUS REVENUE			
Act 64-Contra Miscellaneous Revenue Code.....	\$ *	0	0
CETA Audit Settlement.....	*	0	0
Miscellaneous.....	6	3	3
Refunds of Expenditures Not Credited to Appropriations.....	63	0	0
SUBTOTAL.....	\$ 11,787	\$ 11,219	\$ 10,216
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	202	37	37
Telephone Commissions.....	20	7	7
SUBTOTAL.....	\$ 222	\$ 44	\$ 44
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	4	0	0
SUBTOTAL.....	\$ 4	\$ 0	\$ 0
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses.....	\$ 57	\$ 58	\$ 58
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 5	14	14
Refunds of Expenditures Not Credited to Appropriations.....	89	67	67
Telephone Commissions.....	32	32	32
SUBTOTAL.....	\$ 183	\$ 171	\$ 171

* Less than \$500.



General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees.....	\$ 29	\$ 30	\$ 30
Cigarette Permit Fees.....	597	600	610
Domestic Violence and Rape Crisis Program Fee.....	2,122	2,100	2,100
Uniform Commercial Fee Act 1992-67.....	927	1,000	1,000
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67.....	13,796	14,500	15,000
District Justice Costs.....	7,631	7,700	8,000
Miscellaneous.....	8	20	20
Distribution Due Absentee.....	426	300	300
Income Tax Check-Offs — Olympics.....	*	1	1
Refunds of Expenditures Not Credited to Appropriations.....	20	5	5
SUBTOTAL.....	\$ 25,556	\$ 26,256	\$ 27,066
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial.....	\$ 31	\$ 45	\$ 54
Associated Persons — Renewal.....	126	117	141
Associated Persons — Transfer.....	2	4	4
Brokers, Dealers Registration Fees — Initial.....	72	76	69
Brokers, Dealers Registration Fees — Renewal.....	623	682	674
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs.....	*	*	*
Investment Advisors Filing Fees — Initial.....	17	22	37
Investment Advisors Filing Fees — Renewal.....	101	92	108
Investment Advisors — Notice Filings Initial.....	60	70	59
Investment Advisors — Notice Filings Renewal.....	263	231	289
Mutual Funds — Increase in Amount of Filing.....	479	640	500
Mutual Funds — Initial Filing.....	542	1,100	600
Mutual Funds — Renewal Filing.....	4,084	4,355	4,100
Mutual Funds — Unregistered Sales.....	0	1	0
506 RD Filings.....	840	1,110	850
Section 203 (D) — Increase in Amount of Filing.....	0	*	0
Section 203 (D) — Initial Filing.....	20	35	25
Section 203 (I) (O) (II) — Initial Filing.....	2	3	0
Section 203(P) — Initial Filing.....	0	*	*
Section 203(S) — Initial Filing.....	7	15	8
Section 203(T) — Filing.....	5	10	5
Section 205 — Security Registration and Amendment Fees.....	42	50	45
Section 206 — Increase in Amount of Filing.....	1	0	1
Section 206 — Qualification Filing — Initial.....	76	110	80
Securities Agents Filing Fees — Initial.....	1,972	2,600	1,901
Securities Agents Filing Fees — Renewal.....	6,851	8,236	7,553
Securities Agents Filing Fees — Transfer.....	217	155	370
Takeover Disclosure Filing Fees + Sct Iv Rgtrn.....	*	3	1
Miscellaneous Takeover Disclosure Filing Fees.....	0	1	1
MISCELLANEOUS REVENUE			
Miscellaneous.....	*	0	0
SUBTOTAL.....	\$ 16,433	\$ 19,763	\$ 17,475
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees.....	\$ 1,180	\$ 1,245	\$ 1,282
Commission and Filing Fees — Bureau Of Elections.....	691	300	400
Commission and Filing Fees — Corporation Bureau.....	19,433	19,500	19,890

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Department of State (continued)			
Commission Fees.....	59	64	64
Notary Public Commission Fees.....	1,004	1,100	1,100
MISCELLANEOUS REVENUE			
Miscellaneous.....	*	0	0
SUBTOTAL.....	\$ 22,367	\$ 22,209	\$ 22,736
State Police			
MISCELLANEOUS REVENUE			
Act 64 - Contra Miscellaneous Revenue	\$ -2	\$ 0	\$ 0
Miscellaneous.....	249	250	250
Reimbursement For Lost Property.....	4	8	8
Refunds of Expenditures Not Credited to Appropriations.....	317	320	320
Telephone Commissions.....	1	2	2
SUBTOTAL.....	\$ 569	\$ 580	\$ 580
Department of Transportation			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Interest	\$ 13	\$ 0	\$ 0
SUBTOTAL.....	\$ 13	\$ 0	\$ 0
Other			
MISCELLANEOUS REVENUE			
Conscience Money.....	\$ 4	\$ 0	\$ 0
Payments in Lieu of Taxes — SWIF.....	5,552	4,600	5,000
Public Television Network - Refunds of Expend.....	1	0	0
Public Television Network - Miscellaneous.....	0	136	0
State Ethics Commission - Lobbyist Registration.....	0	200	20
Transfers From Special Funds.....	77,204	107,300	7,200
SUBTOTAL.....	\$ 82,761	\$ 112,236	\$ 12,220
Total Licenses, Fees and Miscellaneous.....	\$ 333,428	\$ 567,800	\$ 255,400
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax.....	\$ 14,825	\$ 13,338	\$ 13,338
Interest on Excise Taxes — Corporations.....	12,403	11,158	11,158
Penalties on Excise Taxes — Corporations.....	1,671	1,504	1,504
SUBTOTAL.....	\$ 28,899	\$ 26,000	\$ 26,000
Other Fines and Penalties			
Executive Offices			
PA Human Relations Commission - Civil Penalties.....	\$ 2	\$ 3	\$ 3
Department of Agriculture			
Amusement Rides and Attractions — Fines.....	*	2	2
Egg Fines.....	0	*	*
General Food Fines.....	2	4	4
Harness Racing Fines and Penalties.....	54	50	60
Horse Racing Fines and Penalties.....	39	42	42
Marking Law Fines.....	0	*	*
Miscellaneous Fines.....	*	0	0
Civil Penalties - Food Establishments.....	*	0	0
Seasonal Farm Laborers Fines & Penalties.....	3	1	1
Weights & Mearsures Division - Fines.....	152	5	5
Department of Conservation and Natural Resources			
Miscellaneous Fines.....	1	3	3
Department of Environmental Protection			
Miscellaneous Fines.....	*	*	*

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Ethics Commission			
Violations-Act 1978-170.....	47	20	20
Department of General Services			
Traffic Violation Fines.....	26	26	26
Department of Insurance			
Miscellaneous Fines.....	1,504	800	850
Department of Labor and Industry			
Minor Labor Law Fines.....	3	2	2
Miscellaneous Fines.....	82	95	95
Public Utility Commission			
Violation Of Order Fines.....	217	350	425
Department of Public Welfare			
Miscellaneous Fines & Penalties.....	1,192	1,228	1,182
Department of Revenue			
Malt Liquor Fines and Penalties.....	13	10	10
Department of State			
Penalties and Fines - Charities Bureau.....	351	359	370
SUBTOTAL	<u>\$ 3,688</u>	<u>\$ 3,000</u>	<u>\$ 3,100</u>
Total Fines, Penalties and Interest	<u>\$ 32,587</u>	<u>\$ 29,000</u>	<u>\$ 29,100</u>
TOTAL NONTAX REVENUES	<u>\$ 486,015</u>	<u>\$ 751,800</u>	<u>\$ 334,500</u>
TOTAL GENERAL FUND REVENUES	<u><u>\$ 20,059,943</u></u>	<u><u>\$ 21,206,000</u></u>	<u><u>\$ 21,341,500</u></u>

* Less than \$500.

General Fund Revenue Summary

Revenue History

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

(Dollar Amounts in Thousands)

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income Tax.....	\$ 1,697,077	\$ 1,703,241	\$ 1,724,945	\$ 1,860,184	\$ 1,603,375	\$ 1,418,493
Capital Stock and Franchise Taxes..	954,503	1,030,450	1,100,318	1,083,505	1,063,046	913,426
Selective Business:						
Gross Receipts Tax.....	717,508	729,378	670,238	657,260	663,551	710,597
Public Utility Realty Tax.....	137,164	102,342	124,588	104,855	42,292	28,850
Insurance Premiums Tax.....	202,157	217,701	261,895	263,879	291,421	300,554
Financial Institutions Tax.....	187,719	202,393	193,293	211,983	189,900	216,310
Other Selective Business Taxes.....	12,992	12,848	12,592	11,065	10,011	13,390
Total — Corporation Taxes.....	\$ 3,909,120	\$ 3,998,353	\$ 4,087,869	\$ 4,192,731	\$ 3,863,596	\$ 3,601,620
Consumption Taxes						
Sales and Use Tax.....	\$ 6,036,480	\$ 6,152,191	\$ 6,605,756	\$ 7,018,332	\$ 7,203,756	\$ 7,292,499
Cigarette Tax.....	291,590	278,994	275,786	272,418	269,339	266,795
Malt Beverage Tax.....	25,216	25,276	25,483	25,776	25,530	26,653
Liquor Tax.....	130,660	136,115	144,990	153,831	162,083	170,769
Total — Consumption Taxes.....	\$ 6,483,946	\$ 6,592,576	\$ 7,052,015	\$ 7,470,357	\$ 7,660,708	\$ 7,756,716
Other Taxes						
Personal Income Tax.....	\$ 5,745,633	\$ 6,236,383	\$ 6,683,575	\$ 7,066,013	\$ 7,491,462	\$ 7,138,668
Realty Transfer Tax.....	200,927	241,458	257,959	271,858	268,816	290,472
Inheritance Tax.....	615,495	710,904	760,698	819,110	799,800	779,571
Minor and Repealed Taxes.....	3,047	-4,921	-7,786	-9,163	6,620	6,881
Total — Other Taxes.....	\$ 6,565,102	\$ 7,183,824	\$ 7,694,446	\$ 8,147,818	\$ 8,566,698	\$ 8,215,592
TOTAL TAX REVENUE.....	\$ 16,958,168	\$ 17,774,753	\$ 18,834,330	\$ 19,810,906	\$ 20,091,002	\$ 19,573,928
NONTAX REVENUE						
State Stores Fund Transfer.....	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 120,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees.....	72,830	76,994	81,212	86,765	86,581	90,399
Miscellaneous.....	207,539	193,064	233,172	281,954	301,080	243,030
Fines, Penalties and Interest:						
On Taxes.....	29,463	26,095	26,691	24,776	29,885	28,898
Other.....	2,554	2,262	1,250	2,326	3,197	3,688
TOTAL NONTAX REVENUES.....	\$ 362,386	\$ 348,415	\$ 392,325	\$ 445,821	\$ 470,743	\$ 486,015
GENERAL FUND TOTAL.....	\$ 17,320,554	\$ 18,123,168	\$ 19,226,655	\$ 20,256,727	\$ 20,561,745	\$ 20,059,943



MOTOR LICENSE FUND

The Motor License Fund is a special revenue fund composed of monies received from liquid fuels taxes, licenses and fees on motor vehicles, aviation fuel tax revenues, Federal aid for highway and aviation purposes, contributions from local subdivisions for highway projects and other miscellaneous highway revenues.

The fund provides for highway and bridge improvement, design, maintenance, and purchase of rights-of-way, as well as aviation activities and Department of Transportation licensing and safety activities. It also finances State Police highway patrol operations and pays subsidies to local subdivisions for construction and maintenance of roads.

Financial Statement *

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 114,861	\$ 56,358	\$ 31,940
Revenue:			
Revenue Receipts.....	\$ 1,955,025	\$ 2,029,300	\$ 2,026,348
Adjustment to Official Estimate	0	\$ -24,195	0
Prior Year Lapses	<u>27,775</u>	<u>28,943</u>	<u>0</u>
Funds Available	<u>\$ 2,097,661</u>	<u>\$ 2,090,406</u>	<u>\$ 2,058,288</u>
Expenditures:			
Appropriations.....	\$ 2,061,026	\$ 2,058,466	\$ 2,047,835
Less Current Year Lapses	<u>-19,723</u>	<u>0</u>	<u>0</u>
Estimated Expenditures	<u>\$ -2,041,303</u>	<u>\$ -2,058,466</u>	<u>\$ -2,047,835</u>
Ending Balance	<u>\$ 56,358</u>	<u>\$ 31,940</u>	<u>\$ 10,453</u>

* Excludes restricted revenue.

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Executive Offices			
General Government			
Office of the Budget.....	\$ 4,322	\$ 4,485	\$ 5,485
Statewide Public Safety Radio System.....	960	5,856	5,856
TOTAL STATE FUNDS	\$ 5,282	\$ 10,341	\$ 11,341
Augmentations.....	\$ 638	\$ 785	\$ 988
DEPARTMENT TOTAL.....	\$ 5,920	\$ 11,126	\$ 12,329
Treasury Department			
General Government			
Replacement Checks.....	\$ 47	\$ 300	\$ 300
Refunding Liquid Fuel Tax — Agricultural	3,340	4,500	4,500
Administration of Refunding Liquid Fuel Tax.....	407	455	461
Refunding Liquid Fuel Tax — State Share.....	169	650	650
Refunding Emergency Liquid Fuel Tax.....	0	1	1
Refunding Liquid Fuel Tax — Political Subdivisions.....	2,214	3,800	3,800
Refunding Liquid Fuel Tax — Volunteer Services.....	359	450	450
Refunding Liquid Fuel Tax — Boat Fund.....	2,561	3,000	3,000
Subtotal.....	\$ 9,097	\$ 13,156	\$ 13,162
Debt Service Requirements			
Capital Debt — Transportation Projects.....	\$ 58,353	\$ 40,965	\$ 29,722
General Obligation Debt Service.....	1,473	1,798	8,964
Loan and Transfer Agent.....	18	50	50
Subtotal.....	\$ 59,844	\$ 42,813	\$ 38,736
TOTAL STATE FUNDS	\$ 68,941	\$ 55,969	\$ 51,898
Restricted Revenue.....	\$ 24,246	\$ 23,874	\$ 21,375
DEPARTMENT TOTAL.....	\$ 93,187	\$ 79,843	\$ 73,273
Department of Conservation and Natural Resources			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL STATE FUNDS	\$ 1,000	\$ 1,000	\$ 1,000
Restricted Revenue.....	\$ 3,068	\$ 3,656	\$ 4,500
DEPARTMENT TOTAL.....	\$ 4,068	\$ 4,656	\$ 5,500
Department of Education			
Grants and Subsidies			
Safe Driving Course.....	\$ 1,070	\$ 1,230	\$ 1,230
DEPARTMENT TOTAL.....	\$ 1,070	\$ 1,230	\$ 1,230
Department of Environmental Protection			
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 4,000
DEPARTMENT TOTAL.....	\$ 4,000	\$ 4,000	\$ 4,000
Department of General Services			
Tort Claims Payments.....	\$ 20,000	\$ 20,000	\$ 20,000
Harristown Rental Charges.....	91	95	91
Harristown Utility and Municipal Charges.....	149	158	153
DEPARTMENT TOTAL.....	\$ 20,240	\$ 20,253	\$ 20,244

Motor License Fund

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax.....	\$ 12,057	\$ 13,032	\$ 13,237
Refunding Liquid Fuels Tax.....	9,000	9,200	9,200
TOTAL STATE FUNDS	\$ 21,057	\$ 22,232	\$ 22,437
Augmentations.....	\$ 0	\$ 25	\$ 25
DEPARTMENT TOTAL.....	\$ 21,057	\$ 22,257	\$ 22,462
State Police			
General Government			
General Government Operations.....	\$ 304,990	\$ 310,144	\$ 314,965
Municipal Police Training.....	5,158	5,731	4,243
Patrol Vehicles.....	6,052	6,481	5,882
CLEAN System.....	23,567	49,419	30,000
DEPARTMENT TOTAL.....	\$ 339,767	\$ 371,775	\$ 355,090
Department of Transportation			
General Government			
General Government Operations.....	\$ 46,258	\$ 48,067	\$ 48,657
Highway Systems Technology.....	25,000	17,100	17,100
Refunding Collected Monies.....	4,030	4,250	4,250
Relocation of Transportation and Safety Operations.....	0	0	0
Highway and Safety Improvement.....	196,750	188,000	150,000
Highway Capital Projects.....	210,200	210,776	222,050
Security Walls Pilot Project.....	10,000	10,000	10,000
Highway Maintenance.....	662,750	666,000	651,000
Secondary Roads — Maintenance and Resurfacing.....	61,870	64,562	65,230
Highway Maintenance Safety Projects.....	15,000	15,000	0
Smoother Roads.....	0	0	50,000
Reinvestment — Facilities.....	9,140	9,540	9,540
Safety Administration and Licensing.....	119,141	120,492	130,529
Enhanced Titling and Registration.....	6,035	0	0
Subtotal.....	\$ 1,366,174	\$ 1,353,787	\$ 1,358,356
Grants and Subsidies			
Local Road Maintenance and Construction Payments.....	\$ 180,772	\$ 184,879	\$ 189,239
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000
Payment to Turnpike Commission.....	28,000	28,000	28,000
Subtotal.....	\$ 213,772	\$ 217,879	\$ 222,239
TOTAL STATE FUNDS	\$ 1,579,946	\$ 1,571,666	\$ 1,580,595
Federal Funds.....	\$ 1,290,985	\$ 1,636,386	\$ 1,543,780
Augmentations.....	44,173	47,240	49,116
Restricted Revenue.....	647,518	712,376	728,352
DEPARTMENT TOTAL.....	\$ 3,562,622	\$ 3,967,668	\$ 3,901,843
Fund Summary			
State Funds — Transportation.....	\$ 1,579,946	\$ 1,571,666	\$ 1,580,595
State Funds — Other Departments.....	461,357	486,800	467,240
TOTAL STATE FUNDS	\$ 2,041,303	\$ 2,058,466	\$ 2,047,835
Motor License Fund Total—All Funds			
State Funds.....	\$ 2,041,303	\$ 2,058,466	\$ 2,047,835
Federal Funds.....	1,290,985	1,636,386	1,543,780
Augmentations.....	44,811	48,050	50,129
Restricted Revenue.....	674,832	739,906	754,227
FUND TOTAL.....	\$ 4,051,931	\$ 4,482,808	\$ 4,395,971

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Liquid Fuels Taxes.....	\$ 1,090,488	\$ 1,108,825	\$ 1,119,608	\$ 1,137,660	\$ 1,156,010	\$ 1,174,680	\$ 1,193,650
Motor Licenses and Fees.....	814,350	827,410	837,350	839,400	844,690	848,530	858,570
Other Motor License Fund Revenues.....	50,187	68,870	69,390	69,770	70,150	70,540	70,940
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 1,955,025	\$ 2,005,105	\$ 2,026,348	\$ 2,046,830	\$ 2,070,850	\$ 2,093,750	\$ 2,123,160
Aviation Restricted Revenues.....	\$ 12,929	\$ 10,790	\$ 10,790	\$ 10,840	\$ 10,890	\$ 10,940	\$ 10,990
Highway Bridge Improvement Restricted Revenues.....	\$ 83,345	\$ 85,620	\$ 84,890	\$ 86,270	\$ 87,670	\$ 89,100	\$ 90,550
State Highway Transfer Restricted Revenues.....	\$ 17,754	\$ 17,990	\$ 17,910	\$ 18,200	\$ 18,490	\$ 18,780	\$ 19,090
Oil Company Franchise Tax Restricted Revenues.....	\$ 325,486	\$ 329,900	\$ 328,340	\$ 333,600	\$ 338,940	\$ 344,390	\$ 349,920
Supplemental Maintenance Restricted Revenues.....	\$ 227,840	\$ 230,930	\$ 229,840	\$ 233,520	\$ 237,260	\$ 241,070	\$ 244,940

Adjustments to 2002-03 Revenue Estimate

On June 29, 2002, an official estimate for the 2002-03 fiscal year of \$2,029,300 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.

	2002-03 Official Estimate	Adjustments	2002-03 Revised Estimate
Liquid Fuels Taxes.....	\$ 1,112,200	\$ -3,375	\$ 1,108,825
Motor Licenses and Fees.....	829,700	-2,290	827,410
Other Motor License Fund Revenues.....	87,400	-18,530	68,870
TOTAL.....	\$ 2,029,300	\$ -24,195	\$ 2,005,105

Revenue Sources

Liquid Fuels Taxes

Actual		Estimated	
1996-97.....	\$ 1,011,427	2002-03.....	\$ 1,108,825
1997-98.....	1,022,355	2003-04.....	1,119,608
1998-99.....	1,034,899	2004-05.....	1,137,660
1999-00.....	1,054,027	2005-06.....	1,156,010
2000-01.....	1,070,185	2006-07.....	1,174,680
2001-02.....	1,090,488	2007-08.....	1,193,650

Tax Base and Rates:

Liquid Fuels and Fuels Tax: The Liquid Fuels and Fuels Tax is based on the number of gallons of liquid fuels (primarily gasoline) and fuels (primarily diesel) used, sold or delivered within the Commonwealth by distributors. All monies collected are placed in the Motor License Fund, except discounts and an amount equal to one-half cent per gallon which is placed in the Liquid Fuels Tax Fund. The present tax rate is twelve cents per gallon. Prior to October 1, 1997, liquid fuels and fuels were taxed separately under the Liquid Fuels Tax Act and the Fuels Use Tax Act respectively. Both acts were repealed effective October 1, 1997.

Alternative Fuels Tax: The Alternative Fuels Tax became effective October 1, 1997, and is imposed on fuels other than liquid fuels or fuels used to propel motor vehicles on public highways. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current total of the liquid fuels and fuels tax and the oil company franchise tax applicable to one gallon of gasoline.

Motor Carriers Road Tax-International Fuel Tax Agreement: The Motor Carriers Road Tax is levied on motor carriers operating vehicles with a gross weight or registered gross weight in excess of 26,000 pounds. The tax is comprised of: a twelve cent per gallon tax and an oil company franchise tax element based upon 153.5 mills of the average wholesale price for liquid fuels and 208.5 mills of the average wholesale price for fuels and is imposed on a cents-per-gallon equivalent basis. Previously, the tax rate was 115 mills. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. This tax was repealed and replaced by a fifty five mill addition to the oil company franchise tax rate, imposed on fuels effective October 1, 1997. The fifty-five mill portion of the tax rate is dedicated to the highway bridge restricted account. Credit against the tax is given for liquid fuels and fuels tax and oil company franchise tax paid at the pump or directly remitted. Credit is also given for tax paid on motor fuels purchased in Pennsylvania but consumed elsewhere.

The Motorbus Road Tax which imposed taxes on the amount of motor fuel used by bus companies in their operations on highways within the Commonwealth was repealed, effective January 1, 1996, with the enactment of the International Fuel Tax Agreement (IFTA).

Identification markers are required to be issued annually upon a payment of \$5 per vehicle for each vehicle subject to these taxes based in the Commonwealth.

Interstate Bus Compact Fuels Tax. This tax which imposed a tax on fuels consumed by interstate buses was repealed, effective January 1, 1993, and replaced by the Motorbus Road Tax.

International Fuel Tax Agreement (IFTA). Effective January 1, 1996, Pennsylvania implemented IFTA. Under this agreement, qualified vehicles are subject to base State reporting and payment of fuel tax obligations. Qualified vehicles are those with two axles greater than 26,000 pounds, combinations greater than 26,000 pounds and those with three or more axles regardless of weight. Therefore, 17,001 to 26,000 pound vehicles, which previously were subject to the Motor Carriers Road Tax, are not subject under IFTA. Additionally, the Motorbus Road Tax was repealed and a bus meeting the qualified vehicle definition is subject to IFTA provisions. Identification markers remain at \$5 per qualified vehicle. The underlying fuel tax rates are unaffected by IFTA.

Oil Company Franchise Tax. This tax is an excise tax on all fuels taxed pursuant to the Liquid Fuels and Fuels Tax and Alternative Fuels Tax. The current tax rate is 153.5 mills for liquid fuels and alternative fuels and 208.5 mills for fuels and is imposed on a cents-per-gallon equivalent basis. The tax rate was increased by 38.5 mills effective May 1, 1997. The revenues from this rate increase are dedicated to specific highway maintenance purposes. Of the current tax rate, 57 mills is deposited as unrestricted Motor License Fund revenues. The balance of the tax rate represents revenues restricted to certain highway activities. These dedicated and restricted taxes are not included in the above estimates. Bus companies are entitled to a refund equal to 55 mills of the Oil Company Franchise Tax paid on fuels.

Revenue Sources (Continued)

Motor Licenses and Fees

Actual		Estimated	
1996-97.....	\$ 519,578	2002-03.....	\$ 827,410
1997-98.....	703,051	2003-04.....	837,350
1998-99.....	755,430	2004-05.....	839,400
1999-00.....	807,859	2005-06.....	844,690
2000-01.....	795,371	2006-07.....	848,530
2001-02.....	814,350	2007-08.....	858,570

The Commonwealth receives revenue from the collection of fees levied for the registration and titling of motor vehicles and for the issuance of learners' permits, operators' licenses, certificates of title and transfers of registration. Various motor vehicle registration fees were increased as of either July 1, 1997, or January 1, 1998, by Act 3 of 1997.

Other Motor License Fund Revenues

Actual		Estimated	
1996-97.....	\$ 78,124	2002-03.....	68,870
1997-98.....	87,290	2003-04.....	69,390
1998-99.....	94,680	2004-05.....	69,770
1999-00.....	97,478	2005-06.....	70,150
2000-01.....	86,260	2006-07.....	70,540
2001-02.....	50,187	2007-08.....	70,940

Other Motor License Fund revenues include the following sources:

Fines — Aeronautics fines collected under the Liquid Fuels and Fuels Tax Act and certain vehicle code fines.

Miscellaneous Revenue — Interest on Motor License Fund deposits; investments and securities, the sale of unserviceable properties, maps, plans and inspection stickers; and the rental of State properties.

Gross Receipts Tax — This excise tax imposed upon the gross receipts of owners and operators of motor vehicles transporting property for hire on public highways was repealed effective January 1, 1998.

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

Revenue Detail

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax.....	\$ 577,686	\$ 586,353	\$ 595,151
Liquid Fuels Tax Interest.....	171	173	176
Liquid Fuels Tax Penalties.....	595	604	613
Subtotal.....	<u>\$ 578,452</u>	<u>\$ 587,130</u>	<u>\$ 595,940</u>
Fuel Use Tax			
Fuel Use Tax.....	\$ 148,363	\$ 150,583	\$ 153,598
Fuel Use Tax Interest.....	1	1	1
Fuel Use Tax Penalties.....	1	1	1
Subtotal.....	<u>\$ 148,365</u>	<u>\$ 150,585</u>	<u>\$ 153,600</u>
Alternative Fuel Tax			
Alternative Fuel Tax.....	\$ 803	\$ 600	\$ 610
Subtotal.....	<u>\$ 803</u>	<u>\$ 600</u>	<u>\$ 610</u>
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax.....	\$ 24,605	\$ 27,510	\$ 28,058
Motor Carriers Road/IFTA— Registration Fees, Special Permit Fees and Fines.....	984	1,100	1,122
Subtotal.....	<u>\$ 25,589</u>	<u>\$ 28,610</u>	<u>\$ 29,180</u>
Oil Company Franchise Tax.....	<u>\$ 337,279</u>	<u>\$ 341,900</u>	<u>\$ 340,278</u>
TOTAL LIQUID FUELS TAXES.....	<u><u>\$ 1,090,488</u></u>	<u><u>\$ 1,108,825</u></u>	<u><u>\$ 1,119,608</u></u>
MOTOR LICENSES AND FEES			
Operators' Licenses.....	\$ 53,865	\$ 52,700	\$ 57,550
Other Fees Collected by Bureau of Motor Vehicles.....	29,080	28,500	29,070
Registration Fees Received From Other States/IRP.....	64,982	68,010	68,690
Special Hauling Permit Fees.....	17,896	17,900	18,440
Vehicle Registration and Titling.....	648,527	660,300	663,600
TOTAL MOTOR LICENSES AND FEES.....	<u><u>\$ 814,350</u></u>	<u><u>\$ 827,410</u></u>	<u><u>\$ 837,350</u></u>
OTHER MOTOR LICENSE FUND REVENUES			
Gross Receipts Tax.....	\$ 5	\$ 10	\$ 10
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines.....	\$ 22,458	\$ 29,900	\$ 30,050
Department of Transportation			
Vehicle Code Fines.....	5,126	500	500
Subtotal.....	<u>\$ 27,584</u>	<u>\$ 30,400</u>	<u>\$ 30,550</u>

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Miscellaneous Revenues			
Treasury Department			
Dividend Income Reinvested - Long Term.....	\$ 1,559	\$ -16,573	\$ -16,573
Interest on Deposits - Cash Advancement Accounts.....	23	-244	-244
Interest Income Reinvested - Long Term.....	6,475	-68,831	-68,831
Interest on Securities.....	17,679	-187,932	-187,932
Interest on Securities - Liquid Fuels Tax Fund.....	337	-3,582	-3,582
Realized Gain or Loss on Sale of Invest - Long Term.....	-27,496	292,289	292,289
Redeposit of Checks.....	106	-1,127	-1,127
Subtotal.....	\$ -1,317	\$ 14,000	\$ 14,000
Department of General Services			
Sale of Unserviceable Property.....	\$ 274	\$ 260	\$ 270
Subtotal.....	\$ 274	\$ 260	\$ 270
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles.....	\$ 26	\$ 27	\$ 27
Highway Bridge Income.....	202	207	210
Highway Encroachment Permits.....	987	1,010	1,025
Interest Earned - Restricted Revenue.....	-1,397 ^a	-1,430 ^a	-1,451 ^a
Miscellaneous Revenues.....	329	337	342
Recovered Damages.....	19	19	20
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	771	789	801
Sale of Bid Proposals and Contract Specifications.....	739	756	768
Sale of Inspection Stickers.....	21,592	22,103	22,431
Sale of Maps and Plans.....	373	382	387
Subtotal.....	\$ 23,641	\$ 24,200	\$ 24,560
TOTAL OTHER MOTOR LICENSE FUND REVENUES.....	\$ 50,187	\$ 68,870	\$ 69,390
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 1,955,025	\$ 2,005,105	\$ 2,026,348

^a Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

Actual		Estimated	
1996-97.....	\$ 18,603	2002-03.....	\$ 10,790
1997-98.....	19,314	2003-04.....	10,790
1998-99.....	11,085	2004-05.....	10,840
1999-00.....	11,658	2005-06.....	10,890
2000-01.....	14,921	2006-07.....	10,940
2001-02.....	12,929	2007-08.....	10,990

Aviation revenue includes taxes levied on aviation gasoline and jet fuel, and income earned at State-owned airports. Effective January 2, 1998, in accordance with Act 60 of 1997, ownership of these airports was transferred to a local authority. Therefore, starting with 1997-98, aviation revenues exclude State-owned airport revenue. Aviation gasoline and jet fuel tax rates are adjusted annually based on the change in the jet fuel price index. In accordance with Act 164 of 1984, the aviation gasoline rate is not to exceed 6.0 cents per gallon nor be less than 3.0 cents per gallon. The jet fuel tax is not to exceed 2.0 cents per gallon nor be less than 1.5 cents per gallon. The tax rate as of January 1, 2003, is 4.1 cents per gallon on aviation gasoline and 1.8 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	\$ 11,529	\$ 9,790	\$ 9,790
State Airport Operations.....	4	0	0
Interest.....	1,396	1,000	1,000
TOTAL AVIATION REVENUES.....	\$ 12,929	\$ 10,790	\$ 10,790

Highway Bridge Improvement Revenues

Actual		Estimated	
1996-97.....	\$ 77,349	2002-03.....	\$ 85,620
1997-98.....	101,393	2003-04.....	84,890
1998-99.....	76,777	2004-05.....	86,270
1999-00.....	85,118	2005-06.....	87,670
2000-01.....	80,613	2006-07.....	89,100
2001-02.....	83,345	2007-08.....	90,550

Highway bridge improvement revenues enacted by Act 56 of 1987 as amended by Act 3 of 1997 include the following: a 55 mill Oil Company Franchise Tax on fuel consumed in Pennsylvania by qualified vehicles; a portion of the registration fee for Pennsylvania based motor vehicles in classes 9-25; and temporary permit fees collected from out-of-state motor carriers for travel in Pennsylvania. Although repealed by Act 3 of 1997, nominal revenues are still received from the motor carrier surcharge.

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Motor Carrier Surcharge.....	\$ 41	\$ 0	\$ 0
Registration Fee Portion-PA-Based Motor Vehicles.....	17,984	17,980	18,020
Temporary Permit Fees.....	183	180	180
Oil Company Franchise Tax.....	65,137	67,460	66,690
TOTAL HIGHWAY BRIDGE REVENUES.....	\$ 83,345	\$ 85,620	\$ 84,890

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual		Estimated	
1996-97.....	\$ 16,919	2002-03.....	\$ 17,990
1997-98.....	15,194	2003-04.....	17,910
1998-99.....	16,988	2004-05.....	18,200
1999-00.....	17,255	2005-06.....	18,490
2000-01.....	17,070	2006-07.....	18,780
2001-02.....	17,754	2007-08.....	19,090

State highway transfer restricted revenues are provided by three mills of the Oil Company Franchise Tax. Act 32 of 1983 established a local highway turnback program funded by a restricted revenue account within the Motor License Fund.

Oil Company Franchise Tax Revenues

Actual		Estimated	
1996-97.....	\$ 309,530	2002-03.....	\$ 329,900
1997-98.....	278,481	2003-04.....	328,340
1998-99.....	311,443	2004-05.....	333,600
1999-00.....	316,342	2005-06.....	338,940
2000-01.....	312,946	2006-07.....	344,390
2001-02.....	325,486	2007-08.....	349,920

Oil Company Franchise Tax Restricted Account revenues are provided by 55 mills of the Oil Company Franchise Tax as a result of Act 26 of 1991. Revenues are restricted to the following purposes: 42 percent for maintenance, 17 percent for capital projects, 13 percent for bridges, 12 percent for municipalities, 14 percent for toll roads and 2 percent for county or forestry bridges.

Supplemental Maintenance Revenues

Actual		Estimated	
1996-97.....	\$ 0	2002-03.....	\$ 230,930
1997-98.....	215,210	2003-04.....	229,840
1998-99.....	217,871	2004-05.....	233,520
1999-00.....	221,401	2005-06.....	237,260
2000-01.....	219,062	2006-07.....	241,070
2001-02.....	227,840	2007-08.....	244,940

Supplemental Maintenance Restricted Account revenues are provided by 38.5 mills of the Oil Company Franchise Tax as a result of Act 3 of 1997. Revenues are restricted to the following purposes: 12 percent for municipalities and 88 percent for maintenance.



BANKING DEPARTMENT FUND

The Banking Department Fund is a special revenue fund composed of monies received from fees, assessments, charges and penalties collected or recovered from persons, firms, corporations or associations under the supervision of the Department of Banking. It provides for the administration of the Department of Banking and regulation of financial institutions.

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 18,967	\$ 19,740	\$ 19,447
Receipts:			
Revenue Estimate.....	\$ 12,858	\$ 13,429	\$ 13,579
Prior Year Lapses.....	56	0	0
Total Receipts.....	\$ 12,914	\$ 13,429	\$ 13,579
Funds Available	\$ 31,881	\$ 33,169	\$ 33,026
Expenditures:			
Appropriated.....	\$ 12,141	\$ 13,722	\$ 11,168
Less: Current Year Lapses.....	0	0	0
Estimated Expenditures.....	-12,141	-13,722	-11,168
Ending Balance	\$ 19,740	\$ 19,447	\$ 21,858

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Banking Department			
General Government			
General Government Operations.....	\$ 11,801	\$ 13,375	\$ 10,825
Department of General Services			
General Government			
Harristown Rental Charges.....	\$ 139	\$ 145	\$ 139
Harristown Utility and Municipal Charges.....	201	197	199
DEPARTMENT TOTAL.....	\$ 340	\$ 342	\$ 338
FUND TOTAL.....	\$ 12,141	\$ 13,722	\$ 11,168

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 11,914	\$ 12,494	\$ 12,643	\$ 12,778	\$ 12,931	\$ 13,072	\$ 13,213
Fines and Penalties.....	117	70	70	70	70	70	70
Miscellaneous.....	827	865	866	866	866	866	866
TOTAL BANKING DEPARTMENT FUND REVENUES.....	\$ 12,858	\$ 13,429	\$ 13,579	\$ 13,714	\$ 13,867	\$ 14,008	\$ 14,149

Revenue Sources

Licenses and Fees

Actual	Estimated
1996-97..... \$ 10,063	2002-03..... \$ 12,494
1997-98..... 11,161	2003-04..... 12,643
1998-99..... 11,653	2004-05..... 12,778
1999-00..... 11,640	2005-06..... 12,931
2000-01..... 12,544	2006-07..... 13,072
2001-02..... 11,914	2007-08..... 13,213

The Commonwealth receives revenue from examination fees based on the actual costs of examining credit unions, savings associations, trust companies, check cashers, consumer discount companies, first mortgage companies, loan correspondents, money transmitters, pawnbrokers and second mortgage companies. Assessment fees, based on total assets, also are charged against all depository institutions (banks, credit unions, savings associations and trust companies). Depository institutions also pay application fees for new charters, branches and mergers. Annual license fees are paid by check cashers, collector-repossessors, consumer discount companies, first mortgage companies, installment sellers, loan brokers, money transmitters, pawnbrokers, sales finance companies and second mortgage companies.

Fines and Penalties

Actual	Estimated
1996-97..... \$ 50	2002-03..... \$ 70
1997-98..... 63	2003-04..... 70
1998-99..... 86	2004-05..... 70
1999-00..... 65	2005-06..... 70
2000-01..... 53	2006-07..... 70
2001-02..... 117	2007-08..... 70

The Commonwealth receives fines and penalties collected from companies illegally doing business in the Commonwealth, as well as from companies that file required financial reports beyond deadlines established by regulation.

Banking Department Fund

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1996-97.....	\$ 404	2002-03.....	\$ 865
1997-98.....	537	2003-04.....	866
1998-99.....	637	2004-05.....	866
1999-00.....	862	2005-06.....	866
2000-01.....	1,164	2006-07.....	866
2001-02.....	827	2007-08.....	866

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)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Banking — Application Fees	\$ 130	\$ 115	\$ 117
Savings Associations — Examinations	226	200	200
Savings Associations — Overhead Assessments	65	61	63
Check Cashers — Examinations	14	28	30
Check Cashers — Licenses	230	205	216
Consumer Credit — Examinations	203	148	145
Consumer Credit — Pawnbroker Licenses	15	15	15
Consumer Credit — Installment Seller Licenses	978	988	986
Consumer Credit — Consumer Discount Company Licenses	191	225	220
Consumer Credit — Money Transmitter Licenses	68	60	63
Consumer Credit — Sales Finance Licenses	347	261	261
Consumer Credit — Collector-Repossessor Licenses	39	38	38
Credit Unions — Overhead Assessments	459	576	582
Secondary Mortgage Licenses	841	997	997
Examinations — Credit Union	462	460	450
Examinations — First Mortgage Bankers	58	92	101
Examinations — Pawnbrokers	9	10	10
Examinations — First Mortgage Brokers	61	40	42
Examinations — Second Mortgage	122	147	151
Examinations — Trust Companies	179	180	180
Examinations — Money Transmitters	85	92	96
Examinations — Secondary Mortgage Broker	61	68	70
Examinations — Loan Correspondents	3	7	7
Examinations — Partially Exempt Registered Entities	1	8	9
Overhead Assessments — Trust Companies	87	93	85
Total Assessment Charges — Banks	5,995	6,460	6,589
First Mortgage Company — Licenses	973	908	908
Continuing Education Program Fees.....	3	2	2
Loan Broker Registrations.....	4	5	5
Miscellaneous	5	5	5
TOTAL	\$ 11,914	\$ 12,494	\$ 12,643

Banking Department Fund

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Fines and Penalties			
Banking Law--Fines and Penalties.....	\$ 117	\$ 70	\$ 70
Miscellaneous Revenue			
Interest on Securities.....	\$ 826	\$ 864	\$ 864
Miscellaneous.....	1	1	2
TOTAL.....	\$ 827	\$ 865	\$ 866
TOTAL REVENUES.....	\$ 12,858	\$ 13,429	\$ 13,579



BOAT FUND

The Boat Fund is a special revenue fund composed of monies from license fees, fines, penalties, Federal contributions and other sources under the Fish and Boat Law and from liquid fuels taxes transferred from the Motor License and Liquid Fuels Tax Funds. This fund provides for the administration and enforcement of programs relating to boats and boating activities.

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 10,546	\$ 11,549	\$ 11,409
Receipts:			
Revenue Estimate.....	\$ 10,550	\$ 11,194	\$ 10,643
Prior Year Lapses ^a	1,330	0	0
Total Receipts.....	\$ 11,880	\$ 11,194	\$ 10,643
Funds Available	\$ 22,426	\$ 22,743	\$ 22,052
Expenditures:			
Appropriated.....	\$ 10,877	\$ 11,334	\$ 10,801
Estimated Expenditures.....	-10,877	-11,334	-10,801
Ending Balance	\$ 11,549	\$ 11,409	\$ 11,251

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

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 8,840	\$ 8,629	\$ 8,793
TOTAL STATE FUNDS	\$ 8,840	\$ 8,634	\$ 8,798
Federal Funds.....	\$ 2,007	\$ 2,660	\$ 1,983
Other Funds.....	30	40	20
FUND TOTAL	\$ 10,877	\$ 11,334	\$ 10,801

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 5,130	\$ 5,346	\$ 5,471	\$ 5,471	\$ 5,471	\$ 5,471	\$ 5,471
Fines and Penalties.....	244	175	225	225	225	225	225
Miscellaneous.....	3,139	2,973	2,944	2,944	2,944	2,944	2,944
TOTAL BOAT FUND REVENUES.....	\$ 8,513	\$ 8,494	\$ 8,640	\$ 8,640	\$ 8,640	\$ 8,640	\$ 8,640
Augmentations.....	\$ 2,037	\$ 2,700	\$ 2,003	\$ 2,003	\$ 2,003	\$ 2,003	\$ 2,003
TOTAL BOAT FUND RECEIPTS.....	\$ 10,550	\$ 11,194	\$ 10,643	\$ 10,643	\$ 10,643	\$ 10,643	\$ 10,643

Revenue Sources

Licenses and Fees

Actual	Estimated
1996-97..... 4,231	2002-03..... \$ 5,346
1997-98..... 4,104	2003-04..... 5,471
1998-99..... 5,123	2004-05..... 5,471
1999-00..... 5,100	2005-06..... 5,471
2000-01..... 5,462	2006-07..... 5,471
2001-02..... 5,130	2007-08..... 5,471

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
1996-97..... \$ 161	2002-03..... \$ 175
1997-98..... 171	2003-04..... 225
1998-99..... 164	2004-05..... 225
1999-00..... 122	2005-06..... 225
2000-01..... 241	2006-07..... 225
2001-02..... 244	2007-08..... 225

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1996-97.....	\$ 4,565	2002-03.....	\$ 2,973
1997-98.....	2,084	2003-04.....	2,944
1998-99.....	2,699	2004-05.....	2,944
1999-00.....	2,699	2005-06.....	2,944
2000-01.....	3,081	2006-07.....	2,944
2001-02.....	3,139	2007-08.....	2,944

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)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	\$ 4,539	\$ 4,900	\$ 5,000
Boat Mooring Permits — Walnut Creek Access.....	34	35	35
Boating Safety Curriculum Fees.....	5	5	5
Boat Capacity Plate Fees.....	5	6	6
Boat Titling Fees.....	547	400	425
TOTAL.....	\$ 5,130	\$ 5,346	\$ 5,471
Fines and Penalties			
Motor Boat Fines.....	\$ 244	\$ 175	\$ 225
TOTAL.....	\$ 244	\$ 175	\$ 225
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels			
Tax Funds.....	\$ 2,671	\$ 2,400	\$ 2,400
Miscellaneous.....	21	15	17
Interest on Securities.....	407	489	489
Sale of Unserviceable Property.....	1	1	1
Sales Tax Agent Fee PFC Share.....	31	58	30
North East Marina.....	8	10	7
TOTAL.....	\$ 3,139	\$ 2,973	\$ 2,944
Augmentations			
Sale of Automobiles.....	\$ 30	\$ 20	\$ 20
Transportation - Boating Under the Influence (BUI).....	0	20	0
U.S. Coast Guard Grant for Boating Safety.....	1,389	1,325	1,350
Boating Infrastructure Grant (BIG).....	0	400	100
National Marine Fisheries - Investigations.....	0	0	0
Land and Water Conservation Fund.....	0	75	0
Sport Fish Restoration.....	613	739	533
Clean Vessel Act.....	5	100	0
Wildlife Conservation & Restoration - Non-game.....	0	21	0
TOTAL.....	\$ 2,037	\$ 2,700	\$ 2,003
TOTAL RECEIPTS.....	\$ 10,550	\$ 11,194	\$ 10,643



ENVIRONMENTAL STEWARDSHIP FUND

The Environmental Stewardship Fund is a special revenue fund composed of monies transferred from the General Fund, Recycling Fund, Hazardous Sites Cleanup Fund and certain landfill fees. The fund provides for farmland preservation projects, open space protection, abandoned mine reclamation, watershed protection and restoration, water and sewer infrastructure, and the improvement and conservation of Commonwealth and community parks and recreational facilities.

Environmental Stewardship Fund

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 5,096	\$ 3,095	\$ 0
Receipts:			
Revenue Estimate.....	\$ 9,924	\$ 57,000	\$ 77,100
Transfer from General Fund.....	50,000	0	0
Transfer from Hazardous Sites Cleanup Fund.....	5,000	5,000	5,000
Transfer from Recycling Fund.....	25,000	25,000	25,000
Prior Year Lapses.....	129	0	0
Total Receipts.....	\$ 90,053	\$ 87,000	\$ 107,100
Funds Available	\$ 95,149	\$ 90,095	\$ 107,100
Expenditures:			
Appropriated.....	\$ 92,054	\$ 90,095	\$ 107,100
Estimated Expenditures.....	-92,054	-90,095	-107,100
Ending Balance	\$ 3,095	\$ 0	\$ 0

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Department of Agriculture			
Grants and Subsidies			
Transfer to Agricultural Conservation Easement Purchase Fund.....	\$ 13,630	\$ 13,334	\$ 15,851
Department of Conservation and Natural Resources			
General Government			
Parks & Forest Facility Rehabilitation.....	\$ 15,502	\$ 13,713	\$ 18,811
Grants and Subsidies			
Community Conservation Grants.....	\$ 6,193	\$ 7,500	\$ 6,500
Natural Diversity Conservation Grants.....	500	500	500
Subtotal.....	\$ 6,693	\$ 8,000	\$ 7,000
DEPARTMENT TOTAL	\$ 22,195	\$ 21,713	\$ 25,811
Department of Environmental Protection			
General Government			
Oil and Gas Well Plugging.....	\$ 1,808	\$ 772	\$ 2,097
Abandoned Mine Reclamation and Remediation.....	9,987	2,316	5,656
Subtotal.....	\$ 11,795	\$ 3,088	\$ 7,753
Grants and Subsidies			
Watershed Protection and Restoration.....	\$ 22,607	\$ 27,237	\$ 27,237
Sewage and Drinking Water Grants.....	0	3,370	5,065
Subtotal.....	\$ 22,607	\$ 30,607	\$ 32,302
DEPARTMENT TOTAL	\$ 34,402	\$ 33,695	\$ 40,055
Infrastructure Investment Authority			
Grants and Subsidies			
Stormwater, Water and Sewer Grants.....	\$ 21,827	\$ 21,353	\$ 25,383
TOTAL STATE FUNDS	\$ 92,054	\$ 90,095	\$ 107,100

Environmental Stewardship Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 5,952	\$ 55,000	\$ 75,100	\$ 81,600	\$ 98,100	\$ 98,100	\$ 98,100
Miscellaneous.....	3,972	2,000	2,000	1,000	1,000	1,000	1,000
TOTAL ENVIRONMENTAL STEWARDSHIP FUND REVENUES.....	\$ 9,924	\$ 57,000	\$ 77,100	\$ 82,600	\$ 99,100	\$ 99,100	\$ 99,100
Transfers from Other							
State Funds.....	\$ 80,000	\$ 30,000	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND RECEIPTS.....	\$ 89,924	\$ 87,000	\$ 107,100	\$ 82,600	\$ 99,100	\$ 99,100	\$ 99,100

Revenue Sources

Licenses and Fees

Actual	Estimated
1996-97..... \$ 0	2002-03..... \$ 55,000
1997-98..... 0	2003-04..... 75,100
1998-99..... 0	2004-05..... 81,600
1999-00..... 1,310	2005-06..... 98,100
2000-01..... 5,951	2006-07..... 98,100
2001-02..... 5,952	2007-08..... 98,100

The Environmental Stewardship Fund originally received revenue from a 25 cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the Commonwealth. Act 90 of 2002 added an additional \$4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill. For fiscal year 2002-03, the first \$50 million received from this fee is to be deposited into this special fund. In fiscal year 2003-04, all revenue from these fees are to be deposited in this special fund, less one fiscal quarter accrual due the General Fund. Act 233 of 2002 mandates that, in fiscal year 2004-05, the Department of Agriculture receive \$16.5 million from this fee. For fiscal year 2005-06 and beyond, all revenue from these fees are to be deposited in this special fund.

Miscellaneous Revenues

Actual	Estimated
1996-97..... \$ 0	2002-03..... \$ 2,000
1997-98..... 0	2003-04..... 2,000
1998-99..... 0	2004-05..... 1,000
1999-00..... 119	2005-06..... 1,000
2000-01..... 4,042	2006-07..... 1,000
2001-02..... 3,972	2007-08..... 1,000

Miscellaneous revenues are earned interest.

Revenue Sources (continued)

Transfers from Other State Funds

	Actual	Estimated
1996-97.....	\$ 0	2002-03..... \$ 30,000
1997-98.....	0	2003-04..... 30,000
1998-99.....	0	2004-05..... 0
1999-00.....	83,375	2005-06..... 0
2000-01.....	130,000	2006-07..... 0
2001-02.....	80,000	2007-08..... 0

The intent of Act 68 of 1999 is that an annual appropriation would be made from the General Fund for five years, and that funds from the Hazardous Sites Cleanup Fund and Recycling Fund are transferred annually for five years. Act 90 of 2002 replaced the General Fund appropriation with the \$4 per ton waste disposal fee.

Revenue Detail

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

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Landfill Fees.....	\$ 5,952	\$ 55,000	\$ 75,100
Miscellaneous Revenues			
Miscellaneous.....	\$ 3,972	\$ 2,000	\$ 2,000
Transfers from Other State Funds			
Transfer from General Fund.....	\$ 50,000	\$ 0	\$ 0
Transfer from Hazardous Sites Cleanup Fund.....	5,000	5,000	5,000
Transfer from Recycling Fund.....	25,000	25,000	25,000
TOTAL	\$ 80,000	\$ 30,000	\$ 30,000
TOTAL RECEIPTS	\$ 89,924	\$ 87,000	\$ 107,100



FARM PRODUCTS SHOW FUND

The Farm Products Show Fund is a special revenue fund made up of monies received from the leasing of space to exhibitors and from rental, entry fees and other monies received or collected by the Farm Products Show Commission. It also includes a transfer from the General Fund.

The fund is used for salaries and expenses of the Farm Products Show Commission, for maintenance of the Farm Show Building and for prizes and premiums.

Farm Products Show Fund

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 1,317	\$ 268	\$ 88
Receipts:			
Revenue Estimate.....	\$ 4,365	\$ 5,577	\$ 6,513
Transfer from General Fund.....	1,000	1,000	1,000
Transfer from Farm Account.....	0	0	1,000
Prior Year Lapses.....	299	141	0
Total Receipts.....	\$ 5,664	\$ 6,718	\$ 8,513
Funds Available	\$ 6,981	\$ 6,986	\$ 8,601
Expenditures:			
Appropriated.....	\$ 6,860	\$ 7,358	\$ 8,543
Less Current Year Lapses.....	-147	-460	0
Estimated Expenditures.....	\$ 6,713	\$ 6,898	\$ 8,543
Ending Balance	\$ 268	\$ 88	\$ 58

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Department of Agriculture			
General Government			
General Operations.....	\$ 5,713	\$ 6,353	\$ 6,538
TOTAL STATE FUNDS	\$ 5,713	\$ 6,358	\$ 6,543
Augmentations.....	\$ 1,000	\$ 1,000	\$ 2,000
FUND TOTAL	\$ 6,713	\$ 7,358	\$ 8,543

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 197	\$ 207	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210
Miscellaneous.....	4,168	5,370	6,303	6,954	6,954	6,954	6,954
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	\$ 4,365	\$ 5,577	\$ 6,513	\$ 7,164	\$ 7,164	\$ 7,164	\$ 7,164
Augmentations.....	\$ 1,000	\$ 1,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	\$ 5,365	\$ 6,577	\$ 8,513	\$ 8,164	\$ 8,164	\$ 8,164	\$ 8,164

Revenue Sources

Licenses and Fees

Actual	Estimated
1996-97..... \$ 282	2002-03..... \$ 207
1997-98..... 275	2003-04..... 210
1998-99..... 252	2004-05..... 210
1999-00..... 251	2005-06..... 210
2000-01..... 208	2006-07..... 210
2001-02..... 197	2007-08..... 210

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
1996-97..... \$ 3,418	2002-03..... \$ 5,370
1997-98..... 3,487	2003-04..... 6,303
1998-99..... 5,816	2004-05..... 6,954
1999-00..... 3,692	2005-06..... 6,954
2000-01..... 3,884	2006-07..... 6,954
2001-02..... 4,168	2007-08..... 6,954

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

Farm Products Show Fund

Revenue Detail

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Exhibit Fees — Competitive--Farm Show.....	\$ 25	\$ 27	\$ 30
Exhibit — Commercial.....	172	180	180
TOTAL.....	<u>\$ 197</u>	<u>\$ 207</u>	<u>\$ 210</u>
Miscellaneous Revenue			
Concession Revenue.....	\$ 957	\$ 1,600	\$ 1,680
Service Charges.....	422	515	644
Rentals.....	1,514	1,749	2,186
Miscellaneous Revenue.....	54	158	179
Interest on Securities, Deposits, Returned Checks.....	102	31	31
Parking Fees.....	1,055	1,250	1,513
Salary Reimbursement — Dairy and Livestock Association.....	50	52	53
Sign Shop Sales.....	14	15	17
TOTAL.....	<u>\$ 4,168</u>	<u>\$ 5,370</u>	<u>\$ 6,303</u>
Augmentations			
Transfer from General Fund.....	1,000	1,000	1,000
Transfer from Farm Account.....	0	0	1,000
TOTAL RECEIPTS.....	<u>\$ 5,365</u>	<u>\$ 6,577</u>	<u>\$ 8,513</u>



FISH FUND

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

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 13,923	\$ 11,026	\$ 12,729
Receipts:			
Revenue Estimate.....	\$ 38,573	\$ 29,458	\$ 28,162
Prior Year Lapses.....	1,786	4,052	0
Total Receipts.....	<u>\$ 40,359</u>	<u>\$ 33,510</u>	<u>\$ 28,162</u>
Funds Available	<u>\$ 54,282</u>	<u>\$ 44,536</u>	<u>\$ 40,891</u>
Expenditures:			
Appropriated.....	\$ 43,256	\$ 31,807	\$ 32,120
Estimated Expenditures.....	-43,256	-31,807	-32,120
Ending Balance	<u>\$ 11,026</u>	<u>\$ 12,729</u>	<u>\$ 8,771</u>

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 1	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 26,718	\$ 24,776	\$ 26,127
TOTAL STATE FUNDS	<u>\$ 26,719</u>	<u>\$ 24,781</u>	<u>\$ 26,132</u>
Federal Funds.....	\$ 5,836	\$ 6,516	\$ 5,698
Other Funds.....	10,701	510	290
FUND TOTAL	<u>\$ 43,256</u>	<u>\$ 31,807</u>	<u>\$ 32,120</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 19,302	\$ 19,616	\$ 19,468	\$ 19,468	\$ 19,468	\$ 19,468	\$ 19,468
Fines and Penalties.....	446	400	400	400	400	400	400
Miscellaneous.....	2,288	2,416	2,306	2,306	2,306	2,306	2,306
TOTAL FISH FUND REVENUES.....	\$ 22,036	\$ 22,432	\$ 22,174	\$ 22,174	\$ 22,174	\$ 22,174	\$ 22,174
Augmentations.....	\$ 16,537	\$ 7,026	\$ 5,988	\$ 5,988	\$ 5,988	\$ 5,988	\$ 5,988
TOTAL FISH FUND RECEIPTS.....	\$ 38,573	\$ 29,458	\$ 28,162	\$ 28,162	\$ 28,162	\$ 28,162	\$ 28,162

Revenue Sources

Licenses and Fees

Actual		Estimated	
1996-97.....	\$ 19,908	2002-03.....	\$ 19,616
1997-98.....	20,428	2003-04.....	19,468
1998-99.....	19,994	2004-05.....	19,468
1999-00.....	19,229	2005-06.....	19,468
2000-01.....	19,608	2006-07.....	19,468
2001-02.....	19,302	2007-08.....	19,468

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

Fines and Penalties

Actual		Estimated	
1996-97.....	\$ 323	2002-03.....	\$ 400
1997-98.....	332	2003-04.....	400
1998-99.....	292	2004-05.....	400
1999-00.....	224	2005-06.....	400
2000-01.....	481	2006-07.....	400
2001-02.....	446	2007-08.....	400

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual	Estimated
1996-97..... \$ 1,993	2002-03..... \$ 2,416
1997-98..... 2,208	2003-04..... 2,306
1998-99..... 3,368	2004-05..... 2,306
1999-00..... 3,369	2005-06..... 2,306
2000-01..... 2,774	2006-07..... 2,306
2001-02..... 2,288	2007-08..... 2,306

The Commonwealth receives contributions for restocking of streams principally from persons or businesses that pollute, dam or interfere with fish propagation and survival. Monies are received from the Fish and Boat Commission publication, *Pennsylvania Angler & Boater*, from the sale of unserviceable and confiscated property, from the collection of interest on securities, and from other miscellaneous sources.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Resident Fishing Licenses.....	\$ 13,246	\$ 13,610	\$ 13,400
Resident Senior Fishing Licenses.....	55	53	55
Nonresident Fishing Licenses.....	1,748	1,685	1,750
Tourist Fishing Licenses - 3 Day.....	533	510	535
Tourist Fishing Licenses - 7 Day.....	97	95	97
Lake Erie Licenses.....	1	1	1
Fishing Lake Licenses.....	20	26	20
Miscellaneous Permits and Fees.....	35	26	30
Scientific Collector's Permits.....	9	7	8
Lifetime Fishing Licenses - Senior Resident.....	183	175	184
Membership Fees - Pennsylvania League of Angling Youth.....	0	0	-
H.R. Stackhouse Facilities User Fees.....	4	3	3
Trout/Salmon Stamp.....	3,370	3,425	3,385
TOTAL.....	\$ 19,302	\$ 19,616	\$ 19,468
Fines and Penalties			
Fish Law Fines.....	\$ 446	\$ 400	\$ 400
TOTAL.....	\$ 446	\$ 400	\$ 400

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget
Miscellaneous Revenue			
Sale of Publications.....	\$ 33	\$ 40	\$ 35
Sale of Unserviceable Property.....	0	2	1
Miscellaneous Revenue.....	20	45	30
Interest on Securities and Deposits.....	761	866	866
Rental of Fish and Boat Commission Property.....	36	30	30
Income from Sand and Gravel Dredging.....	832	900	930
In Lieu of Payments for Fishways.....	0	0	0
Sale of <i>Pennsylvania Angler & Boater</i>	157	150	160
Pollution and Stream Disturbance Settlements.....	143	300	150
Sale of Recreational Fishing Promotional Items.....	3	3	4
Royalty Payments.....	13	35	20
Refunds of Expenditures.....	27	15	25
Sale of Patches.....	21	30	25
Sale of Timber.....	242	0	30
TOTAL.....	\$ 2,288	\$ 2,416	\$ 2,306
TOTAL REVENUES.....	\$ 22,036	\$ 22,432	\$ 22,174
Augmentations			
Sale of Automobiles and Other Vehicles.....	\$ 123	\$ 50	\$ 50
Reimbursement for Services - Boat Fund.....	10,200	0	0
Reimbursement for Services - Department of Transportation.....	203	65	65
Reimbursement for Services - DEP/EPA Projects.....	168	72	72
Federal Reimbursement - Sport Fish Restoration.....	5,526	5,296	5,063
Federal Reimbursement - Wildlife Conservation.....	0	0	0
Federal Reimbursement - Surface Mine Regulation.....	40	40	40
Federal Reimbursement - NOAA.....	270	680	272
Purchasing Card Rebate.....	7	8	8
USFWS - Partner for Wildlife.....	0	10	10
National Marine Fisheries - Investigations.....	0	0	0
Land and Water Conservation Fund.....	0	75	0
Transportation - Boating Under the Influence.....	0	0	0
Transportation - Environmental Assessment.....	0	80	30
Transportation - Endangered/Threatened Species.....	0	65	65
Economic/Angler Use Study - Delaware River.....	0	170	0
Wildlife Conservation & Restoration - Non-game.....	0	415	313
TOTAL.....	\$ 16,537	\$ 7,026	\$ 5,988
TOTAL RECEIPTS.....	\$ 38,573	\$ 29,458	\$ 28,162



GAME FUND

The Game Fund is a special revenue fund composed of monies received from hunting license fees, sale of wood products, fines and penalties, interest, rents and Federal contributions. It provides monies for the administration of the game laws and for the protection and propagation of game species.



Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 26,921	\$ 23,142	\$ 19,471
Receipts:			
Revenue Estimate.....	\$ 56,210	\$ 56,715	\$ 56,633
Prior Year Lapses.....	372	0	0
Total Receipts.....	<u>\$ 56,582</u>	<u>\$ 56,715</u>	<u>\$ 56,633</u>
Funds Available	<u>\$ 83,503</u>	<u>\$ 79,857</u>	<u>\$ 76,104</u>
Expenditures:			
Appropriated.....	\$ 60,361	\$ 60,386	\$ 60,540
Estimated Expenditures.....	<u>-60,361</u>	<u>-60,386</u>	<u>-60,540</u>
Ending Balance	<u><u>\$ 23,142</u></u>	<u><u>\$ 19,471</u></u>	<u><u>\$ 15,564</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 1	\$ 5	\$ 5
Game Commission			
General Government			
General Operations.....	\$ 48,686	\$ 48,957	\$ 50,557
Land Acquisition and Development.....	2,923	2,000	1,000
DEPARTMENT TOTAL.....	<u>\$ 51,609</u>	<u>\$ 50,957</u>	<u>\$ 51,557</u>
TOTAL STATE FUNDS	<u><u>\$ 51,610</u></u>	<u><u>\$ 50,962</u></u>	<u><u>\$ 51,562</u></u>
Federal Funds.....	\$ 8,098	\$ 8,686	\$ 8,285
Other Funds.....	653	738	693
FUND TOTAL.....	<u><u>\$ 60,361</u></u>	<u><u>\$ 60,386</u></u>	<u><u>\$ 60,540</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 29,956	\$ 29,491	\$ 29,656	\$ 29,656	\$ 29,656	\$ 29,656	\$ 29,656
Fines and Penalties.....	1,288	1,502	1,502	1,502	1,502	1,502	1,502
Miscellaneous.....	16,215	16,297	16,486	16,486	16,486	16,486	16,486
TOTAL GAME FUND REVENUES.....	\$ 47,459	\$ 47,290	\$ 47,644	\$ 47,644	\$ 47,644	\$ 47,644	\$ 47,644
Augmentations.....	\$ 8,751	\$ 9,425	\$ 8,989	\$ 8,989	\$ 8,989	\$ 8,989	\$ 8,989
TOTAL GAME FUND RECEIPTS.....	\$ 56,210	\$ 56,715	\$ 56,633	\$ 56,633	\$ 56,633	\$ 56,633	\$ 56,633

Revenue Sources

Licenses and Fees

Actual	Estimated
1996-97..... \$ 22,290	2002-03..... \$ 29,491
1997-98..... 21,370	2003-04..... 29,656
1998-99..... 21,878	2004-05..... 29,656
1999-00..... 28,394	2005-06..... 29,656
2000-01..... 27,060	2006-07..... 29,656
2001-02..... 29,956	2007-08..... 29,656

Through the passage of Act 166 of 1998, new fees for licenses became effective July 1999. For resident hunting and resident furtaker licenses, the fees are: ages 17 to 64, \$19.00; over age 65, \$12.00; ages 12 to 16, \$5.00. Resident senior lifetime hunting and furtaker licenses are \$50.00 each; and a resident senior lifetime combination hunting and furtaking license is \$100.00. A junior resident combination hunting and furtaker license is \$8.00. Resident bear hunting and archery licenses are \$15.00; a muzzleloading resident license, \$10.00; and a resident antlerless deer license, \$5.00. For nonresidents of the Commonwealth, hunting licenses are: over age 17, \$100.00; ages 12 to 16, \$40.00. A junior nonresident combination hunting and furtaker license is \$50.00. In addition, a license for a nonresident to hunt bear is \$35.00; a license for a nonresident to hunt antlerless deer, \$25.00; and a muzzleloading license for a nonresident, \$20.00. Nonresidents are also able to purchase an adult furtaker license for \$80.00; a junior furtaker license for \$40.00; and a seven-day license to hunt small game for \$30.00. Amounts shown from 1996-97 through 2007-08 are net of transfers of funds to restricted revenue accounts for general habitat improvement, deer food and cover, and natural propagation of game. Please see the Game Commission presentation in Section E for additional information.

Fines and Penalties

Actual	Estimated
1996-97..... \$ 1,500	2002-03..... \$ 1,502
1997-98..... 1,534	2003-04..... 1,502
1998-99..... 1,240	2004-05..... 1,502
1999-00..... 1,076	2005-06..... 1,502
2000-01..... 1,503	2006-07..... 1,502
2001-02..... 1,288	2007-08..... 1,502

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual	Estimated
1996-97..... \$ 15,870	2002-03..... \$ 16,297
1997-98..... 17,053	2003-04..... 16,486
1998-99..... 17,975	2004-05..... 16,486
1999-00..... 20,296	2005-06..... 16,486
2000-01..... 19,756	2006-07..... 16,486
2001-02..... 16,215	2007-08..... 16,486

The Commonwealth receives Game Fund revenue from various miscellaneous sources including the sale of wood products; interest on deposits and securities; monies from the sale of publications; funds from the sale of unserviceable property, skins and guns; monies from the rental of State property; gas and oil ground rentals and royalties; and other miscellaneous revenues.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Resident Hunting Licenses.....	\$ 15,111	\$ 15,000	\$ 15,100
Resident Junior Hunting Licenses.....	285	285	285
Nonresident Hunting Licenses.....	6,472	6,500	6,500
Special Game Permits.....	336	275	275
Antlerless Deer Licenses.....	3,841	4,500	4,500
Archery Licenses.....	4,025	4,000	4,000
Landowner Hunting Licenses.....	7	7	7
Resident Senior Hunting Licenses.....	517	520	520
Muzzleloading Hunting Licenses.....	1,391	1,400	1,400
Right-of-Way Licenses.....	410	410	410
Resident Bear Licenses.....	1,584	1,550	1,600
Nonresident Bear Licenses.....	101	95	100
Hunting License Issuing Agents' Application Fees.....	36	25	25
Nonresident Junior Hunting License.....	127	115	125
Nonresident 7-Day Hunting License.....	94	91	91
Senior Resident - Lifetime Hunting License.....	162	160	160
Adult Resident Furtaker License.....	346	330	330
Junior Resident Furtaker License.....	2	2	2
Senior Resident Furtaker License.....	10	10	10
Nonresident Senior Furtaker License.....	23	25	25
Senior Lifetime Furtaker License.....	6	5	5
Junior Nonresident Furtaker.....	1	1	1
Junior Combination License.....	369	350	350
Nonresident Archery License.....	407	400	400
Nonresident Muzzleloading Hunting License.....	147	140	140
Nonresident Migratory Game Bird.....	28	30	30
Nonresident Antlerless Deer License.....	303	400	400
Senior Resident - Lifetime Combination License.....	252	250	250
Nonresident Junior Combination License.....	40	40	40
Elk License & Bobcat Permit Applications.....	455	415	415
Migratory Game Bird License.....	228	225	225
TOTAL.....	\$ 37,116	\$ 37,556	\$ 37,721
Restricted Revenue			
Transfer to General Habitat Improvement.....	\$ -1,829	\$ -2,095	\$ -2,095
Transfer to Deer Food and Cover.....	-1,939	-2,365	-2,365
Transfer to Natural Propagation of Game.....	-3,392	-3,605	-3,605
TOTAL.....	\$ -7,160	\$ -8,065	\$ -8,065
Net Licenses and Fees			
TOTAL.....	\$ 29,956	\$ 29,491	\$ 29,656

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Fines and Penalties			
Game Law Fines.....	\$ 1,288	\$ 1,502	\$ 1,502
TOTAL.....	<u>\$ 1,288</u>	<u>\$ 1,502</u>	<u>\$ 1,502</u>
Miscellaneous Revenue			
Sports Promotional Publications and Materials.....	\$ 14	\$ 10	\$ 10
Sale of Coal.....	305	300	300
Sale of Stone, Sand, Gravel & Limestone.....	9	9	9
Sale of Wood Products.....	11,499	12,000	12,250
Interest on Deposits.....	95	90	9
Sale of Unserviceable Property.....	0	1	1
Sale of Skins and Guns.....	40	40	40
Rental of State Property.....	1	6	6
Miscellaneous Revenue.....	93	95	95
Interest on Securities.....	1,283	1,214	1,214
Gas and Oil Ground Rentals and Royalties.....	722	750	750
Refund of Expenditures Not Credited to Appropriations.....	39	35	35
Miscellaneous Revenue License Division.....	43	40	40
Sale of Game News.....	596	591	591
Condemnation Awards Received.....	0	5	5
Sale of Grain and Hay.....	16	15	15
Sale of Maps.....	13	14	14
Wildlife Management Promotional Revenue.....	339	320	340
Sale of Wood Products - PR Tracts.....	809	500	500
Sale of Centennial Commemorative Items.....	1	0	0
Working Together For Wildlife - Non-Game Fund.....	179	175	175
Migratory Bird Harvest Information Card Program.....	0	1	1
Oil and Gas Recovery Support.....	56	53	53
Waterfowl Management Stamp Sales and Royalties.....	62	30	30
Sales Tax.....	1	3	3
TOTAL.....	<u>\$ 16,215</u>	<u>\$ 16,297</u>	<u>\$ 16,486</u>
TOTAL REVENUES.....	<u>\$ 47,459</u>	<u>\$ 47,290</u>	<u>\$ 47,644</u>
Augmentations			
Sale of Automobiles.....	\$ 161	\$ 250	\$ 250
Federal Reimbursement - Pittman Robinson Act.....	7,998	7,900	7,900
Endangered Species Program.....	46	21	21
Pennsylvania Conservation Corps.....	223	168	168
Federal Reimbursement - Surface Mine Regulation.....	54	54	54
Federal Reimbursement - Harvest Information Program.....	0	20	20
Federal Reimbursement - WCRA.....	0	691	300
Federal Reimbursement - Migratory Bird Harvest.....	0	0	0
Private Donations.....	125	130	130
Youth Hunter Education Challenge.....	0	0	0
PennDot Reimbursement - Deer Roadkill.....	99	145	100
PennDot Reimbursement - Road Projects and Mitigation...	0	0	0
Becoming an Outdoors Woman.....	20	20	20
Wildlife Conservation.....	5	6	6
Purchasing Card Rebate.....	20	20	20
	<u>\$ 8,751</u>	<u>\$ 9,425</u>	<u>\$ 8,989</u>
TOTAL RECEIPTS.....	<u>\$ 56,210</u>	<u>\$ 56,715</u>	<u>\$ 56,633</u>



KEYSTONE RECREATION, PARK AND CONSERVATION FUND

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

Keystone Recreation, Park and Conservation Fund

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 78,487	\$ 82,936	\$ 26,728
Adjustment to Beginning Balance.....	0	-8,027	0
	<u>\$ 78,487</u>	<u>\$ 74,909</u>	<u>\$ 26,728</u>
Adjusted Receipts:			
Revenue Estimate.....	\$ 54,998	\$ 30,930	\$ 50,610
Prior Year Lapses.....	48,088	42,234	0
Total Receipts.....	<u>\$ 103,086</u>	<u>\$ 73,164</u>	<u>\$ 50,610</u>
Funds Available	<u>\$ 181,573</u>	<u>\$ 148,073</u>	<u>\$ 77,338</u>
Expenditures:			
Appropriated.....	\$ 98,637	\$ 121,345	\$ 33,588
Estimated Expenditures.....	-98,637	-121,345	-33,588
Ending Balance	<u>\$ 82,936</u>	<u>\$ 26,728</u>	<u>\$ 43,750</u>

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury			
Bond Issuance Expenses.....	\$ 1	\$ 0	\$ 0
Department of Conservation and Natural Resources			
General Government			
Park and Forest Facility Rehabilitation — Realty Transfer Tax.....	\$ 27,276	\$ 35,040	\$ 9,279
Grants and Subsidies			
Grants for Local Recreation — Realty Transfer Tax.....	\$ 31,490	\$ 48,252	\$ 7,733
Grants to Land Trusts — Realty Transfer Tax.....	12,479	13,010	3,093
Grants to Zoos — Bond Proceeds.....	0	0	0
Subtotal.....	<u>\$ 43,969</u>	<u>\$ 61,262</u>	<u>\$ 10,826</u>
DEPARTMENT TOTAL	<u>\$ 71,245</u>	<u>\$ 96,302</u>	<u>\$ 20,105</u>
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development — Realty Transfer Tax.....	\$ 2,991	\$ 4,894	\$ 1,238
State System of Higher Education — Deferred Maintenance — Realty Transfer Tax.....	14,504	5,893	8,224
DEPARTMENT TOTAL	<u>\$ 17,495</u>	<u>\$ 10,787</u>	<u>\$ 9,462</u>
Game Commission			
General Government			
Land Acquisition and Development — Bond Proceeds.....	\$ 13	\$ 0	\$ 0
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development — Realty Transfer Tax.....	\$ 9,883	\$ 14,256	\$ 4,021
FUND TOTAL	<u>\$ 98,637</u>	<u>\$ 121,345</u>	<u>\$ 33,588</u>

Keystone Recreation, Park and Conservation Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Realty Transfer Tax.....	\$ 50,874	\$ 26,430	\$ 47,385	\$ 50,205	\$ 52,740	\$ 55,185	\$ 57,360
Miscellaneous.....	4,124	4,500	3,225	3,489	3,489	3,489	3,489
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	\$ 54,998	\$ 30,930	\$ 50,610	\$ 53,694	\$ 56,229	\$ 58,674	\$ 60,849

Revenue Sources

Sale of Bonds

Actual		Estimated	
1996-97.....	\$ 0	2002-03.....	\$ 0
1997-98.....	14,140	2003-04.....	0
1998-99.....	0	2004-05.....	0
1999-00.....	0	2005-06.....	0
2000-01.....	0	2006-07.....	0
2001-02.....	0	2007-08.....	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	
1996-97.....	\$ 35,092	2002-03.....	\$ 26,430
1997-98.....	41,237	2003-04.....	47,385
1998-99.....	45,577	2004-05.....	50,205
1999-00.....	48,321	2005-06.....	52,740
2000-01.....	47,048	2006-07.....	55,185
2001-02.....	50,874	2007-08.....	57,360

Act 50 of 1993 approved the transfer of 15% of the revenues from the State Realty Transfer Tax to this fund. Act 89 of 2002 authorized temporary reductions in the 15% rate: 10% rate for the second half of 2001-02 and a 7.5% rate for the entire 2002-03. To implement this, a retroactive reduction for fiscal 2001-02 of \$8.027 million was made in fiscal year 2002-03. This reduction is shown as an adjustment to the 2002-03 beginning balance on this financial statement.

Keystone Recreation, Park and Conservation Fund

Revenue Sources (continued)

Miscellaneous Revenues

Actual		Estimated	
1996-97.....	\$ 4,056	2002-03.....	\$ 4,500
1997-98.....	4,595	2003-04.....	3,225
1998-99.....	5,391	2004-05.....	3,489
1999-00.....	6,541	2005-06.....	3,489
2000-01.....	8,074	2006-07.....	3,489
2001-02.....	4,124	2007-08.....	3,489

Miscellaneous revenues are earned interest.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Realty Transfer Tax.....	\$ 50,874	\$ 26,430	\$ 47,385
Miscellaneous Revenues.....	4,124	4,500	3,225
TOTAL RECEIPTS.....	\$ 54,998	\$ 30,930	\$ 50,610



LOTTERY FUND

The Lottery Fund is a special revenue fund composed of monies received from lottery ticket sales. It provides for lottery prizes and for programs to support older Pennsylvanians including property tax and rent assistance, community care programs, mass transit fare subsidies and partial rebate of prescription drug costs.



Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 175,716	\$ 213,102	\$ 181,569
Reserve from Previous Year.....	160,000	100,000	100,000
Total Beginning Balance	<u>\$ 335,716</u>	<u>\$ 313,102</u>	<u>\$ 281,569</u>
Receipts:			
Revenue Estimate.....	\$ 1,002,497	\$ 1,111,979	\$ 1,196,232
Prior Year Lapses.....	5,499	10,536	0
Total Receipts	<u>\$ 1,007,996</u>	<u>\$ 1,122,515</u>	<u>\$ 1,196,232</u>
Funds Available	<u>\$ 1,343,712</u>	<u>\$ 1,435,617</u>	<u>\$ 1,477,801</u>
Expenditures:			
Appropriated.....	\$ 1,059,780	\$ 1,185,851	\$ 1,161,266
Less Current Year Lapses.....	-29,170	-31,803	0
Estimated Expenditures	<u>-1,030,610</u>	<u>-1,154,048</u>	<u>-1,161,266</u>
Reserve for Current Year.....	\$ -100,000	\$ -100,000	\$ -100,000
Ending Balance	<u>\$ 213,102</u>	<u>\$ 181,569</u>	<u>\$ 216,535</u>

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 4	\$ 100	\$ 100
Department of Aging			
General Government			
Auditor General's Audit Costs.....	\$ 105	\$ 105	\$ 105
Grants and Subsidies			
PENNCARE.....	\$ 202,704	\$ 204,976	\$ 206,587
Pharmaceutical Assistance Fund.....	359,000	395,000	370,000
Subtotal.....	<u>\$ 561,704</u>	<u>\$ 599,976</u>	<u>\$ 576,587</u>
TOTAL STATE FUNDS	<u>\$ 561,809</u>	<u>\$ 600,081</u>	<u>\$ 576,692</u>
Federal Funds.....	\$ 72,880	\$ 82,817	\$ 82,892
Augmentations.....	7,369	8,119	7,369
DEPARTMENT TOTAL.....	<u>\$ 642,058</u>	<u>\$ 691,017</u>	<u>\$ 666,953</u>
Department of Revenue			
General Government			
Lottery Advertising.....	\$ 0	\$ 15,262	\$ 30,000
Player Activated Terminal Costs.....	0	0	3,000
On-line Vendor Commissions.....	41,811	45,840	48,270
Instant Vendor Commissions.....	16,369	19,007	17,856
Auditor General's Audit Costs.....	86	86	86
Payment of Prize Money.....	171,819	246,173	227,765
Subtotal.....	<u>\$ 230,085</u>	<u>\$ 326,368</u>	<u>\$ 326,977</u>
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians.....	\$ 119,713	\$ 122,180	\$ 120,375
DEPARTMENT TOTAL.....	<u>\$ 349,798</u>	<u>\$ 448,548</u>	<u>\$ 447,352</u>
Department of Transportation			
Grants and Subsidies			
Older Pennsylvanians Free Transit.....	\$ 55,756	\$ 66,059	\$ 62,000
Older Pennsylvanians Shared Rides.....	63,243	71,063	75,122
DEPARTMENT TOTAL.....	<u>\$ 118,999</u>	<u>\$ 137,122</u>	<u>\$ 137,122</u>
TOTAL STATE FUNDS	<u>\$ 1,030,610</u>	<u>\$ 1,185,851</u>	<u>\$ 1,161,266</u>
Federal Funds.....	\$ 72,880	\$ 82,817	\$ 82,892
Other Funds.....	7,369	8,119	7,369
FUND TOTAL.....	<u>\$ 1,110,859</u>	<u>\$ 1,276,787</u>	<u>\$ 1,251,527</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Collections.....	\$ 989,631	\$ 1,103,812	\$ 1,188,053	\$ 1,232,528	\$ 1,242,194	\$ 1,251,462	\$ 1,260,958
Miscellaneous Revenue.....	12,866	8,167	8,179	8,892	8,435	6,064	2,505
TOTAL LOTTERY FUND REVENUES.....	\$ 1,002,497	\$ 1,111,979	\$ 1,196,232	\$ 1,241,420	\$ 1,250,629	\$ 1,257,526	\$ 1,263,463

Revenue Sources

Net Lottery Collections

Actual	Estimated
1996-97..... \$ 928,259	2002-03..... \$ 1,103,812
1997-98..... 909,844	2003-04..... \$ 1,188,053
1998-99..... 899,691	2004-05..... \$ 1,232,528
1999-00..... 908,760	2005-06..... \$ 1,242,194
2000-01..... 858,531	2006-07..... \$ 1,251,462
2001-02..... 989,631	2007-08..... \$ 1,260,958

Net lottery collections consist of the proceeds from lottery ticket sales less commissions and some prizes. Currently prizes of \$2,500 or less for the on-line games and prizes of \$500 or less for instant games can be paid by the ticket agents. The State Lottery is currently operating seven games. The "Daily Number" game introduced in March 1977, the "Big 4" game introduced in November 1980, the "Cash 5" game introduced in April 1992, and the "Super Six" game introduced in September 1998, all utilize computer sales terminals located across the Commonwealth. The fifth game is the instant game which consists of variations of instant game tickets introduced at routine intervals during the year. The sixth and seventh games are Powerball and Powerplay which began in 2002 as multi-state games. Ticket prices are \$1 for "Cash 5" which consists of 1 play to pick 5 of 39 numbers, and "Super Six" which consists of three individual game plays to pick six of 69 numbers. "Daily Number" and "Big 4" game ticket prices range from \$.50 to \$5. The "Instant Game" ticket prices range from \$1 to \$20. Powerball is played for \$1 per play and Powerplay, which doubles winnings, can be added for \$1 per play as well.

Powerball is a lotto game which is a combined large jackpot game and a cash game. It involves drawing five out of 49 numbers and one out of 42 numbers. Players win by matching one of nine ways. The Multi-State Lottery Association administers the Powerball game and is a non-profit government-benefit association entirely owned and operated by the member state lotteries. Powerball is a 50% prize payout game which means that 50 cents of every one dollar ticket is paid out in prizes. The State Lottery keeps 50% as its share and then pays the remaining 50% in two parts: out in cash prizes directly to the players in its state, and a percentage share for the jackpot prize back to the association where it is held until there is a winner.

Net lottery collections as reported above correspond to the Lottery Fund revenue remitted to the Commonwealth and reported in the Commonwealth's accounting system. Net lottery collections are derived by subtracting the commissions retained and prizes paid by local lottery agents from the total lottery ticket sales. The table below shows the calculation of the net revenue amount.

(Dollar Amounts in Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Ticket Sales.....	\$ 1,934,164	\$ 2,200,850	\$ 2,328,973	\$ 2,404,233	\$ 2,429,024	\$ 2,453,141	\$ 2,477,876
Commissions.....	-100,190	-114,004	-120,641	-124,539	-125,823	-127,073	-128,354
Field Paid Prizes.....	<u>-844,343</u>	<u>-983,034</u>	<u>-1,020,279</u>	<u>-1,047,166</u>	<u>-1,061,007</u>	<u>-1,074,606</u>	<u>-1,088,564</u>
NET LOTTERY COLLECTIONS.....	\$ 989,631	\$ 1,103,812	\$ 1,188,053	\$ 1,232,528	\$ 1,242,194	\$ 1,251,462	\$ 1,260,958

Revenue Sources (continued)

Capital Stock and Franchise Tax

Actual		Estimated	
1996-97.....	\$ 82	2002-03.....	\$ 0
1997-98.....	-47	2003-04.....	0
1998-99.....	0	2004-05.....	0
1999-00.....	0	2005-06.....	0
2000-01.....	0	2006-07.....	0
2001-02.....	0	2007-08.....	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	
1996-97.....	\$ 15,524	2002-03.....	\$ 8,167
1997-98.....	17,016	2003-04.....	8,179
1998-99.....	26,359	2004-05.....	8,892
1999-00.....	20,533	2005-06.....	8,435
2000-01.....	22,958	2006-07.....	6,064
2001-02.....	12,866	2007-08.....	2,505

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)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Collections.....	\$ 989,631	\$ 1,103,812	\$ 1,188,053
Miscellaneous.....	12,866	8,167	8,179
TOTAL LOTTERY FUND REVENUES.....	\$ 1,002,497	\$ 1,111,979	\$ 1,196,232



MILK MARKETING FUND

The Milk Marketing Fund is a special revenue fund composed of monies received from license fees, fines, penalties and permits relating to the milk industry.

The purpose of this fund is to provide for the operation of the Milk Marketing Board and to serve as a depository for money due dairy farmers from underpayments by milk dealers.

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 1,639	\$ 1,519	\$ 1,276
Receipts:			
Revenue Estimate.....	\$ 2,195	\$ 2,289	\$ 2,879
Prior Year Lapses.....	79	0	0
Total Receipts	\$ 2,274	\$ 2,289	\$ 2,879
Funds Available	\$ 3,913	\$ 3,808	\$ 4,155
Expenditures:			
Appropriated.....	\$ 2,505	\$ 2,532	\$ 2,577
Less Current Year Lapses.....	-111	0	0
Estimated Expenditures	-2,394	-2,532	-2,577
Ending Balance	\$ 1,519	\$ 1,276	\$ 1,578

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 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 Government			
General Operations.....	\$ 2,394	\$ 2,522	\$ 2,567
FUND TOTAL	\$ 2,394	\$ 2,532	\$ 2,577

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Licenses and Fees.....	\$ 2,079	\$ 2,164	\$ 2,754	\$ 2,754	\$ 2,754	\$ 2,754	\$ 2,754
Fines and Penalties.....	26	10	10	10	10	10	10
Miscellaneous Revenue.....	90	115	115	115	115	115	115
TOTAL MILK MARKETING FUND REVENUES.....	\$ 2,195	\$ 2,289	\$ 2,879	\$ 2,879	\$ 2,879	\$ 2,879	\$ 2,879

Revenue Sources

Licenses and Fees

Actual		Estimated	
1996-97.....	\$ 2,007	2002-03.....	\$ 2,164
1997-98.....	2,147	2003-04.....	2,754
1998-99.....	2,158	2004-05.....	2,754
1999-00.....	2,121	2005-06.....	2,754
2000-01.....	2,344	2006-07.....	2,754
2001-02.....	2,079	2007-08.....	2,754

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

Fines and Penalties

Actual		Estimated	
1996-97.....	\$ 31	2002-03.....	\$ 10
1997-98.....	4	2003-04.....	10
1998-99.....	20	2004-05.....	10
1999-00.....	6	2005-06.....	10
2000-01.....	10	2006-07.....	10
2001-02.....	26	2007-08.....	10

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1996-97.....	\$ 148	2002-03.....	\$ 115
1997-98.....	156	2003-04.....	115
1998-99.....	135	2004-05.....	115
1999-00.....	128	2005-06.....	115
2000-01.....	143	2006-07.....	115
2001-02.....	90	2007-08.....	115

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)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Licenses and Fees			
Milk Dealers Licenses.....	\$ 1,438	\$ 1,500	\$ 2,090
Milk Testers Certificate Fees.....	3	2	2
Milk Weighers Certificate Fees.....	29	30	30
Milk Testers and Weighers Examination Fees.....	3	3	3
Milk Haulers License Fees.....	577	600	600
Milk Sub Dealers Licenses.....	15	15	15
Service Contract Fees.....	14	14	14
TOTAL.....	\$ 2,079	\$ 2,164	\$ 2,754
Fines and Penalties			
Milk Marketing Act Fines.....	\$ 26	\$ 10	\$ 10
Miscellaneous Revenues			
Interest on Securities.....	\$ 90	\$ 114	\$ 114
General Operations.....	0	1	1
TOTAL.....	\$ 90	\$ 115	\$ 115
TOTAL REVENUES.....	\$ 2,195	\$ 2,289	\$ 2,879



RACING FUND

The Racing Fund is a special revenue fund composed of monies received from taxes and license fees collected by the State Harness Racing Commission and the State Horse Racing Commission for the regulation of horse and harness racing. Any remaining balance is transferred to the General Fund in the subsequent fiscal year.

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 8,695	\$ 7,293	\$ 7,211
Receipts:			
Revenue Estimate.....	\$ 16,603	\$ 17,323	\$ 18,201
Prior Year Lapses.....	333	0	0
Total Receipts.....	\$ 16,936	\$ 17,323	\$ 18,201
Funds Available	\$ 25,631	\$ 24,616	\$ 25,412
Expenditures:			
Appropriated.....	\$ 18,338	\$ 17,405	\$ 17,365
Estimated Expenditures.....	-18,338	-17,405	-17,365
Ending Balance	\$ 7,293	\$ 7,211	\$ 8,047

Summary by Department

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 10	\$ 10	\$ 10
Department of Agriculture			
General Government			
State Racing Commissions.....	\$ 7,324	\$ 7,606	\$ 7,630
Equine Toxicology and Research Laboratory.....	1,905	2,065	2,078
Payments to Pennsylvania Fairs—Administration.....	174	200	203
Subtotal.....	\$ 9,403	\$ 9,871	\$ 9,911
Grants and Subsidies			
Transfer to the General Fund.....	8,696	7,293	7,211
TOTAL STATE FUNDS	\$ 18,099	\$ 17,164	\$ 17,122
Augmentations.....	1	0	0
DEPARTMENT TOTAL.....	\$ 18,100	\$ 17,164	\$ 17,122
Department of Revenue			
General Government			
Collections—Racing.....	\$ 228	\$ 231	\$ 233
TOTAL STATE FUNDS	\$ 18,337	\$ 17,405	\$ 17,365
Other Funds.....	1	0	0
FUND TOTAL.....	\$ 18,338	\$ 17,405	\$ 17,365

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Tax Revenues.....	\$ 12,443	\$ 13,390	\$ 13,746	\$ 13,746	\$ 13,746	\$ 13,746	\$ 13,746
Licenses and Fees.....	401	449	449	449	449	449	449
Miscellaneous Revenue.....	3,758	3,484	4,006	4,006	4,006	4,006	4,006
TOTAL RACING FUND REVENUES.....	\$ 16,602	\$ 17,323	\$ 18,201	\$ 18,201	\$ 18,201	\$ 18,201	\$ 18,201
Augmentations	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL RACING RECEIPTS	\$ 16,603	\$ 17,323	\$ 18,201	\$ 18,201	\$ 18,201	\$ 18,201	\$ 18,201

Revenue Sources

Tax Revenues

Actual	Estimated
1996-97..... 14,783	2002-03..... \$ 13,390
1997-98..... 15,461	2003-04..... 13,746
1998-99..... 14,535	2004-05..... 13,746
1999-00..... 15,301	2005-06..... 13,746
2000-01..... 13,125	2006-07..... 13,746
2001-02..... 12,443	2007-08..... 13,746

Act 93 of 1983 combined the Harness Racing Fund and the Horse Racing Fund into the Racing Fund. This act amended portions of the Race Horse Industry Reform Act. For licensed racing corporations annually conducting at least 100 days of racing or for two licensed corporations conducting their racing at the same facility with a minimum of 175 combined racing days, the previous sliding wagering tax rate was changed to 1.5 percent effective July 1, 1986, and thereafter. For licensed racing corporations not conducting the minimum number of racing days, the wagering rate was changed to 2.5 percent from July 1, 1984 to June 30, 1986, and 2 percent thereafter. Act 23 of 2000 changed the amount allocated from the State Racing Fund to the Pennsylvania Breeding Fund to 1 percent of the daily amount wagered for thoroughbred horse racing. Act 127 of 1988 permits off-track betting in the Commonwealth.

Licenses and Fees

Actual	Estimated
1996-97..... 431	2002-03..... \$ 449
1997-98..... 426	2003-04..... 449
1998-99..... 357	2004-05..... 449
1999-00..... 360	2005-06..... 449
2000-01..... 409	2006-07..... 449
2001-02..... 401	2007-08..... 449

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	
1996-97.....	\$ 3,526	2002-03.....	\$ 3,484
1997-98.....	3,782	2003-04.....	4,006
1998-99.....	3,649	2004-05.....	4,006
1999-00.....	3,792	2005-06.....	4,006
2000-01.....	3,759	2006-07.....	4,006
2001-02.....	3,758	2007-08.....	4,006

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)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Tax Revenues			
State Admission Tax.....	\$ 112	\$ 112	\$ 102
Wagering Tax.....	11,151	12,048	12,469
Breakage Tax.....	1,180	1,230	1,175
TOTAL.....	\$ 12,443	\$ 13,390	\$ 13,746
Licenses and Fees			
License Fees.....	\$ 401	\$ 449	\$ 449
Miscellaneous Revenues			
Uncashed Tickets.....	\$ 3,350	\$ 2,950	\$ 2,900
Interest on Securities.....	360	527	527
Redeposit of Checks.....	48	7	4
Premium Sale of Securities.....	0	0	575
TOTAL.....	\$ 3,758	\$ 3,484	\$ 4,006
Augmentations			
Reimbursements—Out of State Testing.....	\$ 1	\$ 0	\$ 0
TOTAL REVENUES.....	\$ 16,603	\$ 17,323	\$ 18,201



TOBACCO SETTLEMENT FUND

The Tobacco Settlement Fund is a special revenue fund composed of monies from all tobacco settlements under the Tobacco Master Settlement Agreement. It provides for smoking prevention and smoking cessation programs and other health related programs including home and community based care, venture capital for medical equipment, support for the uninsured, and catastrophic and uncompensated care.

Financial Statement

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Beginning Balance	\$ 667,305 *	\$ 501,619	\$ 430,337
Receipts:			
Revenue Estimate.....	\$ 433,529	\$ 439,260	\$ 360,528
Prior Year Lapses.....	0	77,537	0
Total Receipts.....	<u>433,529</u>	<u>516,797</u>	<u>360,528</u>
Funds Available	<u>\$ 1,100,834</u>	<u>\$ 1,018,416</u>	<u>\$ 790,865</u>
Expenditures:			
Appropriated.....	\$ 667,305	\$ 632,029	\$ 430,337
Less Current Year Lapses.....	<u>-68,090</u>	<u>-43,950</u>	<u>0</u>
Estimated Expenditures.....	<u>599,215</u>	<u>588,079</u>	<u>430,337</u>
Ending Balance	<u>\$ 501,619</u>	<u>\$ 430,337</u>	<u>\$ 360,528</u>

* Includes \$667,305,000 temporarily held in a restricted receipt account. Excludes interest earned on receipts transferred to the Health Endowment Account for Long-Term Hope as restricted receipts.



Summary by Department

(Dollar Amounts in Thousands)

	<u>2001-02 Actual</u>	<u>2002-03 Estimate</u>	<u>2003-04 Budget</u>
Governor's Office			
General Government			
Tobacco Endowment Account	\$ 25,783	\$ 0	\$ 0
DEPARTMENT TOTAL	<u>\$ 25,783</u>	<u>\$ 0</u>	<u>\$ 0</u>
Executive Offices			
General Government			
Transfer to General Fund	\$ 68,508	\$ 0	\$ 0
Tobacco Settlement Investment Board	0 ^a	0 ^b	0 ^c
Transfer to Health Endowment Account	27,601 ^d	34,682 ^d	34,427 ^d
DEPARTMENT TOTAL	<u>\$ 96,109</u>	<u>\$ 34,682</u>	<u>\$ 34,427</u>
Department of Aging			
Grants and Subsidies			
Home and Community-Based Services	\$ 18,630	\$ 12,151	\$ 18,198
PACEnet Transfer	27,601	34,682	34,427
TOTAL STATE FUNDS	<u>\$ 46,231</u>	<u>\$ 46,833</u>	<u>\$ 52,625</u>
Federal Funds	\$ 3,582	\$ 7,336	\$ 11,381
DEPARTMENT TOTAL	<u>\$ 49,813</u>	<u>\$ 54,169</u>	<u>\$ 64,006</u>
Department of Community and Economic Development			
Grants and Subsidies			
Health Venture Investment Account	\$ 60,000	\$ 0	\$ 0
Regional Biotechnology Research Centers	100,000	0	0
DEPARTMENT TOTAL	<u>\$ 160,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Department of Health			
Grants and Subsidies			
Medical and Surgical Equipment Grants	\$ 20,000	\$ 0	\$ 0
Community-Based Health Care Assistance	25,000	0	0
Health Research - Health Priorities	62,017	78,035	77,461
Health Research - National Cancer Institute	3,408	4,335	4,303
Tobacco Use Prevention and Cessation	14,876	52,023	51,640
DEPARTMENT TOTAL	<u>\$ 125,301</u>	<u>\$ 134,393</u>	<u>\$ 133,404</u>
Higher Education Assistance Agency			
Grants and Subsidies			
Biomedicine and Life Sciences Student Loans	\$ 5,000	\$ 0	\$ 0
Nursing School Student Loans	3,000	0	0
DEPARTMENT TOTAL	<u>\$ 8,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Department of Insurance			
Grants and Subsidies			
Adult Health Insurance	\$ 77,738	\$ 97,544	\$ 96,826
DEPARTMENT TOTAL	<u>\$ 77,738</u>	<u>\$ 97,544</u>	<u>\$ 96,826</u>

Summary by Department (continued)

(Dollar Amounts in Thousands)

	<u>2001-02</u> Actual	<u>2002-03</u> Estimate	<u>2003-04</u> Budget
Department of Public Welfare			
Grants and Subsidies			
Medical Care for Workers with Disabilities.....	\$ 870	\$ 32,515	\$ 32,275
Hospital Uncompensated Care.....	15,000	0	0
Uncompensated Care.....	34,501	43,353	43,034
Medical Assistance - Long-Term Care.....	0	198,500	0
Home and Community-Based Services.....	9,682	44,209	37,746
Subtotal.....	<u>\$ 60,053</u>	<u>\$ 318,577</u>	<u>\$ 113,055</u>
TOTAL STATE FUNDS	<u><u>\$ 60,053</u></u>	<u><u>\$ 318,577</u></u>	<u><u>\$ 113,055</u></u>
Federal Funds.....	\$ 72,247	\$ 144,900	\$ 136,715
Augmentations.....	0	1,392	820
DEPARTMENT TOTAL	<u><u>\$ 132,300</u></u>	<u><u>\$ 464,869</u></u>	<u><u>\$ 250,590</u></u>
TOTAL STATE FUNDS	<u><u>\$ 599,215</u></u>	<u><u>\$ 632,029</u></u>	<u><u>\$ 430,337</u></u>
Federal Funds.....	\$ 75,829	\$ 152,236	\$ 148,096
Other Funds.....	0	1,392	820
FUND TOTAL	<u><u>\$ 675,044</u></u>	<u><u>\$ 785,657</u></u>	<u><u>\$ 579,253</u></u>

- ^a Excludes \$93,000 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).
- ^b Excludes \$326,000 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).
- ^c Excludes \$276,000 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).
- ^d Funds are actually deposited to the Endowment Account for Long-Term Hope immediately upon receipt of settlement payments.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Tobacco Settlement Revenue.....	\$ 433,529	\$ 420,685	\$ 360,528	\$ 357,566	\$ 354,676	\$ 351,438	\$ 354,883
Miscellaneous Revenue.....	0	18,575	0	0	0	0	0
TOTAL TOBACCO FUND REVENUES.....	\$ 433,529	\$ 439,260	\$ 360,528	\$ 357,566	\$ 354,676	\$ 351,438	\$ 354,883

Revenue Sources

Tobacco Settlement Revenue

Actual	Estimated
1996-97..... \$ 0	2002-03..... \$ 420,685
1997-98..... 0	2003-04..... 360,528
1998-99..... 0	2004-05..... 357,566
1999-00..... 464,554	2005-06..... 354,676
2000-01..... 345,013	2006-07..... 351,438
2001-02..... 433,529	2007-08..... 354,883

Tobacco Settlement revenue includes payments from all tobacco settlements under the Master Tobacco Settlement Agreement not set aside in the restricted revenue Health Endowment Account for Long-Term Hope. Pending creation of the fund, 1999-00 and 2000-01 year receipts were held in a restricted receipt account.

Miscellaneous Revenue

Actual	Estimated
1996-97..... \$ 0	2002-03..... \$ 18,575
1997-98..... 0	2003-04..... 0
1998-99..... 0	2004-05..... 0
1999-00..... 0	2005-06..... 0
2000-01..... 0	2006-07..... 0
2001-02..... 0	2007-08..... 0

Miscellaneous Revenue includes investment earnings which would have otherwise been deposited to the Health Endowment Account for Long-Term Hope, but were specified for retention within the fund itself by Act 91 of 2002.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Gross Settlements	\$ 433,529	\$ 420,685	\$ 360,528
Interest on Securities	0	16,076	0
Interest on Deposits	0	0	0
Interest Income Reinvested Long-Term	0	476	0
Dividend Income Reinvested Long-Term	0	2,023	0
NET TOBACCO SETTLEMENT REVENUE.....	\$ 433,529	\$ 439,260	\$ 360,528

Restricted Revenues Not Included in Department Total

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

	Actual		Estimated	
1996-97.....	\$ 0		2002-03.....	\$ 34,427
1997-98.....	0		2003-04.....	36,943
1998-99.....	0		2004-05.....	37,713
1999-00.....	170,349		2005-06.....	38,513
2000-01.....	67,091		2006-07.....	39,300
2001-02.....	56,706		2007-08.....	41,522

Health Endowment Account for Long-Term Hope restricted revenue includes all interest earned in the Tobacco Settlement Fund, the initial payment of Tobacco Settlement funds, strategic contribution payments (beginning in 2007-08), eight percent of each Annual Payment and lapses from the appropriations in the fund except for moneys provided for the Home and Community-Based Care Program and the Health Investment Insurance Program which are reallocated to their respective programs. 1999-00 represents \$142,262,000 Initial Payment; \$2,304,000 interest; and \$25,783,000 in transfer all of which were actually distributed in 2001-02 with the formal establishment of the Fund. The Total Tobacco Endowment Account includes \$27,601,000 in transfer and \$39,490,000 actually distributed in 2001-02 with the formal establishment of the Fund. The Total Tobacco Endowment Account includes \$34,682,000 in transfer and \$19,407,000 interest received prior to June 30, 2002 transferred on or prior to that date and \$2,617,000 interest received prior to June 30, 2002, but transferred after that date.

Act 91 of 2002 suspends the transfer of lapsing funds and investment earnings to the Health Endowment Account for Long-Term Hope during 2002-03 and directs those moneys to the Tobacco Settlement Fund itself. This budget proposes the transfer of \$330 million within this account to the General Fund to support health related programs.

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Initial Payment.....	\$ 0	\$ 0	\$ 0
8% of Annual Tobacco Settlement Payments.....	34,682	34,427	28,842
Strategic Contribution Payments	0	0	0
Interest	22,024	0	8,101
Lapses.....	0	0	0
Total Health Endowment Account for Long-Term Hope.....	<u>\$ 56,706</u>	<u>\$ 34,427</u>	<u>\$ 36,943</u>

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

	Actual		Estimated	
1996-97.....	\$ 0		2002-03.....	\$ 326
1997-98.....	0		2003-04.....	276
1998-99.....	0		2004-05.....	276
1999-00.....	0		2005-06.....	276
2000-01.....	0		2006-07.....	276
2001-02.....	93		2007-08.....	276

The Tobacco Settlement Investment Board restricted revenue represents the approved expenses of the overseeing investment board to be paid from the investment earnings in the Health Endowment Account for Long-Term Hope. An initial budget is submitted for appropriation of these funds and actual expenses are paid as approved.

	2001-02 Actual	2002-03 Estimate	2003-04 Budget
Revenue.....	\$ 93	\$ 326	\$ 276
Distribution.....	-93	-326	-276
Total Tobacco Settlement Board Account Investment.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



Governor's Executive Budget

TAX
EXPENDITURES



TAX EXPENDITURES

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

TAX EXPENDITURE ANALYSIS

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

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

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

The 2003-04 Governor's Executive Budget presents this tax expenditure analysis covering Commonwealth taxes with annual receipts of at least \$15 million. A complete list of covered taxes is shown in the Table of Contents. The intended purposes of the current analyses are to:

- (1) Identify indirect sources of budgetary support for various activities,
- (2) Present estimated costs associated with each tax expenditure,
- (3) Present actual or estimated costs of administering each tax expenditure,
- (4) Present actual or estimated numbers and descriptions of benefiting taxpayers, and
- (5) Allow for administration, legislative and public scrutiny and facilitate discussion on each tax expenditure's merits.

For the purposes of this document, "tax expenditure" is defined as a reduction in revenue that would otherwise be collected by the Commonwealth as the result of an exemption, reduction, deduction, limitation, exclusion, tax deferral, discount, refund, commission, credit, special rate or special treatment. This definition provides a general framework within which to determine whether to classify certain items as tax expenditures. To facilitate this classification process, six specific criteria have been adopted to augment the general definition of tax expenditure:

- (1) Reduces State revenues,
- (2) Confers special treatment,
- (3) Is included in the defined tax base,
- (4) Is not subjected to equivalent alternative taxation,
- (5) Can be altered by a change in State law, and
- (6) Is not an appropriation.



Tax Expenditure Analysis (continued)

The following examples of several items not considered to be tax expenditures clarify the use of these criteria:

Purchases made by Commonwealth agencies are not subject to sales and use tax. Were these transactions not exempted, tax revenues would increase but increased Commonwealth expenses would offset revenues. Therefore, no net budgetary change occurs. This item is not a tax expenditure.

The exclusion of a sale for resale from sales and use tax is not considered a tax expenditure because the tax is imposed on each separate sale at retail of tangible personal property or services.

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

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

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

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

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

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

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

CREDIT PROGRAMS

NEIGHBORHOOD ASSISTANCE PROGRAMS

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

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies (other than foreign fire/casualty insurance companies), as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock / foreign franchise tax that engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations which provide such activities. The credit is allowed for neighborhood assistance, job training or education for individuals, community services, economic development or crime prevention in an impoverished area. The program must be approved by the Secretary of Community and Economic Development. The credit available to a taxpayer equals up to 50 percent of the contribution to approved programs during the tax year, but may not exceed \$250,000. An expanded credit of 70 percent (maximum of \$350,000 per taxpayer) may be available for investments in certain priority programs defined by the Secretary of Community and Economic Development. The total amount of credits awarded to all taxpayers cannot exceed \$18 million in a fiscal year.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Net Income Tax						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.4	\$ 4.8	\$ 6.3	\$ 7.8	\$ 9.3	\$ 10.7	\$ 12.2
	Capital Stock/Foreign Franchise Tax						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 11.0	\$ 9.6	\$ 8.1	\$ 6.6	\$ 5.1	\$ 3.7	\$ 2.2
	Selective Business Taxes						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6

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

General Fund Tax Expenditures

EMPLOYMENT INCENTIVE PAYMENTS

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

Description: Any bank, thrift institution, title insurance and trust company, or insurance company, as well as any corporation or person subject to the corporate net income tax or the personal income tax, employing persons formerly receiving welfare benefits may claim an employment incentive payment as credit against any tax liability in selected taxes. The credit is for a portion of wages paid to a qualifying employee in the first three years of employment. Employment incentive payment credits are available for employees hired up to December 31, 2004. Additional credit is available for financing associated day care costs. Total employment incentive payment credits authorized cannot exceed \$25 million in any fiscal year.

Purpose: This program provides tax relief to taxpayers that hire persons previously receiving aid to families with dependent children or classified as chronically or transitionally needy at the time of employment and reduces state aid payments to those individuals.

Administrative Costs: Costs to administer the Employment Incentive Payments credit program are borne by the Department of Public Welfare, Department of Labor and Industry and the Department of Revenue. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	Corporate Taxes						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0
	Personal Income Tax						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0

Beneficiaries: Employers of approximately 8,300 qualifying employees in Pennsylvania are expected to benefit from this tax expenditure.

HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE FUND

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

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

Purpose: This credit encourages businesses to contribute to a fund established to prevent mortgage foreclosure and distress sale of a home resulting from circumstances beyond a homeowner's control.

Administrative Costs: Nominal

Estimates: There has been no application of credits during FY 1985-86 through FY 2002-03. Limited participation in this program is expected in the future.

Beneficiaries: NA

General Fund Tax Expenditures

JOB CREATION TAX CREDIT

Authorization: Act of June 29, 1996 (P.L. 434, No. 67), as amended.

Description: A tax credit is available to businesses and individuals creating and sustaining jobs. The tax credit equals \$1,000 per job for each year in the approved term and may be applied to the corporate net income tax, capital stock/foreign franchise tax, insurance premiums tax, gross receipts tax, bank and trust company shares tax, mutual thrift institution tax, title insurance company shares tax, personal income tax or any combination thereof. The total amount of funds for tax credits available in a year is \$22,500,000.

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 \$0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5	\$ 22.5

Beneficiaries: Approximately 110 companies doing business in Pennsylvania benefit from this tax expenditure.

RESEARCH AND DEVELOPMENT TAX CREDIT

Authorization: Act of May 7, 1997 (P.L. 85, No. 7).

Description: A research and development tax credit is available for performing qualified research in Pennsylvania. The credit equals 10 percent of the increase in qualified research expenses for the current taxable year over a base period. Total credits in any one fiscal year are capped at \$15 million with \$3 million of the total earmarked exclusively for small business. The credit may be applied against the corporate net income tax, capital stock/foreign franchise tax, personal income tax, or any combination thereof, but may not exceed 50 percent of such qualified tax liability. Unused credits may be carried forward fifteen taxable years. Credits are available for tax years ending on or before December 31, 2006.

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)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0

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

General Fund Tax Expenditures

KEYSTONE OPPORTUNITY ZONE

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

Description: The Department of Community and Economic Development has designated specific areas of deteriorated property as keystone opportunity zones and keystone opportunity expansion zones. Act 217 of 2002 allowed existing zones to expand to pre-authorized acreage limits and permitted the creation of keystone opportunity improvement zones. The Governor proposed eleven properties as keystone opportunity improvement zones by Executive Order on December 31, 2002.

Economic activity occurring in these zones is exempt from most local taxation for a period of fifteen years beginning with the creation of the particular zone. In addition to benefiting from a limited state sales and use tax exemption, zone residents and qualified businesses are exempt from the following state taxes: corporate net income, capital stock/foreign franchise, bank shares, and mutual thrift institutions taxes. In addition, qualified businesses may receive credits against insurance premiums tax for jobs created in a zone. The tax expenditure is the value of all the credits and the state taxes waived within the zone.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 14.2	\$ 14.6	\$ 18.7	\$ 24.0	\$ 23.6	\$ 23.7	\$ 22.7

Beneficiaries: Qualified businesses and residents of the designated zones within this Commonwealth benefit from this tax expenditure.

COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT

Authorization: Act of May 12, 1999 (P.L. 26, No. 4).

Description: A tax credit is available for qualifying capital expenditures on facilities producing fuels from coal, culm or silt. The credit can be used against sales and use tax, corporate net income tax and capital stock/foreign franchise tax. The total cost of the credit is capped at \$18 million per year.

Purpose: This tax credit provides an incentive for taxpayers to develop facilities dedicated to the production of synthetic fuels within this Commonwealth while removing coal waste from the environment.

Administrative Costs: Costs to administer the Coal Waste Removal and Ultraclean Fuels Tax credit are borne by the Department of Revenue and are considered to be nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

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

General Fund Tax Expenditures

EDUCATIONAL IMPROVEMENT TAX CREDIT

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

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies, as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax that contribute to non-profit scholarship organizations or educational improvement organizations approved by the Department of Community and Economic Development (DCED). A tax credit shall be granted to a business firm providing proof of a contribution to a scholarship organization or an educational improvement organization equal to 75% of the total amount contributed during the taxable year. The tax credit must be applied in the taxable year the contribution is made. Any unused portion of the tax credit may not be carried forward or back, nor is it refundable or transferable. A tax credit shall be granted equal to 90% of the total amount contributed, if the business provides a written commitment to DCED to contribute the same amount for two consecutive tax years. A tax credit shall not exceed the tax liability of a business for any given taxable year, nor shall the credit exceed \$100,000 per business per taxable year. The total amount of tax credits approved for all taxpayers cannot exceed \$30 million in a fiscal year, with no less than \$20 million for contributions to scholarship organizations, and no less than \$10 million for contributions to educational improvement organizations.

Purpose: This program encourages taxpayers to contribute to scholarship organizations or educational improvement organizations in order to promote expanded educational opportunities for students in the Commonwealth.

Administrative Costs: Costs to administer Educational Improvement Tax credits are primarily borne by the Department of Community and Economic Development along with the Department of Revenue and the Department of Education. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0

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



General Fund Tax Expenditures

CORPORATION TAXES

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

(Dollar Amounts in Millions)

Estimates: Corporate Net Income Tax and Capital Stock/Foreign Franchise Tax

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.5

Selective Business Taxes

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

CORPORATE NET INCOME TAX

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

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

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

Any deductions, exemptions or types of special treatment that are reflected in line 28 on the IRS form 1120 not modified or adjusted by Pennsylvania statute are not included below.

DIVIDENDS PAID

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

Purpose: This special deduction is pursuant to IRC section 247 that 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)

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

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

General Fund Tax Expenditures

NET OPERATING LOSS CARRYFORWARD

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

Act 45 of 1998 increased the three-year carryforward period to ten years for tax years 1995 and thereafter. This act provided a phase-in schedule of net loss deductions making the first ten-year carryforward available in tax year 2005. Suspended losses from 1988 through 1994 could be used variously against 1995 through 1997 tax years. Act 4 of 1999 increased the annual cap on deductions to \$2 million in each of the ten years following the loss, effective January 1, 1999. Act 89 of 2002 increased the ten-year carryforward period to twenty years for losses incurred in the 1998 taxable year and thereafter.

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 181.8	\$ 190.2	\$ 199.8	\$ 207.7	\$ 218.6	\$ 233.4	\$ 255.1

Beneficiaries: Approximately 33,000 businesses per year benefit from this tax expenditure.

TRIPLE-WEIGHTED SALES FACTOR

Description: Beginning in tax year 1995, corporations apportioned their net income using a three-factor formula (payroll, property and sales) that double-weighted the sales factor. The sales factor in the numerator of the corporate net income tax apportionment formula was multiplied by two and the denominator was four. Act 4 of 1999 provided for the sales factor to be triple-weighted beginning in tax year 1999. The sales factor in the numerator is multiplied by three instead of two and the denominator is five.

Purpose: Corporations with a higher percentage of property and payroll invested in Pennsylvania (compared to their percentage of sales in Pennsylvania) will have less taxable income apportioned to the Commonwealth. Therefore, those corporations will have a reduced tax burden. This encourages business investment in Pennsylvania in the form of property and employment.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 70.7	\$ 73.0	\$ 74.8	\$ 76.2	\$ 79.5	\$ 84.4	\$ 92.2

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

General Fund Tax Expenditures

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the corporate net income tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt from the corporate net income tax. Corporations organized as a nonprofit but not operating as a nonprofit are excluded from this exemption. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the corporate net income tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 12.2	\$ 13.1	\$ 14.0	\$ 15.0	\$ 16.0	\$ 17.1	\$ 18.3

Beneficiaries: Approximately 900 nonprofit corporations operating in Pennsylvania with unrelated business income benefit from this tax expenditure.

PENNSYLVANIA S CORPORATIONS

Description: Corporations with a valid Pennsylvania S corporation election in effect for the taxable year are exempt from the corporate net income tax. However, Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania personal income tax purposes. The tax expenditure is the difference between what is paid by the shareholders under the personal income tax and what the corporations would have paid under the corporate net income tax. Act 7 of 1997 provided conformity with the federal Small Business Job Protection Act of 1996 by allowing an increase in the number of shareholders from 35 to 75, effective January 1, 1997. Act 7 also permitted S corporations to have qualified subsidiaries. The subsidiary can be either an S or a C corporation. Act 4 of 1999 eliminated the 25 percent passive income test and waived the five-year waiting period with respect to corporations whose S election was terminated for exceeding the passive income limitation.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 472.1	\$ 500.7	\$ 528.8	\$ 554.6	\$ 595.1	\$ 649.9	\$ 730.2

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

General Fund Tax Expenditures

LIMITED LIABILITY COMPANIES (LLCs)

Description: LLCs are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. LLCs that are not taxed as corporations for federal purposes are exempt from the Pennsylvania corporate net income tax. Act 45 of 1998 clarified that LLCs and business trusts classified by the federal government as "disregarded entities" are not subject to the Pennsylvania corporate net income tax. Owners of the LLC must include their share of corporate income for Pennsylvania personal income tax purposes. The tax expenditure is the difference between what is paid by the owners under the personal income tax and what the LLCs would have paid under the corporate net income tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 119.8	\$ 159.2	\$ 183.5	\$ 204.4	\$ 231.6	\$ 267.1	\$ 316.9

Beneficiaries: Approximately 26,000 companies doing business in Pennsylvania benefit from this tax expenditure.

COMMERCIAL PRINTERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

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

FICA TAX ON TIPS

Description: Eating and drinking establishments can claim a deduction from their Pennsylvania taxable income equal to the amount of federal FICA (Federal Insurance Contributions Act) tax on employees' tips.

Purpose: This deduction corrects for a change in federal law. In 1993, a credit was created in the Internal Revenue Code. Taxpayers taking the credit may not also take a deduction for the amount of FICA tax on employees' tips. Pennsylvania does not permit the credit and instead allows this additional deduction from federal taxable income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8

Beneficiaries: Approximately 7,000 eating and drinking establishments could benefit from this tax expenditure.

General Fund Tax Expenditures

CAPITAL STOCK/FOREIGN FRANCHISE TAX

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

The capital stock tax is a property tax imposed on every domestic corporation with capital stock, every joint-stock association and limited partnership and every other company organized or incorporated in Pennsylvania. The franchise tax is a privilege tax imposed on foreign corporations, joint-stock associations, limited partnerships and other companies doing business and liable for taxation within Pennsylvania or having capital or property employed or used in Pennsylvania. Certain corporations are exempt from these taxes, and some corporations are afforded special treatment.

The capital stock/foreign franchise tax is based on capital stock value which is defined as one-half of the sum of the average net income capitalized at the rate of 9.5 percent plus 75 percent of the net worth, less \$125,000. Act 23 of 2000 authorized the tax to be phased out through a 2 mill reduction to 8.99 mills for 2000, a 1.5 mill reduction to 7.49 mills for 2001, and an annual 1 mill reduction for 2002 through 2008 until the tax is eliminated. Act 23 of 2000 also eliminated the minimum payment. Act 89 of 2002 modified the Act 23 of 2000 phase-out schedule by reducing the 2001 rate to 7.24 mills in 2002, further reducing the rate to 6.99 mills in 2003, and by reducing the rate by 1 mill per year thereafter until the tax is eliminated for all tax years beginning after December 31, 2009. Act 89 of 2002 also suspended the automatic transfer of 0.25 mill of the tax to the Hazardous Sites Cleanup Fund. Beginning in fiscal year 2002-03, the Hazardous Sites Cleanup Fund transfer will only occur if the balance in the Fund is expected to fall below \$5 million. The estimates in this analysis include only the General Fund portion of the tax and reflect the Act 89 of 2002 phase-out.

Various types of assets are exempt from tax. The valuation of capital stock is not affected by these exemptions, but the exemptions are reflected in apportionment formulas used to compute the percentage of the capital stock value base actually subject to tax.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the capital stock/foreign franchise tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the capital stock/foreign franchise tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 8.4	\$ 8.5	\$ 8.3	\$ 7.6	\$ 6.6	\$ 5.5	\$ 4.3

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

General Fund Tax Expenditures

FAMILY FARM CORPORATIONS

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

Act 45 of 1998 specifically defined LLCs and business trusts to be corporations for capital stock/foreign franchise tax purposes. As a result, LLCs and business trusts are eligible for the family farm exemption, if appropriate.

Purpose: This exemption provides tax relief to family farm corporations thereby recognizing the importance of family-owned farms.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.5	\$ 3.6	\$ 3.4	\$ 2.9	\$ 2.4	\$ 2.0	\$ 1.5

Beneficiaries: Approximately 450 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

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

Act 63 of 1999 modified the manufacturing exemption by disallowing the exemption provided for manufacturing, processing, or research and development activities from the numerator of the sales factor and expanding the exemption by excluding property and payroll attributable to manufacturing, processing, or research and development activities outside of the Commonwealth from the numerator of the property and payroll factors.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 316.9	\$ 318.7	\$ 314.8	\$ 287.4	\$ 252.3	\$ 211.3	\$ 165.3

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

General Fund Tax Expenditures

APPORTIONMENT FORMULA OPTIONS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 84.2	\$ 84.7	\$ 83.4	\$ 76.2	\$ 66.8	\$ 55.9	\$ 43.6

Beneficiaries: Approximately 8,500 corporations doing business in Pennsylvania benefit from this tax expenditure.

POLLUTION CONTROL DEVICES

Description: Equipment, machinery, facilities and other tangible property used during the tax year within Pennsylvania for water or air pollution control or abatement devices utilized for the benefit of the general public are exempt from the capital stock/foreign franchise tax. This exemption is reflected as an exclusion from the numerator of the single asset apportionment fraction or the numerator of the property factor when the three-factor apportionment formula is used. However, for manufacturing, processing, or research and development corporations these assets are included as exempt equipment and shown in the expenditure for assets used in manufacturing, processing, and research and development.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 4.8	\$ 4.9	\$ 4.8	\$ 4.4	\$ 3.8	\$ 3.2	\$ 2.5

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

General Fund Tax Expenditures

DEDUCTION FROM THE FIXED FORMULA

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 52.0	\$ 50.9	\$ 48.3	\$ 42.7	\$ 36.2	\$ 29.2	\$ 22.1

Beneficiaries: Approximately 167,000 corporations doing business in Pennsylvania benefit from this tax expenditure.

HOLDING COMPANIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 62.1	\$ 62.5	\$ 61.6	\$ 56.2	\$ 49.3	\$ 41.2	\$ 32.2

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

General Fund Tax Expenditures

REGULATED INVESTMENT COMPANIES/REAL ESTATE INVESTMENT TRUSTS

Description: Regulated investment companies (RICs) are subject to special valuation for capital stock/foreign franchise tax purposes. Their tax is computed by adding the net asset value multiplied by \$75 and divided by one million to the apportioned undistributed personal income multiplied by the personal income tax rate. Undistributed taxable personal income is apportioned to Pennsylvania by a fraction, the numerator of which is all income distributed during the taxable year to resident shareholders and the denominator of which is all income distributed to all shareholders.

There is a potential revenue loss from regulated investment companies and real estate investment trusts (REITs) organized as business trusts. These entities are not subject to capital stock/foreign franchise tax; no cost estimate is available.

There is also a potential revenue loss associated with corporations that conduct Pennsylvania business activity through an investment in business trust RICs, REITs and certain other related entities. Generally, a corporation's interest in an entity that is not a corporation is considered to be a direct ownership interest in the assets of the entity rather than an intangible interest. Act 232 of 2002 created exceptions to this general rule for RICs, REITs and certain other related entities that are organized as business trusts. Due to the recent passage of the law, no cost estimate is yet available; therefore, the estimates below reflect the special valuation for capital stock/foreign franchise tax for regulated investment companies only.

Purpose: Regulated investment companies are corporations that 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 that, in turn, are passed on to their shareholders. The higher earnings rates may result in higher investment in the economy that is channeled through these companies.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 30.7	\$ 29.4	\$ 28.3	\$ 25.7	\$ 22.3	\$ 18.6	\$ 14.4

Beneficiaries: At least 60 RICs, REITs and other related entities doing business in Pennsylvania benefit from this tax expenditure. An unknown number of corporations may benefit from the provisions of Act 232 of 2002.

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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

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

General Fund Tax Expenditures

LIMITED LIABILITY AND RESTRICTED PROFESSIONAL COMPANIES

Description: Limited Liability Companies (LLCs) and Restricted Professional Companies (RPCs) are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. Act 124 of 1998 provided that a bank or banking organization may organize as an LLC for the sole purpose of marketing and selling title insurance. Also an insurance agency may be organized as an LLC.

RPCs are limited liability companies performing restricted professional services. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology and veterinary medicine. These types of business entities give members the protection of limited liability for the neglect of another member. RPCs are exempt from the capital stock/foreign franchise tax. However, an annual fee of \$330 per resident member is imposed under the Associations Code, \$25 of which is credited to the Corporation Bureau's restricted account.

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

Purpose: LLCs are a preferred type of business entity for start-up companies. They combine the limited liability of a corporation with the flexibility of a partnership.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 26,000 companies doing business in Pennsylvania benefit from this tax expenditure.

EXEMPTION FOR STUDENT LOAN ASSETS

Description: Act 45 of 1998 provided that student loan related assets owned or held by a trust or other entity formed for the securitization of student loans are exempt from capital stock/foreign franchise tax. This provision is effective for tax years beginning on or after January 1, 1998.

Purpose: This program exempts student loan related assets held by loan securitization trusts from the capital stock/foreign franchise tax to conform with the Commonwealth public policy of promoting higher education.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of business trusts and other entities formed for the securitization of student loan assets are the beneficiaries of this tax expenditure.

General Fund Tax Expenditures

BUSINESS TRUSTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

UTILITY GROSS RECEIPTS TAX

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

The gross receipts tax is imposed on the following companies conducting business in Pennsylvania: pipeline, conduit, steamboat, canal, slack water navigation and transportation companies; freight or oil transporters; telephone and telegraph companies; express service, palace car or sleeping car companies; and electric light, water power and hydroelectric energy companies. Municipalities are entitled to exemptions.

A tax is levied at 50 mills on gross receipts from passengers, baggage, freight and oil transported within the state; telephone and telegraph messages transmitted within the state; and at 44 mills on sales of electric energy. The 44 mill tax rate on sales of electric energy is subject to change based on the revenue neutral reconciliation (RNR) tax rate calculated annually pursuant to Act 138 of 1996, which governs the restructuring of the electric utility industry in Pennsylvania. Act 89 of 2002 established the permanent RNR tax rate at 15 mills for tax years beginning January 1, 2003 and thereafter. The sale of natural gas was subject to the gross receipts tax before Act 4 of 1999 repealed these provisions, effective January 1, 2000.

MUNICIPALLY-OWNED PUBLIC UTILITIES

Description: Gross receipts of public utilities owned or operated by a municipality are exempt from tax to the extent the gross receipts are derived from business done inside the limits of the municipality. The figures for this expenditure are at the statutory utilities gross receipts tax rates applicable to the appropriate tax year.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 5.2	\$ 5.3	\$ 5.4	\$ 5.6	\$ 5.7	\$ 5.9	\$ 6.0

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

General Fund Tax Expenditures

NUCLEAR GENERATING FACILITY DAMAGE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

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

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the tax. The figures for this expenditure are at the statutory utility gross receipts tax rates applicable to the appropriate tax year.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 13.5	\$ 13.9	\$ 14.1	\$ 14.6	\$ 14.9	\$ 15.2	\$ 15.6

Beneficiaries: The 13 cooperatives in the Commonwealth benefit from this tax expenditure.

TELECOMMUNICATIONS SALE FOR RESALE EXEMPTION

Description: Gross receipts from the sale for resale of telecommunication services to purchasers subject to the utility gross receipts tax who subsequently resell the telecommunication services for final consumption are exempt from the tax for tax years beginning after December 31, 1999.

Purpose: The sale for resale exemption is intended to ensure that telecommunication services are not subject to double taxation under the utility gross receipts tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 8.8	\$ 9.7	\$ 10.1	\$ 10.5	\$ 10.9	\$ 11.3	\$ 11.7

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

PUBLIC UTILITY REALTY TAX

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

The public utility realty tax (PURTA) is imposed on public utilities furnishing services under the jurisdiction of the Pennsylvania Public Utility Commission or a regulatory body of another state or the United States.

Act 4 of 1999 fundamentally overhauled PURTA for tax year 1998 and thereafter. The tax rate is annually calculated by the Department of Revenue in order to raise an amount of tax revenue equal to the realty tax equivalent (with an additional 7.6 mills for the Public Transportation Assistance Fund). Beginning with PURTA tax year 1998, utilities are taxed on the basis of the property's fair market value, which is the local assessed value adjusted by the common level ratio. After December 31, 1999, assets used in the generation of electricity are excluded from the PURTA tax base and the realty tax equivalent. The estimates in this portion of the analysis include only the variable tax. The 7.6 mill portion of the tax is shown under the Public Transportation Assistance Fund. The Commonwealth imposes this tax on public utility realty in lieu of local real estate taxes and distributes revenue to local taxing authorities based on the realty tax equivalent.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968, is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968, to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 2.8	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.4

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

EASEMENTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 2.4	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0

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

General Fund Tax Expenditures

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 5.5	\$ 5.7	\$ 6.0	\$ 6.2	\$ 6.4	\$ 6.7	\$ 7.0

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

SEWAGE SERVICES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 4.8	\$ 5.0	\$ 5.2	\$ 5.4	\$ 5.6	\$ 5.9	\$ 6.1

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

MUNICIPALITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.5	\$ 3.6	\$ 3.7

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

General Fund Tax Expenditures

ELECTRIC GENERATION FACILITIES

Description: After December 31, 1999, land and improvements indispensable to the generation of electricity are subject to local real estate tax and are excluded from the PURTA tax base and the realty tax equivalent.

Purpose: Electric generation facilities are removed from the PURTA tax base when electric generation is no longer regulated as a public utility function. The electric competition statute changed the definition of public utility, and generation facilities can be owned by unregulated entities. This exemption allows a level playing field for participants in electricity supply.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 24.8	\$ 25.8	\$ 26.8	\$ 27.8	\$ 28.9	\$ 30.0	\$ 31.2

Beneficiaries: The 23 electric utilities owning generating assets in Pennsylvania benefit from this tax expenditure.

TRANSITION CREDIT

Description: During the transition years 1998 through 2001, the liability of a public utility under PURTA is limited to 250 percent of its immediate prior year's liability with any reduction in the liability capped at \$100,000 per taxable year.

Purpose: The PURTA transition credit provides limited relief to taxpayers having a significant increase in their PURTA tax base as a result of Act 4 of 1999.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.6	\$ 0.5	--	--	--	--	--

Beneficiaries: Approximately 150 taxpayers benefit from this tax expenditure.

INSURANCE PREMIUMS TAX

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

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

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

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

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

MUTUAL BENEFICIAL ASSOCIATIONS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 6.6	\$ 7.9	\$ 8.4	\$ 8.8	\$ 9.4	\$ 10.0	\$ 10.7

Beneficiaries: The 78 mutual beneficial associations doing business in Pennsylvania benefit from this tax expenditure.

NONPROFIT HOSPITAL AND MEDICAL CARE SERVICE ORGANIZATIONS

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

Purpose: These companies are deemed to be charitable and benevolent institutions that provide hospital and/or medical care to their subscribers. The exemption provides indirect tax relief to subscribers to the extent that it is reflected in lower premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 236.4	\$ 247.9	\$ 266.1	\$ 286.8	\$ 306.8	\$ 329.4	\$ 353.8

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

General Fund Tax Expenditures

EXTRAORDINARY MEDICAL BENEFIT

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7

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

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION CREDIT

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 4.5	\$ 4.5	\$ 5.4	\$ 2.1	\$ 2.7	\$ 3.6	\$ 4.5

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

General Fund Tax Expenditures

PROPERTY INSURANCE GUARANTY ASSOCIATION (PIGA) CREDIT

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 16.7	\$ 25.5	\$ 34.8	\$ 39.5	\$ 31.4	\$ 22.9	\$ 14.0

Beneficiaries: The 978 property and casualty insurers doing business in Pennsylvania benefit from this tax expenditure.

BANK AND TRUST COMPANY SHARES TAX

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

The bank and trust company shares tax is imposed on every bank and trust company having capital stock and doing business in Pennsylvania.

This tax is imposed annually on the value of shares as of January 1. The value of shares is a six-year average calculated by dividing the total number of shares into the average of each of the previous six years' quarterly average value of shares adjusted to exclude the value of United States obligations. The tax rate on the dollar value of each taxable share of stock is 1.25 percent.

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



MUTUAL THRIFT INSTITUTIONS TAX

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

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

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

The current tax rate is 11.5 percent.

NET OPERATING LOSS CARRYFORWARD

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.8	\$ 2.0	\$ 2.2	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.2

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

CREDIT UNIONS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 15.3	\$ 16.2	\$ 17.2	\$ 18.1	\$ 19.2	\$ 20.3	\$ 21.4

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

General Fund Tax Expenditures

SALES AND USE TAX

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

Administrative Costs: Costs incurred to administer the multiple tax expenditures associated with the sales and use tax cannot be separately identified. Tax expenditures are a significant factor associated with the need for more and the increased complexity of compliance audits. These audits contribute significantly to the volume of appeals processed by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 11.3	\$ 11.5	\$ 11.6	\$ 11.8	\$ 12.0	\$ 12.2	\$ 12.4

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

GENERAL/PERSONAL EXPENDITURES

FOOD

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$1,179.7	\$1,210.5	\$1,237.9	\$1,271.1	\$1,307.4	\$1,345.4	\$1,382.7

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

General Fund Tax Expenditures

CANDY AND GUM

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 30.3	\$ 31.1	\$ 31.8	\$ 32.6	\$ 33.5	\$ 34.5	\$ 35.5

Beneficiaries: NA

PERSONAL HYGIENE PRODUCTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 39.0	\$ 41.5	\$ 44.3	\$ 47.1	\$ 50.0	\$ 53.0	\$ 56.9

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 that qualify as a "newspaper of general circulation qualified to carry a legal advertisement," not including magazines, is exempt from taxation.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 28.8	\$ 29.5	\$ 30.1	\$ 30.9	\$ 31.6	\$ 32.3	\$ 33.1

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 of 1994.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 20.7	\$ 21.0	\$ 21.3	\$ 21.7	\$ 22.0	\$ 22.4	\$ 22.7

Beneficiaries: Approximately 3.8 million households benefit from this tax expenditure.

CLOTHING AND FOOTWEAR

Description: The purchase at retail or use of wearing apparel, footwear and other articles of clothing worn on the human body is exempt from taxation. Additionally, the purchase at retail or use of clothing patterns and other items that are to be a component part of clothing is exempt from tax. Accessories, ornamental wear, formal day or evening apparel, furs and sporting goods are taxable.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 962.9	\$1,001.0	\$1,047.8	\$1,090.1	\$1,134.0	\$1,178.9	\$1,227.9

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 kiddie rides.

Purpose: These expenditures are considered to be payments for nontaxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 17.3	\$ 16.8	\$ 16.4	\$ 16.0	\$ 15.6	\$ 15.2	\$ 14.9

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

General Fund Tax Expenditures

PRESCRIPTION DRUGS AND ORTHOPEDIC EQUIPMENT

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 336.0	\$ 359.8	\$ 386.0	\$ 413.7	\$ 443.6	\$ 476.1	\$ 507.3

Beneficiaries: NA

NON-PRESCRIPTION DRUGS

Description: The purchase at retail or use of non-prescription drugs such as antiseptics, aspirin, milk of magnesia, castor oil, cold capsules, eyewashes and vitamins is exempt from taxation.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 132.5	\$ 141.9	\$ 152.2	\$ 163.1	\$ 174.9	\$ 187.7	\$ 200.0

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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 187.7	\$ 192.6	\$ 197.7	\$ 203.0	\$ 208.4	\$ 213.9	\$ 219.6

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

General Fund Tax Expenditures

CHARGES FOR RETURNABLE CONTAINERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 9.7	\$ 10.1	\$ 10.6	\$ 11.1	\$ 11.7	\$ 12.4	\$ 13.1

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

WRAPPING AND PACKING SUPPLIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

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

CASKETS AND BURIAL VAULTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 24.9	\$ 26.1	\$ 27.5	\$ 29.1	\$ 30.9	\$ 32.8	\$ 34.9

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

General Fund Tax Expenditures

FLAGS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4

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

TEXTBOOKS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 23.8	\$ 25.0	\$ 26.2	\$ 27.5	\$ 28.9	\$ 30.3	\$ 31.8

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

CATALOGS AND DIRECT MAIL ADVERTISING

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 60.2	\$ 63.9	\$ 67.8	\$ 71.9	\$ 76.2	\$ 80.8	\$ 85.8

Beneficiaries: NA

General Fund Tax Expenditures

FOOD STAMP PURCHASES

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 2.5	\$ 2.3	\$ 2.2	\$ 2.1	\$ 1.9	\$ 1.8	\$ 1.7

Beneficiaries: Approximately 343,800 households benefit from this tax expenditure.

GRATUITIES

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 67.7	\$ 69.6	\$ 71.6	\$ 73.7	\$ 75.8	\$ 78.0	\$ 80.3

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

PERSONAL COMPUTER SALES TAX HOLIDAY

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 10.7	--	--	--	--	--	--

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

FUELS AND UTILITIES

COAL

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 83.4	\$ 79.6	\$ 76.0	\$ 72.5	\$ 69.2	\$ 66.0	\$ 63.0

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

FIREWOOD

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.4

Beneficiaries: Approximately 655,000 households that use firewood or wood pellets as their primary heat source benefit from this tax expenditure. Also, there are over 1.6 million households with usable fireplaces that may benefit from this tax expenditure.

General Fund Tax Expenditures

RESIDENTIAL UTILITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Electric:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 251.6	\$ 249.0	\$ 250.3	\$ 250.3	\$ 253.3	\$ 256.3	\$ 259.4
	Fuel Oil/Gas:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 240.2	\$ 244.6	\$ 262.8	\$ 275.2	\$ 278.8	\$ 283.2	\$ 286.3
	Telephone:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 114.3	\$ 120.3	\$ 128.7	\$ 136.8	\$ 144.8	\$ 153.1	\$ 159.8

Beneficiaries: Approximately 4.3 million households (electricity), 3.6 million households (fuel oil/gas) and 4.3 million households (telephone) benefit from this tax expenditure.

WATER

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 153.9	\$ 165.3	\$ 179.0	\$ 191.9	\$ 206.1	\$ 219.4	\$ 234.4

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

General Fund Tax Expenditures

GASOLINE AND MOTOR FUELS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 523.8	\$ 520.1	\$ 517.0	\$ 525.3	\$ 533.7	\$ 542.3	\$ 549.0

Beneficiaries: Approximately 4.2 million households and owners of more than 1.5 million heavy trucks, buses, etc., benefit from this tax expenditure.

MOTOR VEHICLES / VESSELS

COMMON CARRIERS

Description: Vehicles purchased by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 282.0	\$ 292.1	\$ 302.6	\$ 313.5	\$ 324.7	\$ 336.4	\$ 348.4

Beneficiaries: Approximately 6,000 common carriers could benefit from this tax expenditure.

COMMERCIAL VESSELS (Construction)

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

Purpose: This exclusion places Pennsylvania shipbuilders at a competitively neutral position relative to shipbuilders in those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.5	\$ 3.5	\$ 3.6

Beneficiaries: NA

General Fund Tax Expenditures

COMMERCIAL VESSELS (Repair)

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 2.2	\$ 2.2	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.4

Beneficiaries: As many as 10 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment, Maintenance)

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 13.8	\$ 14.3	\$ 14.8	\$ 15.3	\$ 15.8	\$ 16.4	\$ 17.0

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

REAL ESTATE

REAL ESTATE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$1,119.3	\$1,123.3	\$1,175.6	\$1,224.6	\$1,269.1	\$1,327.6	\$1,400.5

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

PRODUCTION EXPENDITURES

MANUFACTURING EXEMPTION (Manufacture and Processing)

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 661.9	\$ 667.4	\$ 703.6	\$ 737.2	\$ 768.7	\$ 800.6	\$ 809.4

Beneficiaries: Approximately 18,000 manufacturers and an unknown number of processors and remanufacturers benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Agriculture)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies including utilities used directly or consumed in farming, dairying, horticulture, floriculture, or aquaculture. Under Act 45 of 1998, farming includes the propagation and raising of horses to be used exclusively for commercial racing activities. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate or obtaining disinfecting or pest control services or building maintenance and cleaning services.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 173.8	\$ 181.4	\$ 189.5	\$ 198.0	\$ 206.8	\$ 216.1	\$ 225.6

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



General Fund Tax Expenditures

MANUFACTURING EXEMPTION (Public Utility)

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 7,000 public utilities could benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Foundations for Machinery and Equipment)

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.7	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.2	\$ 2.3	\$ 2.4

Beneficiaries: Approximately 70,000 entities benefit from this tax expenditure.

General Fund Tax Expenditures

CONTRACT FARMING

Description: The purchase or use of tangible personal property or services that are directly used in farming, dairying, or agriculture for the production of food are exempt from tax, even if the purchaser is not the entity directly involved in the agricultural activity. This exemption applies to machinery, equipment, parts, supplies, and utilities used in the production of food.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 36.8	\$ 38.8	\$ 40.9	\$ 43.2	\$ 45.6	\$ 48.1	\$ 50.7

Beneficiaries: An unknown number of businesses engaged in contract farming benefit from this tax expenditure.

COMMERCIAL MOTION PICTURES

Description: Tangible personal property used directly in the production of a feature-length commercial motion picture distributed to a national audience is exempt from taxation. This exemption does not apply to nonoperational activities or materials.

Purpose: Exemption of property used directly in producing a commercial motion picture provides an incentive for businesses to operate in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.1

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

OTHER

AIRLINE CATERING

Description: Airline purchases of catered food and non-alcoholic beverages served to passengers in connection with the airline service is exempt from tax.

Purpose: This tax exemption lowers the cost of catered food and non-alcoholic beverages purchased by airlines, which may also reduce the cost of airline travel for consumers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 4.0	\$ 4.2	\$ 4.3	\$ 4.4	\$ 4.5	\$ 4.7	\$ 4.8

Beneficiaries: Approximately 25 airlines may benefit from this expenditure.

General Fund Tax Expenditures

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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 2.0	\$ 2.1	\$ 2.3	\$ 2.4	\$ 2.6	\$ 2.7	\$ 2.9

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

HOTEL-PERMANENT RESIDENT

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6

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

General Fund Tax Expenditures

COMMISSION

Description: A licensed vendor is permitted a 1% discount as a credit against the gross amount of tax collected provided that a tax return, with full payment due the department, is postmarked on or before the due date. Nearly all tax returns are due 20 days after the end of a collection period.

Purpose: This provision is intended to defray the vendor's cost of collecting and remitting the sales and use tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 56.5	\$ 58.9	\$ 61.6	\$ 64.3	\$ 66.6	\$ 69.2	\$ 71.9

Beneficiaries: Approximately 220,000 vendors benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: A credit is allowed for the purchase of personal property or taxable services for use outside Pennsylvania equal to the sales tax paid in the applicable state. The state must grant substantially similar tax relief as provided by Pennsylvania.

Purpose: Allowing a credit for tax paid in another state prevents double taxation.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 280.1	\$ 292.3	\$ 310.2	\$ 316.9	\$ 324.4	\$ 332.2	\$ 341.3

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

General Fund Tax Expenditures

ISOLATED SALES

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 78.4	\$ 81.8	\$ 85.5	\$ 89.4	\$ 92.6	\$ 96.3	\$ 100.2

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)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.2	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4

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

General Fund Tax Expenditures

YOUTH SPORTS PROGRAMS

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

EXEMPT ORGANIZATIONS

Description: The sale of personal property or services to or for use by any institution of purely public charity as defined by Act 55 of 1997 is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery and equipment used in a construction contract with an exempt entity. The purchase or use may be made by a construction contractor or the exempt entity. Transactions unrelated to the trade or business of such organizations are taxable as are certain materials and supplies purchased for use in connection with real estate.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	Charitable Organizations:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 228.6	\$ 233.3	\$ 239.3	\$ 245.7	\$ 252.3	\$ 259.9	\$ 265.1
	Volunteer Fireman's Organizations:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 54.3	\$ 55.4	\$ 56.8	\$ 58.3	\$ 59.9	\$ 61.7	\$ 62.9
	Nonprofit Educational Institutions:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 70.6	\$ 72.0	\$ 73.8	\$ 75.8	\$ 77.9	\$ 80.2	\$ 81.8
	Religious Organizations:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 46.1	\$ 47.1	\$ 48.3	\$ 49.6	\$ 50.9	\$ 52.4	\$ 53.5

Beneficiaries: Approximately 33,200 organizations currently benefit from this tax expenditure.

General Fund Tax Expenditures

EXEMPT GOVERNMENTAL UNITS

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

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

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 120.2	\$ 125.5	\$ 132.2	\$ 138.7	\$ 144.9	\$ 151.1	\$ 157.5

Beneficiaries: Approximately 3,100 local governmental units benefit from this tax expenditure.

VETERANS' ORGANIZATIONS

Description: Act 96 of 1998 provides that the sale of tangible personal property or services to or for use by veteran organizations for benevolent, charitable, or patriotic purposes is exempt from taxation. Certain machinery and equipment, purchased for or used in construction contracts with veteran organizations, is also exempt, whether purchased or used by a contractor or the veteran organization. Purchases of alcoholic beverages remain taxable.

Purpose: These organizations provide patriotic and charitable services. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6

Beneficiaries: Approximately 1,500 organizations benefit from this tax expenditure.

SUBSTITUTED TAX BASE

Description: The tax on tangible personal property purchased at least six months prior to the first taxable use in Pennsylvania may be based on the prevailing market price at the time of the taxable use. This substituted base would be in lieu of taxing the original purchase price.

Purpose: This alternative tax base permits taxpayers to pay tax relative to the current market value of such assets that most closely approximates current taxable value.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

OUT-OF-STATE PURCHASES

Description: Tangible personal property purchased and used outside the state by a nonresident who later brings the property into Pennsylvania while establishing a permanent residence or business is exempt from taxation. This property must be purchased more than six months prior to the first taxable use in Pennsylvania.

Purpose: This provision eases administrative costs for the Commonwealth and compliance costs for the taxpayer and prevents a substantial tax liability from being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

RAIL TRANSPORTATION EQUIPMENT

Description: The purchase or use of rail transportation equipment by a business, other than a utility, in the movement of its own personal property is exempt from taxation.

Purpose: Exemption of rail equipment provides preferential treatment benefiting specific users of this transportation mode. Were these items not exempt, this additional cost may be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FISH FEED

Description: The purchase or use of fish feed by sportsmen's clubs, fish cooperatives, or nurseries approved by the Pennsylvania Fish Commission is exempt from taxation.

Purpose: The exemption provides special treatment benefiting organizations that raise fish intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

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

General Fund Tax Expenditures

TOURIST PROMOTION AGENCIES

Description: The purchase or use of supplies and materials by tourist promotion agencies for distribution to the public is exempt from taxation. To be permitted this exemption, an agency must receive grants from the state.

Purpose: Excluding supplies and materials used by tourist promotion agencies that receive state grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.8	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.3	\$ 1.4

Beneficiaries: All 45 tourist promotion agencies benefit from this tax expenditure.

TROUT

Description: The purchase or use of brook trout, brown trout or rainbow trout is exempt from taxation.

Purpose: Special treatment is conferred to those involved in the raising or sale of trout intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

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

CONSTRUCTION OF MEMORIALS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: NA

General Fund Tax Expenditures

STORAGE

Description: Charges for storage, other than for self-storage, of tangible personal property are exempt from taxation.

Purpose: Commercial storage services may be considered an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 34.9	\$ 38.0	\$ 41.3	\$ 44.8	\$ 48.7	\$ 53.0	\$ 57.6

Beneficiaries: NA

PUBLIC TRANSPORTATION (Local)

Description: Expenditures for public transportation fares are not taxable.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 154.7	\$ 164.3	\$ 174.4	\$ 184.6	\$ 195.2	\$ 206.4	\$ 213.1

Beneficiaries: Approximately 5.2 million people benefit from this tax expenditure.

STAIR LIFT DEVICES

Description: The purchase or use of property or services used in installing or repairing stair lift devices is exempt from taxation when the device is installed or used in the residence of a physically disabled person requiring the device to ascend or descend stairs. The physical disability must be certified by a physician.

Purpose: Stair lift devices could be considered essential for people with a physical disability that prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

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



General Fund Tax Expenditures

BAD DEBTS

Description: Sales tax vendors may apply for a refund equal to one hundred percent of bad debts associated with sales tax paid to the state for sales written off by the vendor and deducted for federal income tax purposes because the vendor did not receive full payment from the purchaser. No refund is granted for interest, finance charges, or expenses incurred in attempting to collect receivables. The fiscal year 2001-02 cost of this expenditure reflects actual refund amounts approved by the Department. The estimates for fiscal years 2002-03 and beyond represent the full potential costs based on bad debt amounts written off federal returns by licensed sales tax vendors.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 5.6	\$ 17.9	\$ 19.3	\$ 18.6	\$ 17.4	\$ 17.5	\$ 18.1

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

UNIFORM COMMERCIAL CODE FILING FEES

Description: Separately stated Uniform Commercial Code (UCC) filing fees, copy requests, and certification fees paid to a state or local agency are exempt from tax.

Purpose: UCC filing legally identifies the lien holder for personal property collateral. These fees may be perceived as incidental to the purchase or use of the tangible personal property and as such, are exempt from tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8

Beneficiaries: As many as 79,500 entities benefit from this tax expenditure annually.

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>	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
LODGING							
Trailer parks and camps.....	\$ 14.0	\$ 15.2	\$ 16.6	\$ 18.1	\$ 19.7	\$ 21.5	\$ 23.4
PERSONAL SERVICES							
Cleaning, storage & repair of clothing & shoes ⁽¹⁾	11.5	\$ 12.1	\$ 12.7	\$ 13.3	\$ 13.9	\$ 14.6	\$ 15.3
Dry-cleaning ⁽¹⁾	18.3	19.3	20.4	21.6	22.8	24.1	25.5
Barber and beauty shops.....	53.3	56.3	59.5	62.9	66.5	70.3	74.3
Funeral parlors and crematories.....	32.6	33.1	33.6	34.2	34.8	35.4	36.0
All other personal services.....	12.9	14.2	15.6	17.2	18.9	20.8	22.9
BUSINESS SERVICES							
Advertising (local).....	382.2	\$ 409.1	\$ 437.9	\$ 468.8	\$ 501.9	\$ 537.4	\$ 575.6
Interior office building services.....	36.3	40.7	45.6	51.1	57.3	64.2	71.9
Management, consulting & public relations.....	450.3	499.1	553.2	613.1	679.5	753.1	834.7
Research.....	148.5	167.7	189.4	213.9	241.5	272.7	307.9
Detective agencies.....	60.8	65.3	70.1	75.2	80.7	86.6	93.0
COMPUTER SERVICES							
Computer and data processing.....	343.6	\$ 352.2	\$ 383.0	\$ 413.6	\$ 446.6	\$ 484.7	\$ 519.5
AUTOMOTIVE SERVICES							
Automobile parking.....	27.9	\$ 31.5	\$ 35.5	\$ 40.1	\$ 45.3	\$ 51.1	\$ 57.7
RECREATION SERVICES							
Commercial sports admissions.....	74.0	\$ 78.1	\$ 82.5	\$ 87.1	\$ 92.0	\$ 97.1	\$ 102.5
Entertainers.....	18.1	19.1	20.2	21.3	22.5	23.8	25.1
Memberships.....	27.9	29.5	31.2	32.9	34.7	36.6	38.6
Other admissions.....	108.4	114.5	120.9	127.7	134.8	142.3	150.3
HEALTH SERVICES							
Health, except hospitals, physicians and dentists.....	1,054.0	\$ 1,137.8	\$ 1,228.3	\$ 1,326.0	\$ 1,431.4	\$ 1,545.2	\$ 1,668.1
Hospitals.....	982.1	1,051.6	1,127.4	1,206.8	1,291.5	1,390.1	1,481.1
Physician office services.....	655.0	706.3	761.6	821.3	885.7	955.1	1,029.9
Dental office services.....	172.1	185.6	200.1	215.8	232.7	250.9	270.5
PROFESSIONAL SERVICES							
Legal.....	439.9	\$ 465.5	\$ 492.6	\$ 521.2	\$ 551.5	\$ 583.6	\$ 617.5
Engineering.....	505.7	562.1	624.8	694.5	772.0	858.1	953.8
Surveying, architectural.....	110.1	120.7	132.4	145.2	159.2	174.6	191.5
Accounting, auditing and bookkeeping services.....	181.0	193.1	206.0	219.8	234.5	250.2	266.9
Graphic design.....	31.5	34.2	37.2	40.4	43.9	47.7	51.8
MISCELLANEOUS SERVICES							
Basic television ⁽¹⁾	84.0	\$ 87.9	\$ 93.8	\$ 100.0	\$ 106.6	\$ 112.7	\$ 119.8
Educational services.....	70.6	74.0	78.1	82.7	87.8	93.1	98.9
Electrical, plumbing, heating & air conditioning service fees.....	NA	NA	NA	NA	NA	NA	NA
Veterinary fees.....	36.6	38.3	40.9	43.6	46.5	49.2	52.3
Stockbroker fees.....	NA	NA	NA	NA	NA	NA	NA
Real estate agent fees.....	NA	NA	NA	NA	NA	NA	NA
Financial institution fees.....	310.6	324.9	346.6	369.5	393.8	416.3	442.4
Pilots fees.....	NA	NA	NA	NA	NA	NA	NA
Other.....	244.6	272.3	303.2	337.6	376.0	418.6	466.1

⁽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 5.0 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Prior to July 15, 2002 the tax rate was 1.55 cents per cigarette. Only one sale of cigarettes, whether individual cigarettes, packages, cartons, or cases, is taxable. Beginning in fiscal year 2002-03, fixed annual amounts of \$30.73 million and \$20.485 million of Cigarette Tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of Cigarette Tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of Cigarette Tax receipts to the ACEP fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. The analyses below reflect only the General Fund portion of the tax expenditures.

Administrative Costs: Costs to administer the cigarette tax expenditures are nominal.

STATE VETERANS HOMES

Description: Sales to retail dealers located in state veterans homes for resale to residents in such homes are exempt. Federal veterans hospitals are exempt under federal law.

Purpose: It is perceived to be good public policy to reduce taxes for veterans who have served their country and are now residing in a veteran's home or hospital.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Residents in three state veterans homes benefit from this tax expenditure.

UNSTAMPED CIGARETTES (200 AND UNDER)

Description: Vacationers or tourists crossing state lines with one carton or less of unstamped cigarettes are not required to pay tax on those cigarettes. The carton (200 cigarettes) cannot be resold and must be for personal use only.

Purpose: Persons crossing state lines with one carton or less of cigarettes are presumed to possess such cigarettes for personal use rather than intentionally avoiding payment of the cigarette tax. This expenditure helps to relieve administration and enforcement burdens as well as promote tourism.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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 1.25 percent of the value of all cigarette tax stamps purchased from the Department of Revenue or its authorized agents to be affixed to cigarettes for sale within the Commonwealth. Prior to July 15, 2002, the commission was equal to 3 percent. The commission does not apply to purchases of stamps by a cigarette-stamping agent in amounts of less than one hundred dollars (\$100).

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 8.1	\$ 11.4	\$ 11.2	\$ 11.1	\$ 10.9	\$ 10.7	\$ 10.4

Beneficiaries: Approximately 148 cigarette stamping agents may benefit from this tax expenditure.

MALT BEVERAGE TAX

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

The malt beverage tax is levied on malt and brewed beverages manufactured, sold and used in Pennsylvania, or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors and importers remit the tax to the Commonwealth.

Administrative Costs: Costs to administer the malt beverage tax expenditures are nominal.

EMERGENCY TAX CREDIT

Description: The emergency tax credit provides manufacturers of malt or brewed beverages, whose annual production of malt or brewed beverages does not exceed 300,000 barrels, a maximum annual credit of \$200,000 for capital improvement expenditures. This tax credit cannot exceed the amount of qualifying capital expenditures made during the emergency tax credit period (items of plant, equipment and machinery intended for use in the manufacture and sale of malt or brewed beverages within the Commonwealth). Under current law, the effective tax credit period expires after December 31, 2003. This tax credit may only be used during the emergency tax credit period.

Purpose: This credit grants a limited tax subsidy for capital improvements made by small brewers. This provision could help lower the risk of business failure and subsequent loss of employment opportunities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.3	\$ 0.3	\$ 0.2	NA	NA	NA	NA

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

LIQUOR TAX

Enabling legislation is the Liquor Code, Act of June 29, 1987 (P.L. 32, No. 14) and the Emergency Liquor Sales Tax Act, Act of June 9, 1936 (Special Session, P.L. 13). The liquor tax is imposed on all liquor sold by the Pennsylvania Liquor Control Board. The tax is assessed, since 1968, at the rate of 18 percent of the net price paid by the consumer.

The liquor tax contains no tax expenditures as defined for this tax expenditure analysis.

PERSONAL INCOME TAX

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

The personal income tax is levied against the taxable income of resident and nonresident individuals, estates and trusts, partnerships, S corporations, business trusts and limited liability companies that are not taxed as corporations for federal purposes. Pennsylvania taxes eight classes of income: (1) compensation; (2) net profits from the operation of a business, profession, or farm; (3) net gains on income less net losses from dispositions of property; (4) net gains on income from rents, royalties, patents and copyrights; (5) dividends; (6) interest; (7) gambling and lottery winnings; and (8) net gains on income derived through estates or trusts.

Administrative Costs: Costs to administer 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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.6

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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$1,490.6	\$1,600.0	\$1,717.5	\$1,843.6	\$1,978.9	\$2,124.2	\$2,280.2

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

General Fund Tax Expenditures

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 519.6	\$ 545.8	\$ 577.5	\$ 604.3	\$ 625.9	\$ 648.6	\$ 677.9

Beneficiaries: As many as 5.7 million employees benefit from this tax expenditure.

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability, or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation. Effective January 1, 1998, this expenditure also includes personal use of employer provided property and services.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 587.6	\$ 617.3	\$ 653.1	\$ 683.5	\$ 707.8	\$ 733.5	\$ 766.7

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

CAFETERIA PLANS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 21.5	\$ 22.6	\$ 23.9	\$ 25.0	\$ 25.9	\$ 26.8	\$ 28.0

Beneficiaries: NA

General Fund Tax Expenditures

LIFE INSURANCE PROCEEDS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 66.3	\$ 70.4	\$ 74.8	\$ 79.5	\$ 84.4	\$ 89.6	\$ 95.2

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

SICKNESS OR DISABILITY PROCEEDS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 54.3	\$ 57.6	\$ 61.7	\$ 67.1	\$ 73.0	\$ 79.4	\$ 86.4

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

General Fund Tax Expenditures

WORKER'S COMPENSATION

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 64.5	\$ 63.1	\$ 61.8	\$ 60.4	\$ 59.1	\$ 57.9	\$ 56.6

Beneficiaries: As many as 86,200 residents benefit from this tax expenditure.

STRIKE BENEFITS

Description: Amounts designated as strike benefits are exempt from tax.

Purpose: These benefits are not considered compensation for services rendered and are thus excluded from tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 11.4	\$ 12.0	\$ 13.1	\$ 13.1	\$ 13.1	\$ 13.1	\$ 13.1

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

General Fund Tax Expenditures

SALE OF A PRINCIPAL RESIDENCE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 52.1	\$ 53.4	\$ 54.6	\$ 56.0	\$ 57.3	\$ 58.7	\$ 60.1

Beneficiaries: The owners of approximately 168,000 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the Commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 59.0	\$ 58.7	\$ 58.9	\$ 59.0	\$ 58.9	\$ 59.0	\$ 59.1

Beneficiaries: Approximately 60,000 residents benefit from this tax expenditure.

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further his educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 49.0	\$ 53.5	\$ 58.5	\$ 63.9	\$ 69.8	\$ 76.2	\$ 83.3

Beneficiaries: The recipients of approximately 152,000 state grants and scholarships, 164,000 federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends, benefit from this tax expenditure.

General Fund Tax Expenditures

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision insures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 60.3	\$ 63.3	\$ 66.5	\$ 69.8	\$ 73.3	\$ 76.9	\$ 80.8

Beneficiaries: Individuals filing approximately 1.1 million returns benefit from this tax expenditure.

BUSINESS INCOME DEDUCTIONS

Description: Ordinary and reasonable expenses necessary to operate a business or profession may be deducted from the gross receipts of that business or profession. This expenditure does not measure the cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts in Millions)

Estimates:	Depreciation:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 68.2	\$ 69.4	\$ 70.7	\$ 73.9	\$ 76.1	\$ 78.7	\$ 80.6
	Other:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 810.3	\$ 825.4	\$ 840.5	\$ 878.2	\$ 904.6	\$ 936.1	\$ 958.7

Beneficiaries: Approximately 1.1 million businesses and professions benefit from this tax expenditure.

General Fund Tax Expenditures

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.3	\$ 3.5	\$ 3.7	\$ 4.0	\$ 4.2	\$ 4.5	\$ 4.7

Beneficiaries: The foster parents of approximately 21,200 children benefit from this tax expenditure.

MEDICAL SAVINGS ACCOUNTS

Description: Annual contributions made to medical savings accounts via an account administrator and the interest earned on these accounts are not taxable. The account must be combined with a health insurance policy with an annual deductible of \$1,500 to \$2,500 for an individual and \$3,000 to \$4,500 for a family. Tax-deductible annual contributions must not exceed 65 percent of the insurance policy's deductible for individual coverage and 75 percent for family coverage. Act 179 of 1996 established this expenditure based on a four-year federal pilot program effective January 1, 1997. Participants in the program may continue to contribute after the federal pilot program's expiration date. In addition, new participants may be permitted on a limited basis.

Purpose: This exemption reduces the cost and could improve the quality and availability of health care to Pennsylvanians.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: Individuals filing approximately 9,500 returns benefit from this tax expenditure.

TUITION PREPAYMENT PROGRAM

Description: The tax expenditure is based on the difference between the amount paid into the program and the value of credits redeemed or payments from the program. The value of credits redeemed from a tuition prepayment program is exempt from taxation.

Purpose: This provision lessens the burden of tax on families saving for college education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: As many as 104,400 election officials benefit from this tax expenditure.

PENNSYLVANIA LOTTERY WINNINGS

Description: Prizes of the Pennsylvania Lottery are exempt from the state personal income tax. Prior to fiscal year 1999-00, an amount equal to total Lottery prizes paid multiplied by the current PIT rate was transferred from the Lottery Fund to the General Fund. Since the General Fund was reimbursed for the exemption of Lottery prizes, this transfer was considered a Lottery expenditure. Act 4 of 1999 eliminated the transfer, creating an actual General Fund expenditure. Since Pennsylvania Lottery winnings paid (if they were reported on a taxpayer return) could be offset by lottery and other gambling losses on a taxpayer's return, an estimate of this expenditure is not available.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

CREDITS

SPECIAL POVERTY PROVISIONS (TAX FORGIVENESS)

Description: Special tax forgiveness provisions allow eligible claimants to reduce their tax liability depending on the amount of their eligibility income. For tax year 2002, a taxpayer with no dependents and with eligibility income of \$8,750 or less will qualify for some amount of forgiveness. A married couple with no dependents and with eligibility income of \$15,250 or less will also qualify for some amount of forgiveness. The eligibility income limits increase by \$9,000 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 234.6	\$ 239.5	\$ 232.5	\$ 226.1	\$ 219.8	\$ 213.7	\$ 207.8

Beneficiaries: Individuals filing approximately 1.2 million returns benefit from this tax expenditure.

General Fund Tax Expenditures

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim the lesser of the actual tax paid to the other state or country or the tax calculated using PA taxable income earned in the other state or country multiplied by the current PA tax rate as a credit against the personal income tax.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state or country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 146.9	\$ 150.0	\$ 159.7	\$ 168.2	\$ 175.9	\$ 184.7	\$ 194.0

Beneficiaries: Individuals filing approximately 111,100 returns benefit from this tax expenditure.

ESTIMATED TAXES

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Farmers operating approximately 50,000 farms benefit from this tax expenditure.

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with taxable income of \$8,000 or less not subject to withholding are not required to pay estimated taxes. The threshold was changed from \$2,500 effective January 1, 2000.

Purpose: These provisions reduce paperwork for the Department of Revenue and taxpayers with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.0	\$ 1.0	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.2

Beneficiaries: Approximately 1.6 million Pennsylvania residents benefit from this tax expenditure.

REALTY TRANSFER TAX

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

The realty transfer tax is a documentary stamp tax on the value of any interest in real estate transferred by deed. The tax rate is 1 percent of the value of the real estate transferred. Each party to a document is jointly and severally liable for the tax imposed, unless the party is an excluded party or the document evidences an excludable transaction. The excluded status of a party does not relieve the other parties to a transaction from the entire tax due. The amounts below represent the General Fund portion of the realty transfer tax expenditures only and do not include expenditures for the portion transferred to the Keystone Recreation, Park and Conservation Fund pursuant to Act 50 of 1993, as amended by Act 89 of 2002. Prior to Act 89 of 2002, 15 percent of the state levied realty transfer tax was transferred to the Keystone Recreation Park and Conservation Fund. Act 89 of 2002 lowered the transfer to 10 percent for January 2002 through June 2002 and to 7.5 percent for July 2003 through June 2003. For July 2003 and thereafter the transfer rate returns to 15 percent.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately \$0.3 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the Commonwealth, the federal government, or their agencies, political subdivisions, or instrumentalities by gift, dedication, condemnation, or in lieu of condemnation is exempt from taxation.

Purpose: This exemption provides tax relief to the grantor of property to a governmental entity. Without an exemption, the grantor would be required to pay the tax. The exemption may encourage donation of property to a governmental entity.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.1	\$ 1.2	\$ 1.1	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.4

Beneficiaries: Approximately 3,200 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY CO-TENANTS

Description: A partition of realty, passed by testate or intestate succession and held by co-tenants, into two or more distinctive portions with each party taking shares equal to their undivided interest is an excluded transaction.

Purpose: Tax relief is given to the heirs to assist in the equitable settlement of the estate. Heirs to realty do not always want joint ownership in the realty willed to them as co-tenants. This exemption enables the parties to partition the realty into two or more distinct portions with each party taking shares equal to their undivided interest without incurring tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: NA

General Fund Tax Expenditures

TRANSFERS AMONG FAMILY MEMBERS

Description: Transfers between husband and wife, parent and child or the spouse of such child, siblings and/or the spouse of a sibling, and a grandparent and grandchild or the spouse of such a grandchild are exempt from taxation.

Purpose: This exemption reduces the tax burden on families by exempting transfers to family members.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 50.7	\$ 52.4	\$ 48.7	\$ 51.4	\$ 54.3	\$ 56.7	\$ 59.1

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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9

Beneficiaries: NA

TRANSFERS TO OR FROM A NON-PROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a nonprofit industrial development agency or authority is an excluded transaction. A transfer from a nonprofit industrial development agency or authority to a grantee purchasing directly from it is an excluded transaction if (1) the grantee uses such real estate for the primary purpose of manufacturing, fabricating, compounding, processing, publishing, research and development, transportation, energy conversion, energy production, pollution control, warehousing, or agriculture and (2) the authority has full ownership interest in the real estate transferred.

Purpose: These exemptions encourage transfers of realty to nonprofit organizations for industrial development and from nonprofit organizations for use in various activities that may contribute to economic development in the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.9	\$ 2.3	\$ 2.1	\$ 2.2	\$ 2.4	\$ 2.5	\$ 2.6

Beneficiaries: NA

General Fund Tax Expenditures

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax-exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations that are perceived to provide social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.4	\$ 1.7	\$ 1.6	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.9

Beneficiaries: Approximately 18,900 religious organizations could benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy that possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural, or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 80 land conservancies could benefit from this tax expenditure.

REAL ESTATE DEVOTED TO AGRICULTURE

Description: A transfer of real estate devoted to the business of agriculture to a family farm corporation or family farm partnership by a member of the same family is an excluded transaction. The family must own at least 75 percent of each class of stock in a family farm corporation. The family farm may also lease the farmland as long as it is used for farming.

Purpose: This exemption provides tax relief for the establishment or expansion of the family farm corporation or family farm partnership thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 4,450 family farm corporations or partnerships could benefit from this tax expenditure.

General Fund Tax Expenditures

OWNERSHIP INTEREST IN REAL ESTATE COMPANY OR FAMILY FARM

Description: A transfer between members of the same family of an ownership interest in a real estate company, family farm corporation or family farm partnership is an excluded transaction.

Purpose: A transfer of ownership interest between members of the same family is not considered a change in ownership of the business. This exemption encourages the preservation of family farm corporations, family farm partnerships, and family-owned real estate businesses by allowing transfers of ownership interests between members of the same family not to count toward the corporation becoming an acquired company.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 4,450 family farm corporations or partnerships and an unknown number of real estate companies could benefit from this tax expenditure.

TRANSFERS OF REALTY VALUED AT \$100 OR LESS

Description: A transaction where the tax due is one dollar (\$1.00) or less is an excluded transaction.

Purpose: The administrative costs of collecting the revenue from a transfer of realty valued at \$100 or less are thought to be greater than the revenue.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,400 companies may benefit from this tax expenditure.

General Fund Tax Expenditures

PUBLIC UTILITY EASEMENTS

Description: A transfer of an easement to a person furnishing public utility service is an excluded transaction if the easement is used in, or useful for, furnishing public utility services.

Purpose: Public utility easements are numerous and the majority of them are conveyed for a small consideration. The administrative costs of collecting the revenue from an easement to a provider of public utility services are thought to be greater than the revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

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

STANDING TIMBER OR CROPS

Description: Standing timber and crops are not deemed to actually pass with the conveyance of realty when the instrument provides for severance and removal within an immediate ascertainable date.

Purpose: Timber and crops are personal property in this instance, the transfer of which is not subject to realty transfer tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

INHERITANCE TAX

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

Administrative Costs: Costs to administer the inheritance tax expenditures are approximately \$0.3 million annually. Costs incurred to administer the multiple tax expenditures associated with inheritance tax cannot be separately identified.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL BENEFICIARIES

Description: Effective July 1, 2000, assets transferred to lineal beneficiaries are taxed at a 4.5 percent rate rather than the 15 percent rate for assets transferred to non-lineal heirs. Lineal beneficiaries include grandparents, parents, and lineal descendants (including adopted or step children). Prior to July 1, 2000, transfers to lineal beneficiaries were taxed at a rate of 6 percent.

Purpose: This provision lowers the tax burden on immediate family members of the decedent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 705.0	\$ 732.8	\$ 758.4	\$ 789.6	\$ 815.1	\$ 839.8	\$ 865.0

Beneficiaries: Approximately 27,500 estates benefit from this tax expenditure.

General Fund Tax Expenditures

TRANSFERS OF PROPERTY TO SPOUSE

Description: Property passing to a spouse of a decedent is exempt from inheritance tax. This estimate is based on the difference between taxing all assets transferred between spouses at the lineal rate of 4.5 percent and the spousal rate of 0 percent.

Purpose: This provision prevents an undue tax burden on a surviving spouse especially when assets cannot be jointly owned. It allows spouses to maintain homes and other assets without being subject to inheritance tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$1,007.2	\$1,041.5	\$1,087.9	\$1,138.0	\$1,190.5	\$1,245.4	\$1,302.8

Beneficiaries: Approximately 35,000 estates benefit from this tax expenditure.

EXEMPTION FOR TRANSFERS OF PROPERTY FROM A CHILD TO PARENT

Description: Property passing from a child twenty-one years of age or younger to a parent is subject to a 0 percent tax rate. This estimate measures the difference between taxing child to parent transfers at the lineal rate of 4.5 percent and the child to parent rate of 0 percent.

Purpose: This provision reduces the tax burden on families receiving assets due to the untimely death of a child. The transfer of assets to parents was previously taxed as a lineal transfer. This rate change, authorized by Act 23 of 2000, is effective for decedents dying July 1, 2000 or later.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 8.1	\$ 8.1	\$ 8.5	\$ 8.8	\$ 9.1	\$ 9.4	\$ 9.7

Beneficiaries: Approximately 600 estates benefit from this tax expenditure.

PREFERENTIAL RATE FOR TRANSFERS TO SIBLINGS

Description: Effective July 1, 2000, assets transferred to siblings, defined as brothers or sisters with at least one parent in common, by blood or adoption, are taxed at a rate of 12 percent rather than at a rate of 15 percent for assets transferred to non-lineal heirs. Prior to July 1, 2000, transfers to siblings were taxed at a rate of 15 percent.

Purpose: This provision reduces the tax burden on estates that transfer assets to a sibling of the decedent. It recognizes that a sibling is often a decedent's closest relative and that transfers to siblings should be taxed at a lower rate than transfers to unrelated beneficiaries.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 33.0	\$ 33.8	\$ 34.3	\$ 36.3	\$ 37.7	\$ 39.3	\$ 40.8

Beneficiaries: Approximately 5,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of inheritance and estate taxes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 169.4	\$ 178.4	\$ 188.8	\$ 199.9	\$ 211.7	\$ 224.2	\$ 237.5

Beneficiaries: Estates of the decedents associated with approximately 201,600 life insurance policies benefit from this expenditure.

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FAMILY EXEMPTION

Description: A \$3,500 family exemption from inheritance tax is permitted for the decedent's surviving spouse, children, or parents living in the decedent's household at the time of death.

Purpose: This provision allows a small tax-free transfer of property to immediate family members residing with the decedent. Smaller taxable estates benefit to a greater extent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4

Beneficiaries: Approximately 9,000 families benefit from this tax expenditure.

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign, or anticipate before death are exempt from inheritance tax. Exempt benefits include pensions, stock-bonuses, profit-sharing plans, Keoghs, Individual Retirement Accounts and other retirement plans. If the decedent did have the right to possess, enjoy, assign, or anticipate the benefits, they are exempt from Pennsylvania inheritance tax only to the same extent they are exempt from the federal estate tax.

Purpose: This provision limits inheritance tax on employment benefits to which the decedent did not have full rights. An individual is presumed to have full rights to these employment benefits after age 59 ½ -- the age at which someone may utilize at least a portion of these funds without penalty under the Internal Revenue Code.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 15.1	\$ 16.2	\$ 17.3	\$ 18.5	\$ 19.8	\$ 21.2	\$ 22.7

Beneficiaries: Estates of the approximately 7,000 decedents of working age and under 59 ½ at death may benefit from this tax expenditure.

ESTATE ADMINISTRATION EXPENSES

Description: Expenses for attorney fees, funeral and burial expenses, tombstones and grave markers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 66.0	\$ 68.6	\$ 71.7	\$ 75.0	\$ 78.5	\$ 82.1	\$ 85.9

Beneficiaries: Approximately 46,000 estates benefit from this tax expenditure.

DEBTS AND LIABILITIES OF THE DECEDENT

Description: A deduction from the gross estate is allowed for debts and liabilities of the decedent.

Purpose: This provision increases the fairness of the tax by insuring that property is included in the taxable estate based on its net value. For example, a mortgage is deducted from the value of real property to properly value the decedent's interest in that property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 37.3	\$ 38.7	\$ 40.5	\$ 42.3	\$ 44.3	\$ 46.3	\$ 48.5

Beneficiaries: Approximately 30,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The social security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

Beneficiaries: Approximately 48,000 estates benefit from this tax expenditure.

RAILROAD RETIREMENT BURIAL BENEFITS

Description: The lump-sum railroad retirement burial benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The railroad retirement burial benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: An estimated 400 estates receive lump sum benefit payments from the U.S. Railroad Retirement Board.

ADVANCEMENTS

Description: Transfers made as an advancement of or on account of an intestate share or in satisfaction or partial satisfaction of a gift by will are exempt unless the gift was made within a year of death and gifts to the transferee exceeded \$3,000 during that calendar year.

Purpose: Gifts, as long as they are not made within one year of the date of death, are exempt from inheritance tax. This provision provides that these advancements be treated as gifts that are not intended to avoid the tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in 20 consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small business upon the death of the owner from a sudden tax burden. Payments are spread out over time so that asset sales can be avoided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

OTHER EXCLUSIONS

TRANSFERS TO GOVERNMENTS

Description: Intervivos transfers and bequests to governments are exempt from inheritance tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8

Beneficiaries: Approximately 3,100 governmental units could benefit from this tax expenditure.

General Fund Tax Expenditures

TRANSFERS TO CHARITABLE AND FRATERNAL ORGANIZATIONS

Description: Intervivos transfers and bequests to charitable and fraternal organizations are exempt from inheritance tax.

Purpose: Charitable and fraternal organizations provide public services that are believed to benefit citizens. This exemption represents an indirect means of assistance to these entities and may increase the money available for charitable purposes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 93.4	\$ 97.0	\$ 101.4	\$ 106.1	\$ 111.0	\$ 116.1	\$ 121.4

Beneficiaries: An estimated 34,700 charitable and fraternal organizations might benefit from this tax expenditure.

Motor License Fund Tax Expenditures

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes. The tax is a permanent trust fund tax of 12.0 cents per gallon imposed on all liquid fuels and fuels used or sold and delivered by distributors in the Commonwealth beginning October 1, 1997. Prior to this date, liquid fuels were taxed under the provisions of the Act of May 21, 1931 (P.L. 149, No. 105), as amended, known as the Liquid Fuels Tax Act and fuels were taxed under the Act of January 14, 1952 (P.L. 1965 No. 550), as amended, known as the Fuels Use Tax Act. Both of these acts were repealed effective October 1, 1997. Aviation gasoline and jet fuel are also taxed under the liquid fuels and fuels tax. However, separate tax rates are set for these fuels. Effective January 1, 2002, the tax rate for aviation gasoline is 4.1 cents per gallon and the tax rate for jet fuels is 1.8 cents per gallon.

OIL COMPANY FRANCHISE TAX

Authorization: Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes. Beginning October 1, 1997, the tax is imposed on all taxable liquid fuels and fuels on a cents-per gallon equivalent basis. The tax rate is calculated annually by the Department of Revenue. The tax rate for calendar year 2003 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 percent alcohol by volume, hydrogen, hythane, electricity, and any other fuel not taxable as liquid fuels or fuels. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current liquid fuels tax and oil company franchise tax applicable to one gallon of gasoline.

Administrative Costs: Costs to administer the multiple tax expenditures associated with the liquid fuels and fuels, oil company franchise and alternative fuels taxes cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of such audits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8



Motor License Fund Tax Expenditures

POLITICAL SUBDIVISIONS

Description: Fuels purchased by political subdivisions of the Commonwealth are exempt from the tax.

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

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
\$ 6.3	\$ 6.4	\$ 6.5	\$ 6.5	\$ 6.6	\$ 6.7	\$ 6.8	
Jet Fuel & Aviation Gasoline:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
Fuels:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
\$ 3.2	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.5	\$ 3.6	
Oil Company Franchise:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
\$ 12.6	\$ 12.8	\$ 12.6	\$ 12.8	\$ 13.0	\$ 13.2	\$ 13.5	

Beneficiaries: Approximately 3,100 governmental units benefit from these tax expenditures.

VOLUNTEER EMERGENCY VEHICLES

Description: Fuel purchased by a volunteer fire company, volunteer ambulance service, or volunteer rescue squad and used solely in official vehicles is exempt from the tax.

Purpose: Volunteer emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3	
Jet Fuel & Aviation Gasoline:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
Fuels:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.0	
Oil Company Franchise:							
<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
\$ 4.2	\$ 4.3	\$ 4.3	\$ 4.3	\$ 4.4	\$ 4.5	\$ 4.6	

Beneficiaries: Approximately 2,200 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

Motor License Fund Tax Expenditures

NONPROFIT NONPUBLIC SCHOOLS

Description: Fuel purchased by any nonprofit nonpublic school in which a Commonwealth resident may legally fulfill compulsory school attendance requirements is granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Jet Fuel & Aviation Gasoline:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: As many as 2,470 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuel by second class county port authorities are exempt from the tax.

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

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Jet Fuel & Aviation Gasoline:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: There are 13 electric cooperatives in the Commonwealth that benefit from these tax expenditures.

AGRICULTURAL USE

Description: A full refund of tax paid is granted for agricultural use relating to the actual production of farm products. Fuel used in farm machinery or equipment engaged in the production or harvesting of agricultural products is exempt from taxation under these provisions.

Purpose: This exemption allows farmers to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.6
	Jet Fuel & Aviation Gasoline:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.2

Beneficiaries: Individuals operating approximately 45,000 farms benefit from these tax expenditures.

Motor License Fund Tax Expenditures

TRUCK REFRIGERATION UNITS

Description: A full refund of tax paid is granted for undyed diesel fuel used in truck refrigeration units when the tank that fuels the refrigeration unit is used solely for that purpose and is separate from that which powers the vehicle.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.2	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.9	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4

Beneficiaries: Approximately 220 entities benefit from this tax expenditure.

POWER TAKE-OFF

Description: A full refund of tax paid is granted for undyed fuel consumed in a power takeoff used to load for delivery to a farm or to unload at a farm, farm feed, feed products, lime or limestone products for agricultural use. Tax paid will be refunded provided that the fuel usage is documented by an electronic monitoring device used in conjunction with an electronically controlled engine.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.4	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.5	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1

Beneficiaries: Fewer than 200 taxpayers are expected to benefit from this tax expenditure.

Motor License Fund Tax Expenditures

DISCOUNT

Description: A distributor is permitted a variable percentage discount based on gross tax due provided the liquid fuels and fuels tax return and payment due are timely filed. Returns and payments are due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 4.7	\$ 4.7	\$ 4.8	\$ 4.9	\$ 5.0	\$ 5.0	\$ 5.1
	Jet Fuel & Aviation Gasoline:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.7

Beneficiaries: Approximately 550 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose country has entered into a treaty with the United States is exempt from payment of the tax.

Purpose: The Commonwealth grants this exemption administratively at the request of the federal government.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of foreign diplomats benefiting from these tax expenditures is unknown but presumed to be nominal.

Motor License Fund Tax Expenditures

BUSES

Description: A bus company is entitled to a refund equal to 55 mills of the oil company franchise tax imposed on fuels consumed by motorbuses within this Commonwealth.

Purpose: Act 3 of 1997 repealed the 6 cent surtax imposed on all motor carriers and replaced it with a 55 mill increase in the oil company franchise tax imposed on fuels. Since buses were historically exempt from the surtax, they have been granted a refund for the 55-mill surtax replacement effective January 1, 1999.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 100 bus companies benefit from this tax expenditure.

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes. The motor carriers road tax is equal to the current Pennsylvania liquid fuels and fuels or alternative fuels tax rate per gallon plus the oil franchise tax currently in effect. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. Effective October 1, 1997, this tax was repealed and replaced by a tax of 55 mills on each gallon of fuels and collected through the oil franchise tax. Effective January 1, 1996, under Act 75 of 1995, Pennsylvania implemented the provisions of the International Fuel Tax Agreement (IFTA). Under IFTA, fuel consumed in "qualified motor vehicles" is subject to taxation at current rates. A qualified motor vehicle is a motor vehicle, other than a recreational vehicle, which is used, designed, or maintained for transportation of persons or property and which has two axles and a registered gross weight exceeding 26,000 pounds, three axles or more regardless of weight or used in combination when the registered gross weight exceeds 26,000 pounds. IFTA provisions do not distinguish taxable use by vehicle types, only by weight and axle configuration. Therefore, Act 75 of 1995 repealed the motorbus road tax effective January 1, 1996. The following estimates reflect the full tax rate imposed.

Administrative Costs: Costs to administer the multiple tax expenditures associated with motor carrier road tax/IFTA cannot be identified separately. Tax expenditures are not believed to be a significant factor associated with the need for more compliance audits and contribute minimally to the length of time necessary to complete such audits.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8

Motor License Fund Tax Expenditures

POLITICAL SUBDIVISIONS

Description: Vehicles operated by political subdivisions are exempt from the requirements of the motor carriers road tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 11.6	\$ 11.8	\$ 11.7	\$ 11.9	\$ 12.1	\$ 12.3	\$ 12.5

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

FARM VEHICLES

Description: Qualified motor vehicles bearing a Pennsylvania farm truck registration operating under restricted use and farm vehicles exempt from registration are exempt from the motor carriers road tax.

Purpose: This exemption allows farmers to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.5	\$ 3.6	\$ 3.6

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 that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 6.2	\$ 6.3	\$ 6.3	\$ 6.4	\$ 6.5	\$ 6.6	\$ 6.7

Beneficiaries: Approximately 2,200 fire departments and an unknown number of other organizations benefit from this tax expenditure.

Motor License Fund Tax Expenditures

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property that only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1

Beneficiaries: The owners of approximately 1,700 special mobile equipment vehicles benefit from this tax expenditure.

IMPLEMENTS OF HUSBANDRY

Description: A vehicle designed or adapted to be used exclusively for agricultural operations is exempt from the motor carriers road tax.

Purpose: This exemption allows the farmer to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately seven implements of husbandry vehicles benefit from this tax expenditure.

CHARITABLE AND RELIGIOUS ORGANIZATIONS

Description: Vehicles operated by charitable and religious organizations are exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5

Beneficiaries: Approximately 34,700 charitable and religious organizations may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CHURCHES

Description: A motorbus owned by and registered to a church, exempt under section 1901 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 14,200 churches may benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Qualified motor vehicles operated by electric cooperatives are exempt from the motor carriers road tax.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

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

VEHICLES NEEDING EMERGENCY REPAIRS

Description: A qualified motor vehicle needing emergency repairs, which was granted authorization from the Pennsylvania State Police to enter this Commonwealth, is exempt from the motor carriers road tax.

Purpose: This exemption was granted due to the temporary emergency nature of the vehicle entering Pennsylvania for needed repairs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

Motor License Fund Tax Expenditures

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SCHOOL BUS

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary or secondary school students to or from public, private or parochial schools or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 7.0	\$ 7.1	\$ 7.3	\$ 7.4	\$ 7.6	\$ 7.7	\$ 7.8

Beneficiaries: Approximately 5,700 schools benefit from this tax expenditure.

RECREATIONAL VEHICLES

Description: Qualified motor vehicles such as motor homes, pickup trucks with attached campers and buses when used exclusively for personal pleasure by individuals are exempt from the motor carriers road tax.

Purpose: The motor carrier road tax/IFTA requirements are intended to apply to selected commercial vehicles. This provision exempts personal use only vehicles which would otherwise be subject to these taxing requirements.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

Motor License Fund Tax Expenditures

MOTOR VEHICLE CODE

Authorization: The Motor Vehicle Code, contained in Title 75 of the Act of June 17, 1976 (P.L. 162, No. 81), became effective July 1, 1977. This amended the Act of April 29, 1959 (P.L. 58, No. 32) known as "The Vehicle Code." Contained in the Motor Vehicle Code are provisions for the titling, registration and licensing of vehicles, operation of vehicles, vehicle characteristics and the administration and enforcement of the code.

Administrative Costs: Costs to administer motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

VEHICLE REGISTRATIONS

Description: Specific entities that request the authority to operate are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	Disabled/Severely Disabled Veterans:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 9,000 vehicles benefit from this tax expenditure.

Charitable Organizations:

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1

Beneficiaries: The owners of approximately 14,900 vehicles benefit from this tax expenditure.

Former Prisoners of War:

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 1,400 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Farm Trucks:

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 3.6	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.8	\$ 3.8	\$ 3.9

Beneficiaries: The owners of approximately 12,800 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.2

Beneficiaries: Approximately 2,200 volunteer fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 4.2	\$ 4.2	\$ 4.3	\$ 4.3	\$ 4.3	\$ 4.4	\$ 4.4

Beneficiaries: Approximately 2,500 fire departments benefit from this tax expenditure.

Political Subdivisions:

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 14.4	\$ 14.5	\$ 14.7	\$ 14.8	\$ 14.9	\$ 15.1	\$ 15.2

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 5.5	\$ 5.8	\$ 6.1	\$ 6.4	\$ 6.7	\$ 7.1	\$ 7.4

Beneficiaries: Older Pennsylvanians owning approximately 173,000 vehicles benefit from this tax expenditure.

CARNIVAL TRUCKS/TRUCK TRACTORS

Description: Owners who document with the Department of Transportation that the truck or tractor is used exclusively for the purpose of transporting circus or carnival personnel, equipment, or machinery are granted a reduced registration fee.

Purpose: The reduced registration fee provides partial relief for those vehicles being used only between April 1 and September 30.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 200 carnival vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 10,400 vehicles benefit from this tax expenditure.

INSPECTION STICKERS

Description: All vehicles registered in Pennsylvania are required to have periodic safety inspections to insure their roadworthiness. A certificate of inspection is issued for a fee to show the vehicle meets specified safety standards. The Commonwealth administratively grants an exemption from the certificate fee to vehicles operated by political subdivisions.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

BRIDGE PERMITS

Description: Bridges on state owned rights-of-way need periodic maintenance and construction work. Permits are issued, for a fee, by the state to perform such work. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions who are performing work for the state.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms who wish to haul loads that exceed the maximum size or weight specifications of certain highways and bridges. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

POLICE ACCIDENT REPORTS

Description: Traffic accident reports are generated as a result of any accident where there is bodily injury or death or if one or more vehicles must be towed from the scene. A fee is charged to obtain a copy of the police accident report. The Commonwealth administratively grants an exemption for paying an accident report fee to political subdivisions.

Purpose: This exemption provides local prosecuting officials an aid in law enforcement.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.



Racing Fund Tax Expenditures

The Racing Fund, a special revenue fund, is comprised of monies received from taxes, licenses and fees and miscellaneous revenues collected by the State Racing Commissions derived from the regulation of harness and horse racing. Prior to December 30, 1983, thoroughbred racing tax revenues consisted of wagering, breakage and admissions taxes and harness racing tax revenues consisted of wagering and admissions taxes as assessed by the Race Horse Industry Reform Act (Act 135 of December 17, 1981). The Harness Racing Fund and the Horse Racing Fund were combined into the Racing Fund by Act 93 of 1983. This act also amended portions of the Race Horse Industry Reform Act relating to taxation.

Administrative Costs: Administrative costs associated with these tax expenditures are nominal.

WAGERING TAX

Authorization: Act of May 16, 1986 (P.L. 205, No. 63).

NEW CORPORATIONS

Description: Racing Corporations licensed after May 16, 1986 are subject to a reduced wagering tax rate, 1 percent rather than the normal 1.5 percent rate, for a period of four years.

Purpose: This provision may have been perceived as an incentive to promote the formation of new racing corporations.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Any racing corporation licensed after the cited date will benefit from this tax expenditure.

ADMISSIONS TAX

Authorization: Department of Revenue letter ruling with concurrence of counsel for Racing Commission.

DARK DAY SIMULCASTS

Description: The minimum admissions tax, currently 5 percent of 50 cents, is waived at events where no admission charge is levied and where simulcasts of races from other facilities are featured rather than live races.

Purpose: This provision may have been perceived as a way to promote simulcast attendance at Commonwealth racing facilities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.

UNEMPLOYMENT COMPENSATION INSURANCE TAX

Administrative Costs: The costs of administering the tax expenditure associated with the unemployment compensation insurance tax are nominal.

LIMITATION OF THE TAXABLE WAGE BASE

Authorization: Act of December 5, 1936 (2nd special session, 1937 P.L. 2897, No. 1), 4(x)(1), as amended, 43 P.S. 753(x)(1).

Description: The Commonwealth's unemployment compensation law provides for a limitation of the taxable wage base to the first \$8,000 of wages paid to each employee during a calendar year by an employer. Prior to 1984 the limitation on taxable remuneration had been \$7,000. All state governments are required by the federal government to tax at least the first \$7,000 of subject wages. Many states, including Pennsylvania, have chosen to keep their bases close to the federal minimum. The estimate represents the cost of this limitation as measured by the difference between contributions based on taxable wages and contributions based on total wages. In 1988, legislation was enacted which provides for a "trigger" mechanism to regulate employer and employee contributions. The trigger mechanism working in conjunction with the experience rating system would change tax rates in response to a change in the taxable wage base. The methodology used for this estimate does not incorporate the changes that would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

Estimates:	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$4,212.3	\$4,696.5	\$5,454.3	\$5,998.5	\$6,327.0	\$6,675.8	\$7,096.5

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 2002 there were 272,646 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division:

Agriculture, Forestry and Fisheries.....	6,774	Wholesale Trade	24,303
Mining.....	830	Retail Trade.....	51,132
Construction	31,341	F.I.R.E.	19,319
Manufacturing.....	17,423	Services	109,170
Transportation and Public Utilities	10,466	Local Government.....	826

¹Data may not add to totals due to the unavailability of industry classification for some employers.

PUBLIC TRANSPORTATION ASSISTANCE FUND

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

The Public Transportation Assistance Fund provides for the capital, asset maintenance and certain other transportation needs of the Commonwealth's public transit entities.

Fund revenues are derived from a portion of the public utility realty tax (PURTA); a motor vehicle lease tax; a motor vehicle rental fee; a fee on the sale of new tires; 0.44 percent of total sales and use tax receipts in lieu of the repealed periodicals tax; and 0.09 percent of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers. Act 138 of 1996 (electric competition) provided for transfers from the utility gross receipts tax to the Public Transportation Assistance Fund beginning in fiscal year 1998-99. Certain entities and transactions are exempt from these taxes and fees.

The utility realty tax expenditures for this fund parallel the PURTA General Fund tax expenditures since, by statute, the provisions of Article XI-A of the Tax Reform Code of 1971 apply to the 7.6 mills levy accruing to the Public Transportation Assistance Fund. With the exception of the fee on tires and the class 4 and above motor carrier tax expenditure, the remaining tax expenditures parallel those in the General Fund sales and use tax expenditures.

Administrative Costs: Administrative costs are believed to be nominal.

PUBLIC UTILITY REALTY TAX

Every entity required to pay the tax imposed under Article XI-A of the Tax Reform Code of 1971 must also remit an additional 7.6 mills upon each dollar of the state taxable value of its utility realty at the end of the calendar year. The authorization, explanation and administrative costs of this tax are given in the General Fund Tax Expenditure section.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968 is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968 to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.2

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

Special Fund Tax Expenditures

EASEMENTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.1

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

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.3

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

SEWAGE SERVICES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0

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

Special Fund Tax Expenditures

MUNICIPALITIES

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.3

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

ELECTRIC GENERATION FACILITIES

Description: After December 31, 1999, land and improvements indispensable to the generation of electricity become subject to local real estate tax and are excluded from the PURTA tax base and the realty tax equivalent.

Purpose: Electric generation facilities are removed from the PURTA tax base when electric generation is no longer regulated as a public utility function. The electric competition statute changed the definition of public utility, and generation facilities can be owned by unregulated entities. This exemption allows a level playing field for participants in electricity supply.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 8.2	\$ 8.5	\$ 8.9	\$ 9.2	\$ 9.6	\$ 10.0	\$ 10.3

Beneficiaries: The 23 electric utilities owning generating assets in Pennsylvania benefit from this tax expenditure.

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The Commonwealth levies a 3 percent tax on the total price charged for each lease of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

A fee of \$2 per day or portion of a day is imposed on each rental of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

Special Fund Tax Expenditures

COMMON CARRIERS

Description: Vehicles leased or rented by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

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

(Dollar Amounts in Millions)

Estimates:	Motor Vehicle Leases:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 6,000 common carriers could benefit from this tax expenditure.

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates:	Motor Vehicle Leases:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 3.7	\$ 3.8	\$ 4.0	\$ 4.1	\$ 4.3	\$ 4.4	\$ 4.6
	Motor Vehicle Rentals:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: Approximately 5,700 schools may benefit from this tax expenditure.

Special Fund Tax Expenditures

MOTOR CARRIERS (CLASS 4 AND ABOVE)

Description: Motor carriers in vehicle classes 4 and above are exempt from the motor vehicle lease tax.

Purpose: This exemption benefits those entities engaged in commercial leasing. Presumably, many of these vehicles are operated as common carriers that are normally treated as a utility service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of 296,300 motor carrier vehicles (class 4 and above) benefit from this tax expenditure.

EXEMPT ORGANIZATIONS

Description: The lease or rental of personal property to or for use by any (1) charitable organization, (2) volunteer fireman's organization, (3) nonprofit educational institution, or (4) religious organization is exempt from taxation. Transactions unrelated to the trade or business of such organizations are taxable.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 34,700 organizations might benefit from this tax expenditure.

Special Fund Tax Expenditures

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8

	Motor Vehicle Rentals:						
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

TIRE FEE

The Commonwealth imposes a \$1 fee per tire on each sale of new tires intended for highway use.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of new tires to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent only local government tax expenditures.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.



Governor's Executive Budget

*DEPARTMENT
PRESENTATIONS*



GOVERNOR'S OFFICE

The Governor directs and coordinates the work of State Government and guides the programs of the agencies in the direction that assures compliance with existing law, definable needs and administration goals.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Governor's Office.....	\$ 7,852	\$ 8,027	\$ 7,619
Portrait of Former Governor.....	0	7	0
Total - General Government.....	<u>\$ 7,852</u>	<u>\$ 8,034</u>	<u>\$ 7,619</u>

GENERAL FUND TOTAL.....	<u>\$ 7,852</u>	<u>\$ 8,034</u>	<u>\$ 7,619</u>
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TOBACCO SETTLEMENT FUND:

Grants and Subsidies:

Tobacco Endowment Account.....	\$ 25,783	\$ 0	\$ 0
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DEPARTMENT TOTAL - ALL FUNDS

GENERAL FUND.....	\$ 7,852	\$ 8,034	\$ 7,619
SPECIAL FUNDS.....	25,783	0	0
TOTAL ALL FUNDS.....	<u>\$ 33,635</u>	<u>\$ 8,034</u>	<u>\$ 7,619</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 7,852	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
SPECIAL FUNDS.....	25,783	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.....	\$ 33,635	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
ALL PROGRAMS:							
GENERAL FUND.....	\$ 7,852	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
SPECIAL FUNDS.....	25,783	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.....	\$ 33,635	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619

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.

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)

GENERAL FUND		Portrait of Former Governor
\$ -206	—nonrecurring 2002-03 budgetary freeze amount.	\$ -7
-202	—to continue current program.	
\$ -408	<i>Appropriation Decrease</i>	

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Governor's Office	\$ 7,852	\$ 8,027	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
Portrait of Former Governor	0	7	0	0	0	0	0
TOTAL GENERAL FUND	\$ 7,852	\$ 8,034	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619	\$ 7,619
TOBACCO SETTLEMENT FUND:							
Tobacco Endowment Account	\$ 25,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0



EXECUTIVE OFFICES

To assist the Governor in the administration of State Government, the Office of Administration performs the duties of a central management agency and coordinates through the Office of Information Technology the Commonwealth's information technology strategies. The Office of the Budget performs the duties of a central financial management agency, prepares the annual Governor's Budget and Five Year Financial Plan based upon the Governor's priorities and analysis of program effectiveness, and provides comptroller services for the maintenance and management of all agency accounts in the Commonwealth.

The Office of General Counsel provides legal counsel in matters affecting the operation of State agencies. The Juvenile Court Judges Commission provides technical and financial assistance to the juvenile probation staffs of the county courts. The Inspector General investigates suspected improper use of State resources and investigates and recovers funds disbursed as a result of fraud or overpayment of welfare benefits. The Commission on Crime and Delinquency provides the planning and technical assistance for the improvement of the criminal justice system as well as financial assistance to relieve the financial hardship of individuals who have been victimized by criminal acts.

The Human Relations Commission, the Commission for Women, the African-American Affairs Commission and the Latino Affairs Commission promote equal opportunities for all people in employment, housing, public accommodations and education.

The Rural Development Council works to promote rural development in Pennsylvania. The Council on the Arts provides for encouragement and development of the arts in Pennsylvania. The Public Employee Retirement Commission monitors public employe retirement plans to assure their actuarial viability.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
Office of Administration.....	\$ 8,424 ^a	\$ 8,702	\$ 8,592
(A)Classification and Pay Services.....	2,450	2,451	2,451
(A)State Employee Assistance Program.....	1,669	1,259	1,259
(A)Clerical Testing Program.....	55	57	57
(A)Temporary Clerical Pool.....	3,715	4,607	4,607
(A)Bureau of Management Consulting.....	1,913	1,524	1,524
(A)Executive Board/Directives Management.....	303	279	279
(A)Labor Relations.....	102	174	175
(A)Managing for Government Responsiveness Training.....	494	435	435
(A)Recycling Fund.....	0	95	95
(A)Group Life Insurance Program Commissions.....	88	80	90
(A)Leadership Development Institute.....	72	68	68
(A)PRIME Initiative.....	203	0	0
Subtotal.....	<u>\$ 19,488</u>	<u>\$ 19,731</u>	<u>\$ 19,632</u>
Medicare Part B Penalties.....	430	440	440
Health Insurance Portability and Accountability Act.....	2,000	12,474	4,000
Information Communication.....	26,248	13,193	0
Technology Investment Program.....	25,870	18,874	7,245
Commonwealth Technology Services.....	13,780	33,816	30,190
(A)Commonwealth Technology Center.....	11,956	12,484	12,293
Subtotal.....	<u>\$ 25,736</u>	<u>\$ 46,300</u>	<u>\$ 42,483</u>
Electronic Government.....	9,995	3,500	1,500
Communications Management.....	4,479	5,367	4,910
Integrated Management Systems.....	46,470	68,791	45,000
(A)Miscellaneous Revenues.....	16,000	0	0
Subtotal.....	<u>\$ 62,470</u>	<u>\$ 68,791</u>	<u>\$ 45,000</u>
Integrated Criminal Justice System.....	15,272	12,376	10,454
(F)Justice Information Technology Integration Implementation.....	795	395	0
(F)DCSI - Electronic Reporting (EA).....	1,575	2,120	1,500
Subtotal.....	<u>\$ 17,642</u>	<u>\$ 14,891</u>	<u>\$ 11,954</u>
Office of Inspector General.....	3,065	3,183	3,230
(A)Reimbursements for Special Fund Investigations.....	1,023	1,050	1,050
Subtotal.....	<u>\$ 4,088</u>	<u>\$ 4,233</u>	<u>\$ 4,280</u>
Inspector General - Welfare Fraud.....	12,061	12,590	12,645
(F)TANFBG - Program Accountability.....	2,010	2,722	2,780
(F)Food Stamps - Program Accountability.....	6,430	6,613	8,353
(F)Medical Assistance - Program Accountability.....	2,213	2,914	3,328
(F)Subsidized Day Care Fraud.....	136	253	323
Subtotal.....	<u>\$ 22,850</u>	<u>\$ 25,092</u>	<u>\$ 27,429</u>
Office of the Budget.....	31,329	30,824	29,719
(F)WIA - Program Accountability.....	363	400	400
(A)Support for Commonwealth Payroll Operations.....	6,886	6,771	6,771
(A)Support for PLCB Comptroller's Office.....	7,394	7,764	7,764
(A)Support for Comptroller Services.....	20,773	21,209	21,209
Subtotal.....	<u>\$ 66,745</u>	<u>\$ 66,968</u>	<u>\$ 65,863</u>
Audit of the Auditor General.....	0	78	0
Office of General Counsel.....	7,998	6,209	4,722
(A)CLE Registration Fees.....	65	100	100
(A)Legal Intern Program.....	153	0	0
Subtotal.....	<u>\$ 8,216</u>	<u>\$ 6,309</u>	<u>\$ 4,822</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Rural Development Council.....	214	213	222
(F)Rural Development.....	65	116	77
Subtotal.....	<u>\$ 279</u>	<u>\$ 329</u>	<u>\$ 299</u>
Human Relations Commission.....	11,997	10,725	10,135
(F)EEOC - Special Project Grant.....	1,600	2,000	2,000
(F)HUD - Special Project Grant.....	1,100	1,500	1,500
(A)Miscellaneous Revenues.....	10	25	25
Subtotal.....	<u>\$ 14,707</u>	<u>\$ 14,250</u>	<u>\$ 13,660</u>
Latino Affairs Commission.....	222	229	219
African American Affairs Commission.....	345	355	338
Council on the Arts.....	1,146	1,152	1,123
(F)NEA - Grants to the Arts - Administration.....	225	225	250
Subtotal.....	<u>\$ 1,371</u>	<u>\$ 1,377</u>	<u>\$ 1,373</u>
Commission for Women.....	276	280	273
Juvenile Court Judges Commission.....	1,936	2,251	2,149
(F)DCSI - Enhanced Data Collecting and Reporting (EA).....	276	40	0
(F)DCSI - Specialized Probation Technical Assistance (EA).....	177	304	165
(F)Juvenile-Adult System Interface (EA).....	216	0	0
Subtotal.....	<u>\$ 2,605</u>	<u>\$ 2,595</u>	<u>\$ 2,314</u>
Public Employee Retirement Commission.....	644	665	672
Commission on Crime and Delinquency.....	4,256	4,901	4,796
(F)Plan for Juvenile Justice.....	181	465 ^b	480
(F)DCSI - Administration.....	1,117	1,600	1,600
(F)DCSI - Program Grants.....	24,000	30,000	30,000
(F)DCSI - Criminal History Records.....	10	10	10
(F)Juvenile Justice - Title V.....	673	4,000	4,000
(F)Juvenile Justice - Title V - Administration.....	53	60	70
(F)Statistical Analysis Center.....	25	150	150
(F)Criminal Identification Technology.....	3,053	5,800	5,800
(F)Crime Victims Compensation Services.....	3,144	5,000	4,000
(F)Crime Victims Assistance.....	10,947	18,000	18,000
(F)Violence Against Women.....	2,975	8,200	6,500
(F)Violence Against Women - Administration.....	72	290	290
(F)Juvenile Justice State Challenge Grants.....	762	1,200	600
(F)Local Law Enforcement Block Grant.....	2,600	4,381	4,381
(F)Truth in Sentencing Incentive Grants.....	7,888	25,000	25,000
(F)Residential Substance Abuse Treatment Program.....	2,346	3,000	3,000
(F)DFSC - Special Programs.....	3,516	5,200	5,200
(F)Crime Victims Assistance (VOCA) - Admin/Operations.....	365	600	600
(F)Byrne Evaluation Partnership Program.....	0	200	0
(F)Juvenile Accountability Incentive Program.....	8,527	18,000	16,500
(F)Juvenile Accountability Incentive Program - Administration.....	146	400	400
(F)Combat Underage Drinking Program.....	261	450	450
(F)Training and Education Assistance Program.....	0	100	0
(F)Rural Domestic Violence & Child Victimization.....	298	415	415
(F)Pennsylvanians Against Underage Drinking.....	317	400	400
(F)Victim Assistance Training Academy.....	20	120	1,200
(F)Juvenile Justice and Delinquency Prevention.....	2,152	4,500	4,500
(F)TANFBG - Stop Violence Against Women.....	0	2,246 ^c	0
(F)Safe Neighborhoods.....	0	1,000	1,000
(F)VOCA - Flight 93 Disaster - Victims Assistance (EA).....	0	1,100	1,100
(F)TANFBG-Victims Assistance.....	1,500	0	0
(F)VOCA - Flight 93 Disaster - Assistance and Reimbursements.....	400	0	0
(F)Symposium on Aggressive Driving (EA).....	7	0	0
(A)Deputy Sheriff's Education and Training.....	277	277	286
(A)PCCD - Special Projects.....	5	66	69
Subtotal.....	<u>\$ 81,893</u>	<u>\$ 147,131</u>	<u>\$ 140,797</u>



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Juvenile Accountability Incentive Program.....	250	0	0
Partnership for Safe Children.....	5,170	6,243	6,003
(F)CCDFBG-Early Childhood Task Force.....	600	1,400	0
Victims of Juvenile Crime.....	3,805	3,760	3,647
Weed and Seed Program.....	2,326	3,510	3,390
(F)TANFBG - Weed and Seed.....	0	2,000	2,000
Subtotal.....	\$ 2,326	\$ 5,510	\$ 5,390
State Match for DCSI Subgrants.....	0	1,632 ^d	935
Subtotal - State Funds.....	\$ 240,008	\$ 266,333	\$ 196,549
Subtotal - Federal Funds.....	95,136	164,889	158,322
Subtotal - Augmentations.....	75,606	60,775	60,607
Total - General Government.....	\$ 410,750	\$ 491,997	\$ 415,478
Grants and Subsidies:			
Intermediate Punishment Programs.....	\$ 5,281	\$ 5,331	\$ 3,180
Intermediate Punishment Drug and Alcohol Treatment.....	13,000	13,000	7,754
Drug Education and Law Enforcement.....	4,600	5,200	3,101
Research-Based Violence Prevention.....	10,000	10,000	5,965
(F)TANFBG - Nurse Home Visitation.....	4,402	7,200	5,100
Improvement of Juvenile Probation Services.....	6,033	6,033	5,918
(F)TANFBG - Juvenile Probation Emergency Services.....	2,000	2,000	2,000
Specialized Probation Services.....	15,623	15,623	15,326
Law Enforcement Activities.....	7,500	5,500	0
Grants to the Arts.....	14,000	14,000	14,000
(F)NEA - Grants to the Arts.....	1,000	825	750
Subtotal - State Funds.....	\$ 76,037	\$ 74,687	\$ 55,244
Subtotal - Federal Funds.....	7,402	10,025	7,850
Total - Grants and Subsidies.....	\$ 83,439	\$ 84,712	\$ 63,094
STATE FUNDS.....	\$ 316,045	\$ 341,020	\$ 251,793
FEDERAL FUNDS.....	102,538	174,914	166,172
AUGMENTATIONS.....	75,606	60,775	60,607
GENERAL FUND TOTAL.....	\$ 494,189	\$ 576,709	\$ 478,572
MOTOR LICENSE FUND:			
General Government:			
Office of the Budget.....	\$ 4,322	\$ 4,485	\$ 5,485
(A)Reimbursement for Comptroller Services.....	638	785	988
Subtotal.....	\$ 4,960	\$ 5,270	\$ 6,473
Statewide Public Safety Radio System.....	960	5,856	5,856
Subtotal - State Funds.....	\$ 5,282	\$ 10,341	\$ 11,341
Subtotal - Augmentations.....	638	785	988
Total - General Government.....	\$ 5,920	\$ 11,126	\$ 12,329
STATE FUNDS.....	\$ 5,282	\$ 10,341	\$ 11,341
AUGMENTATIONS.....	638	785	988
MOTOR LICENSE FUND TOTAL.....	\$ 5,920	\$ 11,126	\$ 12,329
TOBACCO SETTLEMENT FUND:			
General Government:			
Tobacco Settlement Investment Board.....	\$ 93	\$ 326	\$ 276

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Grants and Subsidies:			
Transfer to General Fund.....	\$ 68,508	\$ 0	\$ 0
Transfer to Health Endowment Account (EA).....	27,601	34,682	34,427
Total - Grants and Subsidies.....	\$ 96,109	\$ 34,682	\$ 34,427
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 96,202	\$ 35,008	\$ 34,703
OTHER FUNDS:			
GENERAL FUND:			
Victim/Witness Services.....	\$ 4,330	\$ 4,500	\$ 4,500
Crime Victims Reimbursements.....	6,046	5,300	5,300
Constables Education and Training Account.....	1,779	1,500	1,500
Drug Abuse Resistance Education.....	74	102	150
Federal Juvenile Justice and Delinquency Prevention.....	16	0	0
Federal Crime Victim Assistance.....	4,733	0	0
Federal Juvenile Justice - Title V.....	965	0	0
GENERAL FUND TOTAL.....	\$ 17,943	\$ 11,402	\$ 11,450
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND:			
General Government Operations (EA).....	\$ 21,675	\$ 1,437	\$ 0
Payment of Claim Settlements (EA).....	323,005	0	0
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND TOTAL.....	\$ 344,680	\$ 1,437	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 316,045	\$ 341,020	\$ 251,793
SPECIAL FUNDS.....	101,484	45,349	46,044
FEDERAL FUNDS.....	102,538	174,914	166,172
AUGMENTATIONS.....	76,244	61,560	61,595
OTHER FUNDS.....	362,623	12,839	11,450
TOTAL ALL FUNDS.....	\$ 958,934	\$ 635,682	\$ 537,054

^a Includes \$302,000 actually appropriated as a part of Lieutenant Governor's Office.

^b Includes recommended supplemental appropriation of \$115,000.

^c Includes recommended supplemental appropriation of \$746,000.

^d Actually appropriated as \$1,955,000. Amount shown is net of transfers to other State agencies.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 208,031	\$ 230,586	\$ 158,819	\$ 158,809	\$ 158,899	\$ 154,799	\$ 154,799
SPECIAL FUNDS.....	101,484	45,349	46,044	40,459	40,222	39,991	39,732
FEDERAL FUNDS.....	13,587	15,533	16,761	16,761	16,761	16,761	16,761
OTHER FUNDS.....	420,414	62,529	61,115	61,115	61,115	61,115	61,115
SUBCATEGORY TOTAL.....	\$ 743,516	\$ 353,997	\$ 282,739	\$ 277,144	\$ 276,997	\$ 272,666	\$ 272,407
LEGAL SERVICES							
GENERAL FUND.....	\$ 7,998	\$ 6,209	\$ 4,722	\$ 4,722	\$ 4,722	\$ 4,722	\$ 4,722
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	218	100	100	100	100	100	100
SUBCATEGORY TOTAL.....	\$ 8,216	\$ 6,309	\$ 4,822	\$ 4,822	\$ 4,822	\$ 4,822	\$ 4,822
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND.....	\$ 12,840	\$ 11,589	\$ 10,965	\$ 10,965	\$ 10,965	\$ 10,965	\$ 10,965
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,700	3,500	3,500	3,500	3,500	3,500	3,500
OTHER FUNDS.....	10	25	25	25	25	25	25
SUBCATEGORY TOTAL.....	\$ 15,550	\$ 15,114	\$ 14,490	\$ 14,490	\$ 14,490	\$ 14,490	\$ 14,490
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND.....	\$ 15,146	\$ 15,152	\$ 15,123	\$ 15,123	\$ 15,123	\$ 15,123	\$ 15,123
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,225	1,050	1,000	1,000	1,000	1,000	1,000
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 16,371	\$ 16,202	\$ 16,123	\$ 16,123	\$ 16,123	\$ 16,123	\$ 16,123
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND.....	\$ 48,438	\$ 53,577	\$ 38,771	\$ 38,771	\$ 38,771	\$ 38,771	\$ 38,771
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	82,357	152,487	142,746	142,746	142,746	142,746	142,746
OTHER FUNDS.....	18,225	11,745	11,805	11,805	11,805	11,805	11,805
SUBCATEGORY TOTAL.....	\$ 149,020	\$ 217,809	\$ 193,322	\$ 193,322	\$ 193,322	\$ 193,322	\$ 193,322
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND.....	\$ 23,592	\$ 23,907	\$ 23,393	\$ 23,393	\$ 23,393	\$ 23,393	\$ 23,393
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,669	2,344	2,165	2,000	2,000	2,000	2,000
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 26,261	\$ 26,251	\$ 25,558	\$ 25,393	\$ 25,393	\$ 25,393	\$ 25,393

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 316,045	\$ 341,020	\$ 251,793	\$ 251,783	\$ 251,873	\$ 247,773	\$ 247,773
SPECIAL FUNDS.....	101,484	45,349	46,044	40,459	40,222	39,991	39,732
FEDERAL FUNDS.....	102,538	174,914	166,172	166,007	166,007	166,007	166,007
OTHER FUNDS.....	438,867	74,399	73,045	73,045	73,045	73,045	73,045
DEPARTMENT TOTAL.....	\$ 958,934	\$ 635,682	\$ 537,054	\$ 531,294	\$ 531,147	\$ 526,816	\$ 526,557



PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the Commonwealth can be achieved.

Program: Executive Direction

The Executive Direction Program provides administrative support and policy direction for implementing, maintaining and monitoring the substantive programs of the Commonwealth.

Program Element: Administration

The Office of Administration (OA) provides policy direction and administrative support. Centralized personnel services ensure equity by maintaining the classification, pay, benefits and workers compensation systems, and negotiating and administering collective bargaining agreements between the Commonwealth and the various unions representing State employees under the provisions of the Public Employee Relations Act of 1970. OA is also responsible for recruiting for all non-civil service positions, training in management and supervisory skills, and administering the Commonwealth's affirmative action process and programs. The Office of Administration also conducts management studies of State programs in order to improve their operation, administration and organization. The agency also conducts the AIDS Education Program that provides and coordinates basic, advanced and specialized education to all Commonwealth employees on HIV/AIDS and other infectious diseases. — 04-05 —

The Office of Administration administers a State Employee Assistance Program (SEAP) to educate and promote early intervention for alcohol, drug, emotional and other personal problems that adversely affect employee performance. The program involves an established referral, evaluation and treatment process and intervention as appropriate. 04/05

OA also provides administrative support to the Tobacco Settlement Investment Board which oversees the investment activities of the Health Endowment Account for Long-Term Hope Account within the Tobacco Settlement Fund. 04/05

Program Element: Information Technology

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 is responsible for providing direction and support for the Commonwealth in three areas: enterprise application development, enterprise IT support operations and oversight for special enterprise-

wide projects. The center develops and maintains the Commonwealth's central administrative applications; provides management support for enterprise disaster recovery planning and IT security; plans and manages the Commonwealth's data networks, wide area networks (WANs), Metropolitan Area Network (MAN), and cable television (CATV) resources; develops Statewide telecommunications policy; manages the OA's video conferencing facilities; and coordinates the development of Statewide IT contracts.

The Bureau of Consolidated Computer Services was created to implement outsourcing the data centers of 17 agencies and to manage the service, performance and financial requirements of the outsourcing contracts. This bureau is responsible for ensuring customer service meets established benchmarks, developing methods for agency charge backs, measuring and reporting on contract compliance, overseeing data center outsource contract(s), providing technical support to agencies, and planning changes for capacity requirements.

The Bureau of Desktop Technology is responsible for developing and implementing an IT modernization plan to re-invest savings from the Commonwealth's outsourcing initiative into an enterprise-wide expansion of desktop computing and network-based technology. This bureau's responsibilities encompass policy, planning and operational areas, including: enterprise-wide IT asset tracking; developing programs to reduce total cost of IT ownership; reviewing major agency IT initiatives through the OA's Investment Review Program; developing, implementing and coordinating enterprise-wide IT education programs; managing OA internet/intranet applications; managing OA networks and providing technical support to end-users; supporting enterprise client/server applications; and providing consulting services to Commonwealth agencies on client/server, UNIX, LAN and desktop technologies.

Commonwealth Connect is Pennsylvania State Government's enterprise-wide initiative to establish software standards for desktop computing and establish an e-mail network that will provide a consistent and reliable platform for State agency communication and collaboration. As of December 2002, all 47 agencies under the Governor's jurisdiction, with over 67,000 users, have migrated to **Commonwealth Connect**. The bureau is also responsible for the development, implementation and on-going management and evolution of the **PA PowerPort**, Pennsylvania's State Government web portal.

The Office for IT Planning and Support is responsible for the overall management of enterprise IT policies developed

Program: Executive Direction (continued)

by the OIT's other bureaus and Centers for Technology Excellence as well as for identifying new enterprise IT initiatives that can bring significant return on investments and benefits to State Government and its customers. It serves as the catalyst for bringing the appropriate agencies together and getting the projects started, and continues to play a facilitation and supportive role until the effort reaches a level of management sustainability. The Electronic Government Program provides for the continual redesign and improvements of the Commonwealth's website to enable businesses, local governments and citizens to participate in the benefits of electronic government applications.

The Office for Information Technology is responsible for the development and management of three enterprise projects. The Statewide Public Safety Radio System is expected to be operational during 2002-03. It replaces the antiquated proprietary systems of several Commonwealth agencies with an 800 Mhz digital system that will facilitate radio communications among all State agencies. The Integrated Criminal Justice System (JNET) will allow for the sharing of information among all law enforcement agencies in the Commonwealth. The system is currently in various stages of implementation in all 67 counties. The Integrated Management Systems project is an enterprise resource planning (ERP) initiative entitled ImaginePA. Its goal is the redesign and integration of the Commonwealth's administrative management systems including budgeting, accounting, human resources, payroll and procurement. The modules of the system are being phased into operation during 2002-03.

Program Element: Fraud Detection and Prevention

The purpose of the Office of Inspector General is to detect, deter and eradicate fraud and waste of State resources, and misconduct by State employees; keep the Governor fully informed of problems and deficiencies in executive agencies; and help ensure that executive agencies operate efficiently, with integrity, and in accordance with applicable laws and regulations. The Office of Inspector General is designed to maintain public confidence, integrity and efficiency in State Government.

The Office of Welfare Fraud Investigations and Recovery Management, within the Office of Inspector General, is responsible for conducting investigations into suspected welfare fraud and abuse as well as performing collection activities for welfare programs administered by the Department of Public Welfare. The collection activities involve the recovery of benefits provided due to clerical errors, omissions or inaccurate information supplied by applicants, and in the case of medical assistance, charges for services exceeding allowable amounts. In addition, the Office of Inspector General recovers the costs of benefits provided to recipients who are eligible for Supplemental Security Income, tort recoveries, unemployment compensation, workers' compensation and veterans' benefits.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the Governor in formulating fiscal policies and procedures, and in preparing the Commonwealth Budget for delivery to the General Assembly. The establishment of authorized complement levels for those agencies within the scope of authority of the Governor is the responsibility of the Office of the Budget. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all Commonwealth agencies and is responsible for maintenance of the Integrated Central Systems accounting module. The office also provides resources and support to the ImaginePA initiative.

Program Element: Rural Development

The Rural Development Council is responsible for the development and implementation of plans that integrate private expertise and Federal, State and local government efforts for the promotion of rural development in Pennsylvania. The Council's responsibilities include: assessing Pennsylvania's rural development needs, identifying the State's various available resources and compiling and analyzing data to produce insights into rural development.

Program Element: Public Employee Pensions

The Public Employee Retirement Commission, in accordance with Act 66 of 1981 and Act 205 of 1984, provides an ongoing mechanism to monitor public employee retirement plans in the Commonwealth. The commission also is mandated to provide financial analyses to the General Assembly and the Governor in conjunction with their consideration of public pension legislation.

Program Element: Medical Malpractice

The Health Care Services Malpractice Act of 1975 established the Medical Professional Liability Catastrophe Loss Fund to provide a source of funds to pay for judgments, awards or settlements in medical malpractice claims that exceed the basic limits of coverage provided by the professional liability insurance policy. Act 135 of 1996 amended the original legislation to increase the mandated basic insurance coverage for those policies issued or renewed in calendar years 2000 and beyond. Act 13 of 2002 abolished the Medical Professional Liability Catastrophe Loss Fund and replaced it with the Medical Care Availability and Reduction of Error (Mcare) Fund to be administered by the Insurance Department. A Statement of Cash Receipts and Disbursements for the Medical Professional Liability Catastrophe Loss Fund is included in the Special Funds Appendix. The final expenditures for the fund are also reflected as other funds in the Executive Offices Summary by Fund and Appropriation.

Program: Executive Direction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	Office of Administration		\$	47	Office of Inspector General
\$	-174	—nonrecurring 2002-03 budgetary freeze amount.			—to continue current program.
	64	—to continue current program.			
\$	-110	<i>Appropriation Decrease</i>			
		Health Insurance Portability and Accountability Act		\$	-299
\$	-1,000	—nonrecurring 2002-03 budgetary freeze amount.			Inspector General - Welfare Fraud
	-7,474	—nonrecurring costs.			—nonrecurring 2002-03 budgetary freeze amount.
\$	-8,474	<i>Appropriation Decrease</i>		354	—to continue current program.
					<i>Appropriation Increase</i>
		Information Communication		\$	55
\$	-13,193	—nonrecurring project.			Office of the Budget
		Technology Investment Program		\$	-462
\$	-1,000	—nonrecurring 2002-03 budgetary freeze amount.			—nonrecurring 2002-03 budgetary freeze amount.
	-10,629	—nonrecurring projects.			—program reduction.
\$	-11,629	<i>Appropriation Decrease</i>		-643	<i>Appropriation Decrease</i>
				\$	-1,105
		Commonwealth Technology Services			Audit of the Auditor General
\$	-676	—nonrecurring 2002-03 budgetary freeze amount.		\$	-78
	-1,417	—nonrecurring costs.			—nonrecurring costs.
	-1,533	—program reduction.			
\$	-3,626	<i>Appropriation Decrease</i>			
				\$	-4
		Electronic Government			Rural Development Council
\$	-70	—nonrecurring 2002-03 budgetary freeze amount.			—nonrecurring 2002-03 budgetary freeze amount.
	-1,930	—program reduction.			—to continue current program.
\$	-2,000	<i>Appropriation Decrease</i>		13	<i>Appropriation Increase</i>
				\$	9
		Communications Management			Public Employee Retirement Commission
\$	-107	—nonrecurring 2002-03 budgetary freeze amount.		\$	-13
	-350	—program reduction.			—nonrecurring 2002-03 budgetary freeze amount.
\$	-457	<i>Appropriation Decrease</i>		20	—to continue current program.
				\$	7
		Integrated Management Systems			<i>Appropriation Increase</i>
\$	-1,476	—nonrecurring 2002-03 budgetary freeze amount.		\$	-5,500
	-15,447	—nonrecurring development costs.			Law Enforcement Activities
	-6,868	—program reduction.			—nonrecurring project.
\$	-23,791	<i>Appropriation Decrease</i>			
		Integrated Criminal Justice System		\$	1,000
\$	-248	—nonrecurring 2002-03 budgetary freeze amount.			MOTOR LICENSE FUND
	-1,219	—nonrecurring development costs.			Office of the Budget
	-455	—program reduction.			—to continue current program.
\$	-1,922	<i>Appropriation Decrease</i>			
				\$	-50
					TOBACCO SETTLEMENT FUND
					Tobacco Settlement Investment Board
					—to provide for the administrative costs of the Tobacco Settlement Investment Board.
				\$	-255
					Transfer to Health Endowment Account for Long-Term Hope (EA)
					—to continue transfers to the Tobacco Endowment Account in accordance with the provisions of the Tobacco Settlement Act.

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

Program: Executive Direction (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Office of Administration	\$ 8,424	\$ 8,702	\$ 8,592	\$ 8,592	\$ 8,592	\$ 8,592	\$ 8,592
Medicare Part B Penalties	430	440	440	430	430	420	420
Health Insurance Portability and Accountability Act	2,000	12,474	4,000	4,000	4,000	0	0
Information Communication	26,248	13,193	0	0	0	0	0
Technology Investment Program	25,870	18,874	7,245	7,245	7,245	7,245	7,245
Commonwealth Technology Services	13,780	33,816	30,190	30,190	30,190	30,190	30,190
Electronic Government	9,995	3,500	1,500	1,500	1,500	1,500	1,500
Communications Management	4,479	5,367	4,910	4,910	4,910	4,910	4,910
Integrated Management Systems	46,470	68,791	45,000	45,000	45,000	45,000	45,000
Integrated Criminal Justice System	15,272	12,376	10,454	10,454	10,454	10,454	10,454
Office of Inspector General	3,065	3,183	3,230	3,230	3,230	3,230	3,230
Inspector General - Welfare Fraud	12,061	12,590	12,645	12,645	12,645	12,645	12,645
Office of the Budget	31,329	30,824	29,719	29,719	29,719	29,719	29,719
Audit of the Auditor General	0	78	0	0	90	0	0
Rural Development Council	214	213	222	222	222	222	222
Public Employee Retirement Commission	644	665	672	672	672	672	672
Juvenile Accountability Incentive Program	250	0	0	0	0	0	0
Law Enforcement Activities	7,500	5,500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 208,031	\$ 230,586	\$ 158,819	\$ 158,809	\$ 158,899	\$ 154,799	\$ 154,799
MOTOR LICENSE FUND:							
Office of the Budget	\$ 4,322	\$ 4,485	\$ 5,485	\$ 5,485	\$ 5,485	\$ 5,485	\$ 5,485
Statewide Public Safety Radio System	960	5,856	5,856	5,856	5,856	5,856	5,856
TOTAL MOTOR LICENSE FUND	\$ 5,282	\$ 10,341	\$ 11,341	\$ 11,341	\$ 11,341	\$ 11,341	\$ 11,341
TOBACCO SETTLEMENT FUND:							
Tobacco Settlement Investment Board	\$ 93	\$ 326	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276
Transfer to General Fund	68,508	0	0	0	0	0	0
Transfer to Health Endowment Account (EA)	27,601	34,682	34,427	28,842	28,605	28,374	28,115
TOTAL TOBACCO SETTLEMENT FUND	\$ 96,202	\$ 35,008	\$ 34,703	\$ 29,118	\$ 28,881	\$ 28,650	\$ 28,391

PROGRAM OBJECTIVE: To provide legal advice to the Governor and the Cabinet, and to supervise, coordinate and administer legal services for the Commonwealth.

Program: Legal Services

The Office of the General Counsel was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor and has the responsibility to appoint deputy general counsel, the chief counsel and assistant counsel in each Executive Branch agency and to supervise, coordinate and administer legal services throughout the Executive Branch.

There are several areas of responsibility for the Office of General Counsel (OGC). The major responsibility is to provide general legal advice to the Governor, his staff and the Cabinet. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of agencies under the Governor's jurisdiction. The office and agency chief counsel review and approve for form and legality all Commonwealth deeds, leases, contracts, rules and regulations.

In 1999-2000, OGC began the initial steps toward implementing a program designed to increase and to improve coordination, integration and resource sharing among the various Offices of Chief Counsel. The project creates a knowledge management system for all OGC personnel. The system, known as OGC LawNet, includes an Intranet Portal through which every OGC employee is connected to the system providing a customizable single point of access to relevant organizational information and systems. OGC LawNet includes communication tools such as a virtual law library, a skills tracking database and a continuing legal

education module for registration and tracking of Continuing Legal Education (CLE) courses and credits. The project was implemented in 2001-02 and now provides access to nearly 1,000 OGC users. Ongoing maintenance and further enhancements to the system are planned for 2002-03 and 2003-04.

The Office of General Counsel provides advice to the Governor on pending legislative matters and issues and reviews for constitutionality and legality all legislation presented to the Governor for approval. OGC also is responsible for initiating appropriate actions or defending the Commonwealth when the Attorney General delegates or declines to initiate appropriate proceedings. It also has the authority to intervene in any action by or against an agency under the Governor's jurisdiction whenever the Governor requests. The General Counsel administers the operations of the Juvenile Court Judges Commission and provides the legal representation for the Pennsylvania Public Television Network.

In addition, the General Counsel serves as a member of the Board of Commissioners on Uniform State Laws, the Pennsylvania Emergency Management Agency, the Joint Committee on Documents, the Board of Property, the Local Government Records Committee, the Medical Advisory Board, the Board of Finance and Revenue and the Civil Disorder Commission.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Office of General Counsel
\$	-160	—nonrecurring 2002-03 budgetary freeze amount.
	-1,145	—nonrecurring project costs.
	-182	—to continue current program.
\$	-1,487	Appropriation Decrease

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Office of General Counsel.....	\$ 7,998	\$ 6,209	\$ 4,722	\$ 4,722	\$ 4,722	\$ 4,722	\$ 4,722

PROGRAM OBJECTIVE: To insure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.

Program: Prevention and Elimination of Discriminatory Practices

The Human Relations Commission is responsible for identifying, preventing and eliminating illegal discriminatory practices as defined by the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act. The two principal methods utilized by the commission to secure compliance with the law are processing complaints of discrimination that might result in legal proceedings being initiated, and providing technical assistance to organizations, businesses, governmental bodies and individuals to promote voluntary compliance. Processing formal complaints continues to be the major activity of the commission.

Substantial resources are also devoted to providing technical assistance to anyone who requests guidance in avoiding illegal discriminatory acts. The commission coordinates the State's response to racial and ethnic tensions, and trains law enforcement officials and local government and community leaders on appropriate responses. The commission is also involved with major outreach programs to provide information to community leaders and public officials regarding the Pennsylvania Human Relations Act and its procedures.

The commission, in conjunction with the Pennsylvania Department of Education, is working with several urban school districts to improve the educational achievement of minority and disadvantaged students.

Federal funds are received for investigating complaints that are dual filed with the commission and with either the Equal Employment Opportunity Commission or the U.S. Department of Housing and Urban Development.

The commission's efforts to identify and remedy systemic discrimination continue in order to address the major problems of discrimination against whole classes of individuals. In addition, litigation remains a significant feature of the commission's workload.

In 1999-2000, the Human Relations Commission initiated a project to develop and implement an agency-wide case processing, management and tracking system for the investigation of complaints. It is expected that the project, now completed, will facilitate the resolution of cases in a more efficient and effective manner.

The Latino Affairs Commission functions as an advocate for the Latino community. The commission advises the Governor on policies, procedures, legislation and regulations that impact upon the Latino community. The commission also assists Latino individuals in making the most of their talents and capabilities, and works with local Latino communities in developing strategies and programs that enhance their social and economic status.

The African American Affairs Commission functions as the Commonwealth's advocate for the African American community. The commission advises the Governor and legislative caucuses on policies, procedures, legislation and regulations that impact upon the African American community.

The Commission for Women functions as the Commonwealth's advocate for women and is responsible for developing and implementing policies and programs that work to ensure equal opportunity. A large part of the work of the commission is the distribution of information on subjects that affect equal opportunities and full participation. The commission disseminates information through publication of periodicals, handbooks or checklists on specific subjects; news releases and other information to press and broadcast media; speeches to groups and broadcast appearances; and the provision of information to individuals requesting assistance.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Human Relations Commission:							
Formal complaint investigation:							
Complaints pending at beginning of year	8,429	7,351	6,351	5,351	4,351	3,351	2,351
New complaints filed	4,728	5,000	5,100	5,200	5,300	5,400	5,500
Complaints closed	5,806	6,000	6,100	6,200	6,300	6,400	6,500
Complaints pending at end of year	7,351	6,351	5,351	4,351	3,351	2,351	1,351
Informal complaints received	37,604	38,000	38,500	39,000	39,500	40,000	40,500

Complaints pending at beginning and end of year decrease due to improved case processing and management and improved public information about discrimination and bias which has reduced the number of unfounded complaints. Complaints closed are lower than shown in last year's budget due to actual activity and improved case tracking.

Program: Prevention and Elimination of Discriminatory Practices (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<table border="0" style="width: 100%;"> <tr> <td colspan="2">Human Relations Commission</td> </tr> <tr> <td style="width: 10%;">\$ -215</td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> </tr> <tr> <td style="border-top: 1px solid black;">-375</td> <td>—program reduction.</td> </tr> <tr> <td style="border-top: 1px solid black;">\$ -590</td> <td><i>Appropriation Decrease</i></td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">Latino Affairs Commission</td> </tr> <tr> <td>\$ -4</td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> </tr> <tr> <td style="border-top: 1px solid black;">-6</td> <td>—program reduction.</td> </tr> <tr> <td style="border-top: 1px solid black;">\$ -10</td> <td><i>Appropriation Decrease</i></td> </tr> </table>	Human Relations Commission		\$ -215	—nonrecurring 2002-03 budgetary freeze amount.	-375	—program reduction.	\$ -590	<i>Appropriation Decrease</i>	 		Latino Affairs Commission		\$ -4	—nonrecurring 2002-03 budgetary freeze amount.	-6	—program reduction.	\$ -10	<i>Appropriation Decrease</i>	<table border="0" style="width: 100%;"> <tr> <td colspan="2">African American Affairs Commission</td> </tr> <tr> <td style="width: 10%;">\$ -7</td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> </tr> <tr> <td style="border-top: 1px solid black;">-10</td> <td>—program reduction.</td> </tr> <tr> <td style="border-top: 1px solid black;">\$ -17</td> <td><i>Appropriation Decrease</i></td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">Commission for Women</td> </tr> <tr> <td>\$ -5</td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> </tr> <tr> <td style="border-top: 1px solid black;">-2</td> <td>—program reduction.</td> </tr> <tr> <td style="border-top: 1px solid black;">\$ -7</td> <td><i>Appropriation Decrease</i></td> </tr> </table>	African American Affairs Commission		\$ -7	—nonrecurring 2002-03 budgetary freeze amount.	-10	—program reduction.	\$ -17	<i>Appropriation Decrease</i>	 		Commission for Women		\$ -5	—nonrecurring 2002-03 budgetary freeze amount.	-2	—program reduction.	\$ -7	<i>Appropriation Decrease</i>
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Appropriations within this Program

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Human Relations Commission	\$ 11,997	\$ 10,725	\$ 10,135	\$ 10,135	\$ 10,135	\$ 10,135	\$ 10,135
Latino Affairs Commission	222	229	219	219	219	219	219
African American Affairs Commission	345	355	338	338	338	338	338
Commission for Women	276	280	273	273	273	273	273
TOTAL GENERAL FUND	\$ 12,840	\$ 11,589	\$ 10,965	\$ 10,965	\$ 10,965	\$ 10,965	\$ 10,965

PROGRAM OBJECTIVE: To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.

Program: Development of Artists and Audiences

The Commonwealth encourages cultural development in the arts through the Pennsylvania Council on the Arts. The 19-member council supports the arts through a grant program, service programs and community organizations. The organizations and artists served are geographically, culturally and ethnically diverse and range from small community organizations that engender and support local arts programs to world-renowned orchestras, museums, dance companies, theatres and festivals.

The council functions with 17 advisory panels, each chaired by a council member and composed of nine or ten professionals in each program area such as: dance, folklore and music. These peer review panels review program structures and recommend needed changes in policy and procedures.

The council supports and assists the arts in the Commonwealth in two specific areas: 1) a grant program that responds to applications and program initiatives that address issues that are beyond the capacity of a single arts institution, and 2) staff services and technical assistance to arts and community organizations. The first involves direct expenditure of grant funds. The second is carried out by the program staff, panelists and council members, and is supported entirely by the administrative appropriation.

The grant program provides funds to support nonprofit arts organizations, specific arts projects and artistic development. The grant program also funds the Minority Arts Program that encourages minority, traditional and ethnic artists and ensembles to participate in the arts.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Site visits and consultations	2,500	2,600	2,500	2,500	2,500	2,500	2,500
Grant applications reviewed	2,507	2,800	2,850	2,900	2,950	3,000	3,000
Awards made	1,800	1,800	1,800	1,800	1,800	1,800	1,800

Attendance at supported events is estimated at 37,000,000 annually. Artists participating in projects are estimated at 124,000 annually.

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-23	Council on the Arts —nonrecurring 2002-03 budgetary freeze amount.
	-6	—program reduction.
\$	-29	<i>Appropriation Decrease</i>

The Grants to the Arts appropriation is recommended at the current year funding level.

Appropriations within this Program:	(Dollar Amounts in Thousands)							
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	
GENERAL FUND:								
Council on the Arts	\$ 1,146	\$ 1,152	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	
Grants to the Arts	14,000	14,000	14,000	14,000	14,000	14,000	14,000	
TOTAL GENERAL FUND	\$ 15,146	\$ 15,152	\$ 15,123	\$ 15,123	\$ 15,123	\$ 15,123	\$ 15,123	

PROGRAM OBJECTIVE: To provide criminal and juvenile justice system policy analysis, coordination and planning to improve criminal justice programs.

Program: Criminal and Juvenile Justice Planning and Coordination

Program Element: Planning and Coordination

The Pennsylvania Commission on Crime and Delinquency (PCCD) supports the criminal justice system by providing system-wide criminal statistical and analytical services, and by fostering interagency coordination and cooperation, as well as by rendering training and technical assistance. Appointed task forces, advisory groups and planning committees, encompassing commission and non-commission members, advise the commission in addressing specific problem areas.

The commission also administers a mix of State and Federal grant programs that are designed to provide support to local elements of the criminal justice system and, through selective financing of proposals, demonstrate new solutions to Statewide problems.

The commission fosters the development of criminal justice policy by conducting research on timely criminal justice issues and has established a link to Pennsylvania's academic community through the formation of an evaluation advisory committee composed of leading criminal justice researchers. Integral to its role in criminal justice coordination and analysis of legislative issues, PCCD has formed a multi-agency correctional population projection committee that provides policymakers with accurate projections of the Commonwealth's correctional population and conducts policy impact analysis. In the area of criminal justice record information, PCCD coordinates a multidisciplinary committee that analyzes criminal justice information and develops and implements strategies to improve the quality and value of the information.

The commission is the designated State agency to administer the Federal Violence Against Women Act of 1994. The program provides funding to Pennsylvania to develop a coordinated and integrated approach to improving the criminal justice system's response to violence against women.

Under the guidance of its gubernatorially appointed Juvenile and Delinquency Prevention Advisory Committee, PCCD occupies a central role in the interaction among the Department of Public Welfare, the Juvenile Court Judges Commission and other agencies in the development and implementation of policy and programming relative to juvenile justice. PCCD is the State's focal point for promoting local efforts to implement risk-focused, community mobilization programming directed toward preventing delinquent behavior among youths. The Research-based Violence Prevention Program has supported these efforts since 1998-99. The commission administers the Federal Juvenile Justice and Delinquency Prevention Act Formula Grant Program, as well as the Juvenile Accountability Incentive Grant Program that also provide funds.

The commission provides training and technical assistance to county prison boards and local officials through the County Intermediate Punishment Act. This act provided counties with opportunities to develop various intermediate punishment programs for nonviolent offenders to alleviate overcrowding in the county prisons. The Commission also administers a program to support drug and alcohol assessment, evaluation and treatment services related to this program.

Through the use of Federal Drug Control and System Improvement (DCSI) formula grant funds administered by PCCD, State and local units of government receive start-up monies for projects to improve the justice system. Major priorities for new local projects include juvenile justice initiatives; community-based criminal justice initiatives; corrections; community-based planning initiatives; new and expanded criminal justice automation efforts; comprehensive victim services; training; and evaluation activities.

PCCD administers a training program for deputy sheriffs that is financed through a surcharge on fees levied by the sheriffs for legal services executed. The 560-hour basic training provides for certification of deputy sheriffs and biennial continuing education provides re-certification. In 2003-04, the basic training course increases to 760 hours. Similarly, PCCD provides training and certification for constables. The 80-hour basic and up to 40-hour annual continuing education training is supported through a surcharge on constable services.

PCCD provides Statewide training and technical assistance for law enforcement personnel to implement community-based crime reduction strategies; coordinates Statewide efforts promoting law enforcement's involvement in policing practices, sponsors an annual program to recognize citizen contributions to local crime reduction projects, and administers a Statewide crime prevention review group. PCCD also provides training to law enforcement agencies to implement drug education and law enforcement education in the schools.

The commission administers the Federal Residential Substance Abuse Treatment Program of the Violent Crime Control and Law Enforcement Act of 1994. This program provides funding to develop and implement residential substance abuse treatment programs within State and local correctional facilities in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment. In addition, the commission also administers the Governor's portion of the Local Law Enforcement Block Grant (LLEBG) Program that provides support to local jurisdictions that by formula do not qualify for a direct LLEBG allocation.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Through Act 30 of 2001, the powers and duties of PCCD were expanded to include the continuing development of comprehensive, community-based violence prevention plans including efforts initiated by the Governor's Partnership for Safe Children, as well as the development and promotion of comprehensive targeted crime prevention efforts and a planning process for the revitalization of high-crime and distressed communities, such as those already underway with the Weed and Seed Program.

Program Element: Victim Services

PCCD uses county-based policy boards to define local victim service needs and develop cost-effective victim/witness service strategies. Technical and financial assistance is provided to community-based organizations and district attorney offices in all 67 counties to support comprehensive service to victims of all violent crime with particular emphasis on services to victims of sexual assault, domestic violence and child abuse. Grants are made using court imposed costs authorized by Act 96 of 1984, as amended by Act 155 of 1992, and the Federal Victims of Crime Act of 1984. The commission also administers the formula grant, Title V and State Challenge Activities, components of the Federal Juvenile Justice and Delinquency Prevention Act of 1974. In addition, the Victims of Juvenile Offenders Program supports community-based services to assist victims of juvenile offenders.

Act 86 of 2000 amended the Crime Victims Act by adding definitions for adult, juvenile and preadjudication disposition. The act provides victims of crimes committed by juvenile offenders with the same rights as victims of crimes

committed by adult offenders including receiving basic information pertaining to victims assistance, obtaining access to information concerning disposition of cases and receiving reimbursement of losses.

The Crime Victims Compensation Program was created by Act 139 of 1976 to ameliorate the financial burden faced by victims of crime. The Office of Victim Services is responsible for the administration of the program. Reimbursements to victims are made for medical expenses, counseling, loss of earnings and cash loss of benefits. In the event of death, funeral expenses and loss of support may be compensated to those who qualify. The maximum award is \$35,000 including \$20,000 for loss of support and \$15,000 for loss of earnings. The Crime Victims Compensation Program is the payor of last resort for crime victims' losses and the office is required to verify all aspects of each claim prior to payment.

Payments to victims are disbursed from a restricted revenue account that receives its funding from the collection of costs assessed against certain offenders who are convicted. Payment funds are also provided by the Federal Victims of Crime Act of 1984 that allocates Federal reimbursements to states based on a formula of prior year payments to victims. Act 144 of 2002 authorized a one-time transfer of surplus funds from the Victim Witness Services Restricted Revenue Account to the Crime Victims Payments Restricted Revenue Account in the amount of \$1,000,000. The restricted revenue account is listed as Other Funds in the Executive Offices Summary by Fund and Appropriation.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Planning and Coordination							
Persons attending crime prevention course and in-service instructors' workshop	151	200	200	200	200	200	200
Communities implementing risk-focused juvenile delinquency prevention programs	107	127	127	127	127	127	127
New law enforcement officers certified as drug education and law enforcement program instructors	229	260	260	260	260	260	260
New deputy sheriffs certified through completion of training	250	260	240	240	240	240	240

Persons attending crime prevention course and in-service instructors' workshops decreased in 2001-02 from the projection shown in last year's budget based on actual activity.

Communities implementing risk-focused juvenile delinquency prevention programs decreased in 2001-02 from the projection shown in last year's budget based on actual activity.

New law enforcement officers certified as drug education and law enforcement program instructors decreased in 2001-02 from the projection shown in last year's budget based on actual activity.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Victim Services							
Crime Victims Compensation:							
New claims received, reviewed and accepted	4,131	4,550	5,016	5,517	5,793	6,093	6,387
Claims paid	2,810	3,615	3,712	4,083	4,287	4,502	4,727
Claims denied	292	386	405	425	447	469	492
Claims administratively closed	633	633	633	633	633	633	633
Claims reopened for additional losses	1,607	2,085	2,715	2,987	3,136	3,293	3,457

New claims received, reviewed and accepted increase from the projections shown in last year's budget due to increased public awareness of program yielding increased claim filings.

Claims paid is projected to increase beginning in 2002-03 from the projections shown in last year's budget due to increased public awareness of program producing increased claim filings.

Claims denied increase from the projections shown in last year's budget due to increased public awareness of program which increased claim filings including an increased number of ineligible claims.

Claims administratively closed decrease from the projections shown in last year's budget due to improved training provided to victims services providers, who assist victims, to submit more accurate information.

Claims reopened for additional losses increase due to increased public awareness for submitting partial claims.

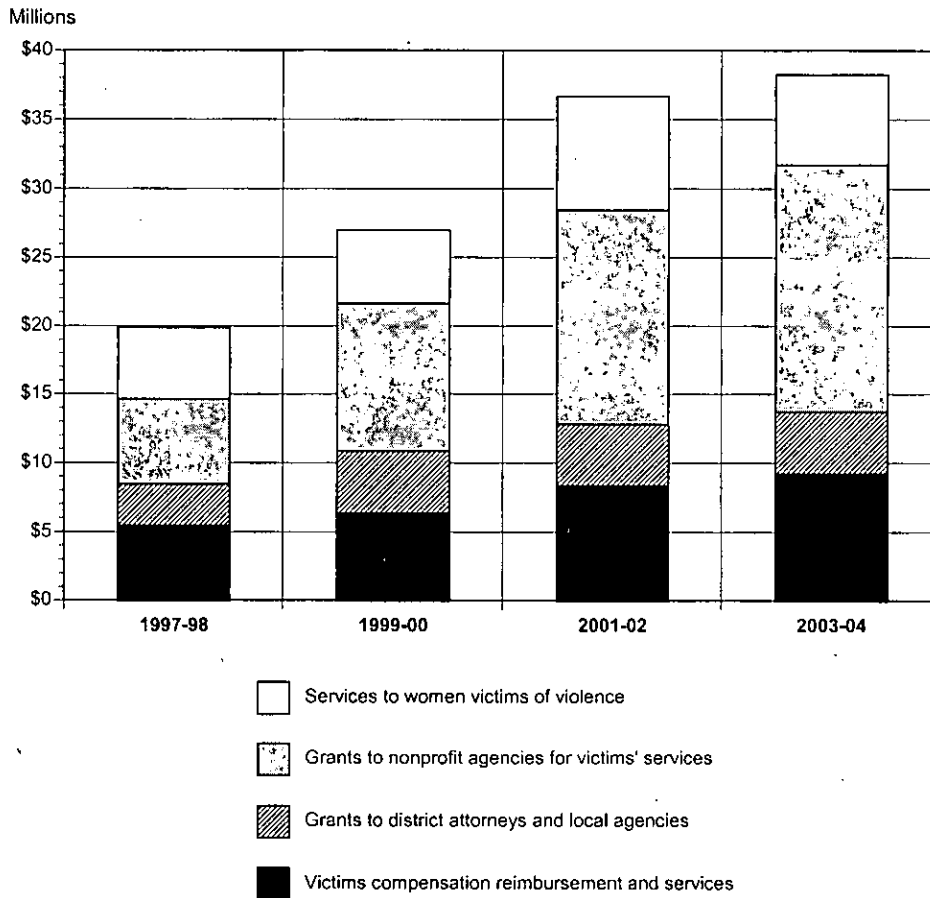
The average Crime Victim's Compensation program reimbursement per claim in 2001-02 was \$2,276.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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Program: Criminal and Juvenile Justice Planning and Coordination (continued)

**Crime Victims'
Compensation and Services**



Funds for programs and services to crime victims have increased from \$19.9 million in 1997-98 to \$38.3 million in 2003-04, an increase of 92%.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency ...	\$ 4,256	\$ 4,901	\$ 4,796	\$ 4,796	\$ 4,796	\$ 4,796	\$ 4,796
Partnership for Safe Children	5,170	6,243	6,003	6,003	6,003	6,003	6,003
Victims of Juvenile Crime	3,805	3,760	3,647	3,647	3,647	3,647	3,647
Weed and Seed Program	2,326	3,510	3,390	3,390	3,390	3,390	3,390
State Match for DCSI Subgrants	0	1,632	935	935	935	935	935
Intermediate Punishment Programs	5,281	5,331	3,180	3,180	3,180	3,180	3,180
Intermediate Punishment Drug and Alcohol Treatment	13,000	13,000	7,754	7,754	7,754	7,754	7,754
Drug Education and Law Enforcement	4,600	5,200	3,101	3,101	3,101	3,101	3,101
Research-Based Violence Prevention	10,000	10,000	5,965	5,965	5,965	5,965	5,965
TOTAL GENERAL FUND	\$ 48,438	\$ 53,577	\$ 38,771	\$ 38,771	\$ 38,771	\$ 38,771	\$ 38,771

PROGRAM OBJECTIVE: To reduce the recurrence of juvenile delinquency through replacement of criminal behavior with socially acceptable behavior.

Program: Reintegration of Juvenile Delinquents

The Juvenile Court Judges Commission (JCJC) is responsible for the development and improvement of juvenile probation services throughout the Commonwealth. These services focus on the provision of balanced attention to the protection of the community, the imposition of accountability for offenses committed and the development of competencies to enable children to become responsible and productive members of the community. The provision of Statewide juvenile justice training, education, research, statistical information, and the development and enhancement of specialized intensive probation and aftercare services for juveniles have significantly improved the quality of service within the Commonwealth's juvenile justice system.

All of the Commonwealth's sixty-seven counties participate in the commission's grant-in-aid program and have adopted the commission's required Juvenile Court Standards, participated in commission sponsored training programs and complied with all commission statistical reporting requirements. The grant-in-aid program is the only source of State funding for juvenile probation services. It supports the commission's major programs including training, education and specialized projects such as the provision of liability insurance and financial support for necessary equipment and software to enable counties to participate in the commission's juvenile probation management information system.

The commission annually sponsors from 40 to 45 state-of-the-art-training programs for juvenile justice practitioners. In addition to the provision of training, the commission, in conjunction with Shippensburg University, provides the support to enable probation officers to receive Master of Science Degrees in the Administration of Justice. As of June 2002, 419 juvenile justice professionals have graduated from this program since its inception in 1982.

The commission continues to support the Specialized Probation Services Program, including school-based probation, community-based probation, intensive probation and aftercare services including assistance for drug and alcohol abuse prevention and treatment. The commission provides support for 569 specialized probation officers pursuant to JCJC standards. Of these positions, 260 are for school-based probation, 98 for community-based probation, 118 for intensive probation, 83 for aftercare services and 10 specialized probation services supervisors. The commission will continue this program during 2003-04.

The commission's Drug and Alcohol initiative continues to be a priority. Fifty-eight of the Commonwealth's counties are using urinalysis drug testing techniques on those juveniles who are known or suspected drug users. Juveniles referred by the court are tested for one or more of the following drugs: THC, cocaine, barbiturates, amphetamines, opiates, PCP, benzodiazepines and alcohol. Outcome information regarding each youth tested is collected by the commission and entered into its drug testing database.

Juvenile arrests for violent crimes (murder, forcible rape, robbery and aggravated assault) decreased from 5,336 in 2000 to 4,533 in 2001. The arrest rate per 100,000 juveniles decreased from 390 in 2000 to 332 in 2001.

JCJC participates in the Commonwealth's Unified Information Technology System. The commission's primary role in the project is to assist in the design, development and implementation of a juvenile tracking system. The project is part of the development of the Statewide Integrated Criminal Justice System and the establishment of a Justice Network (J-Net) to electronically connect criminal justice agencies to facilitate information sharing.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Children referred to court	41,898	42,485	42,485	42,485	42,485	42,485	42,485
Commitments as a percent of referrals	10.2%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Children arrested for violent crime	4,533	5,331	5,331	5,331	5,331	5,331	5,331
Full-time equivalent juvenile probation officer positions	1,409	1,409	1,409	1,409	1,409	1,409	1,409

Program: Reintegration of Juvenile Delinquents (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-45	Juvenile Court Judges Commission —nonrecurring 2002-03 budgetary freeze amount. —program reduction.	\$	-115	Improvement of Juvenile Probation Services —nonrecurring 2002-03 budgetary freeze amount.
	-57				
\$	-102	<i>Appropriation Decrease</i>	\$	-297	Specialized Probation Services —nonrecurring 2002-03 budgetary freeze amount.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	\$ 1,936	\$ 2,251	\$ 2,149	\$ 2,149	\$ 2,149	\$ 2,149	\$ 2,149
Improvement of Juvenile Probation Services	6,033	6,033	5,918	5,918	5,918	5,918	5,918
Specialized Probation Services	15,623	15,623	15,326	15,326	15,326	15,326	15,326
TOTAL GENERAL FUND	\$ 23,592	\$ 23,907	\$ 23,393	\$ 23,393	\$ 23,393	\$ 23,393	\$ 23,393



LIEUTENANT GOVERNOR

The Lieutenant Governor serves as President of the Senate and Chairman of the Board of Pardons. In case of the death, conviction or impeachment, failure to qualify or resignation of the Governor, the Lieutenant Governor will become Governor for the remainder of the term. In case of the disability of the Governor, the powers, duties and emoluments of the office will transfer to the Lieutenant Governor until the disability is removed.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Lieutenant Governor's Office.....	\$ 756 ^a	\$ 758	\$ 751
Portrait - Former Lieutenant Governor.....	0	7	0
Board of Pardons.....	327	347	361
Total - General Government.....	\$ 1,083	\$ 1,112	\$ 1,112
GENERAL FUND TOTAL.....	\$ 1,083	\$ 1,112	\$ 1,112

^a Actually appropriated as \$1,060,000. Amount shown is net of transfers to Office of Administration.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 1,083	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112
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.....	\$ 1,083	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,083	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112
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.....	\$ 1,083	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112

Lieutenant Governor

PROGRAM OBJECTIVE: To provide an effective administrative system through which substantive programs of the agency can be accomplished.

Program: Executive Direction

This program provides for the execution of duties relating to the Office of the Lieutenant Governor. These duties, as prescribed by the Constitution, include presiding over the Senate; assuming the Office of the Governor for the remainder of the Governor's term, if necessary, as a result of the death, conviction or impeachment, failure to qualify or resignation of the Governor; and serving as Chairman of

the Pennsylvania Board of Pardons which reviews applications for reprieve, commutation of sentences and pardons. Through statute, the Lieutenant Governor also serves as Chairman of the Local Government Advisory Committee, which advises the Governor's Center for Local Government Services and the Administration on the needs and concerns of local government entities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-141	Lieutenant Governor's Office
		—nonrecurring 2002-03 budgetary freeze amount.
	134	—to continue current program.
\$	-7	<i>Appropriation Decrease</i>

\$	-7	Portrait - Former Lieutenant Governor
		—nonrecurring costs.

\$	14	Board of Pardons
		—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Lieutenant Governor's Office	\$ 756	\$ 758	\$ 751	\$ 751	\$ 751	\$ 751	\$ 751
Portrait - Former Lieutenant Governor	0	7	0	0	0	0	0
Board of Pardons	327	347	361	361	361	361	361
TOTAL GENERAL FUND	\$ 1,083	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112	\$ 1,112



ATTORNEY GENERAL

The State constitution provides that the Attorney General shall be the chief law enforcement officer of the Commonwealth and shall exercise such powers and perform such duties as may be imposed by law.

The Commonwealth Attorneys Act establishes the Attorney General as the chief legal and law enforcement officer of the Commonwealth and provides the following fundamental duties and responsibilities of the Office of Attorney General:

To be the Commonwealth's chief law enforcement officer charged with the responsibility for the prosecution of organized crime and public corruption. This law enforcement program includes a criminal investigations unit and drug law enforcement program as well as direction of Statewide and multi-county investigating grand juries and a Medicaid Fraud Control Section.

To represent the Commonwealth and all Commonwealth agencies and upon request the Auditor General, State Treasurer and Public Utility Commission in any action brought by or against the Commonwealth or its agencies; to furnish upon request legal advice to the Governor or the head of any Commonwealth agency.

To review for form and legality all proposed rules and regulations for Commonwealth agencies.

To review for form and legality all Commonwealth deeds, leases and contracts to be executed by Commonwealth agencies.

To collect, by suit or otherwise, all debts, taxes and accounts due the Commonwealth which shall be referred to and placed with the Attorney General.

To administer the provisions relating to consumer protection as well as appoint the Advisory Committee.

To represent the Commonwealth and its citizens in any action brought for violation of the Antitrust Laws of the United States and the Commonwealth.

The Attorney General, in addition, serves as a member of the Board of Pardons, the Joint Committee on Documents, the Hazardous Substances Transportation Board, the Board of Finance and Revenue, the Pennsylvania Commission on Crime and Delinquency, the Civil Disorder Commission and the Municipal Police Officers Education and Training Commission.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 ACTUAL 2002-03 AVAILABLE 2003-04 BUDGET

GENERAL FUND:

General Government:

General Government Operations	\$ 37,796 a	\$ 37,796	\$ 37,796
(F)Medicaid Fraud.....	3,292	3,501	3,463
(F)MAGLOCLEN.....	4,779	5,652	6,427
(F)Gun Violence Prosecution.....	120	120	40
(F)DCSI - Elder Abuse Advisory Board (EA).....	11	0	0
(F)DCSI - Child Sexual Exploitation Prevention (EA).....	16	4	0
(F)DCSI - Senior Crime Prevention University (EA).....	23	116	94
(A)Legal Fees Reimbursement.....	55	238	165
(A)Grand Jury Reimbursements.....	640	545	545
(A)Medicaid Fraud Reimbursements.....	132	204	204
(A)Collections - Legal.....	101	100	100
(A)Department Services.....	2,995	3,158	3,158
(A)Investigative Costs Reimbursements.....	25	23	23
(A)Environmental Crimes Investigative Costs.....	110	15	15
(A)Public Protection Law Enforcement.....	800	1,900	1,700
(A)Continuing Legal Education.....	4	5	0

Subtotal..... **\$ 50,899 \$ 53,377 \$ 53,730**

(R)Office of Consumer Advocate..... 4,356 4,466 4,594

Computer Enhancements..... **2,216 2,216 1,000**

Drug Law Enforcement..... **22,467 22,334 22,334**

(F)High Intensity Drug Trafficking Areas..... 2,133 3,101 3,151

(F)DCSI - Financial Investigations and Money Laundering (EA)..... 112 0 0

(F)DCSI - PA Drug Law Enforcement Coordinating System (EA)..... 264 252 98

(F)DCSI - Computer Forensics (EA)..... 426 299 163

(F)DCSI - Witness Relocation (EA)..... 28 267 267

(A)Seized/Forfeited Property - State Court Awarded..... 506 614 591

(A)Asset Forfeitures..... 3 0 0

(A)Recovery of Narcotics Investigation Overtime Costs..... 24 40 40

Subtotal..... **\$ 25,963 \$ 26,907 \$ 26,644**

Local Drug Task Forces..... **8,788 8,788 8,788**

(F)DCSI - Organized Crime and Drug Enforcement (EA)..... 92 0 0

Drug Strike Task Force..... **1,700 1,700 1,700**

Capital Appeals Case Unit..... **612 612 612**

Charitable Nonprofit Conversions..... **949 949 949**

Tobacco Law Enforcement..... **513 513 513**

Subtotal - State Funds..... **\$ 75,041 \$ 74,908 \$ 73,692**

Subtotal - Federal Funds..... 11,296 13,312 13,703

Subtotal - Augmentations..... 5,395 6,842 6,541

Subtotal - Restricted Revenues..... 4,356 4,466 4,594

Total - General Government..... **\$ 96,088 \$ 99,528 \$ 98,530**

Grants and Subsidies:

County Trial Reimbursement..... **\$ 150 \$ 150 \$ 150**

STATE FUNDS..... \$ 75,191 \$ 75,058 \$ 73,842

FEDERAL FUNDS..... 11,296 13,312 13,703

AUGMENTATIONS..... 5,395 6,842 6,541

RESTRICTED REVENUES..... 4,356 4,466 4,594

GENERAL FUND TOTAL..... **\$ 96,238 \$ 99,678 \$ 98,680**

OTHER FUNDS:

GENERAL FUND:

Seized/Forfeited Property - State Court Awarded..... \$ 2,207 \$ 1,914 \$ 1,901

Seized/Forfeited Property - U.S. Department of Justice..... 616 300 300

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Seized/Forfeited Property - PSP-OAG Agreement.....	603	1,391	1,000
OAG Investigative Funds - Outside Sources.....	2,777	3,185	3,281
Seized/Forfeited Property - U.S. Treasury Department.....	31	90	10
Public Protection Law Enforcement.....	1,308	2,300	2,100
Coroner's Education Board.....	66	20	21
GENERAL FUND TOTAL.....	\$ 7,608	\$ 9,200	\$ 8,613
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 75,191	\$ 75,058	\$ 73,842
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	11,296	13,312	13,703
AUGMENTATIONS.....	5,395	6,842	6,541
RESTRICTED.....	4,356	4,466	4,594
OTHER FUNDS.....	7,608	9,200	8,613
TOTAL ALL FUNDS.....	\$ 103,846	\$ 108,878	\$ 107,293

^a Includes \$47,000 actually appropriated as part of the Executive Offices State Match for DCSI Subgrants appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 75,191	\$ 75,058	\$ 73,842	\$ 73,842	\$ 73,842	\$ 73,842	\$ 73,842
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	11,296	13,312	13,703	13,522	13,146	13,041	13,041
OTHER FUNDS.....	17,359	20,508	19,748	19,748	19,748	19,748	19,748
SUBCATEGORY TOTAL.....	\$ 103,846	\$ 108,878	\$ 107,293	\$ 107,112	\$ 106,736	\$ 106,631	\$ 106,631
ALL PROGRAMS:							
GENERAL FUND.....	\$ 75,191	\$ 75,058	\$ 73,842	\$ 73,842	\$ 73,842	\$ 73,842	\$ 73,842
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	11,296	13,312	13,703	13,522	13,146	13,041	13,041
OTHER FUNDS.....	17,359	20,508	19,748	19,748	19,748	19,748	19,748
DEPARTMENT TOTAL.....	\$ 103,846	\$ 108,878	\$ 107,293	\$ 107,112	\$ 106,736	\$ 106,631	\$ 106,631

PROGRAM OBJECTIVE: To enforce the criminal laws of the Commonwealth to protect the interests of Pennsylvania citizens in areas of consumer protection, antitrust enforcement, operation of charitable trusts and organizations, and civil rights; and to provide legal services to Commonwealth agencies.

Program: Public Protection and Law Enforcement

The Attorney General as the chief law enforcement officer of the Commonwealth is charged with the responsibility for the investigation and prosecution of organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act, and utilizes Statewide investigative grand juries as appropriate. The Attorney General's Office works with the State Police to curtail drug abuse in the Commonwealth by immobilizing illegal drug traffickers.

Other major activities of this program involve: decreasing the incidence of fraud and deceptive business practices and securing recovery of damages to the Commonwealth and its citizens; encouraging free enterprise and competition; prosecuting hazardous waste cases; and providing for representation of the consumer in utility rate

proceedings before the Public Utility Commission through the Office of the Consumer Advocate. The Consumer Advocate also represents the consumer in cases such as competition in the electric, gas and telecommunications industries, filings of alternative regulatory plans by telephone utilities, purchased gas cases, and filings by major natural gas pipelines. Act 166 of 1994 established a Section of Insurance Fraud within the Attorney General's Office to prosecute and investigate insurance fraud.

This program also provides legal services for governmental agencies of the Commonwealth, as required by Section 204 of the Commonwealth Attorneys Act. Specifically, the Attorney General's Office represents the Commonwealth in any action brought by or against the Commonwealth or its agencies, particularly tort claims.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Cases presented to the Statewide Investigating Grand Jury	59	55	57	57	57	58	58
Local drug task force arrests	5,371	5,532	5,600	5,600	5,600	5,600	5,600
Drug arrests resulting from Grand Jury presentments	218	230	235	235	235	235	235
Review of estates, charities, nonprofits, and healthcare conversions for compliance with rules and regulations ...	2,184	2,400	2,400	2,400	2,400	2,400	2,400
Consumer complaints concerning business practices investigated and mediated	42,099	35,000	35,000	35,000	35,000	35,000	35,000
Dollar value of recoupment to consumers regarding business practices (in thousands)	\$9,277	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Rate cases argued by the Consumer Advocate	23	13	N/A	N/A	N/A	N/A	N/A
Other cases argued by the Consumer Advocate	296	186	N/A	N/A	N/A	N/A	N/A
Antitrust investigations opened with or without court action	20	20	20	20	20	20	20
Antitrust cases: dollars paid or agreed to be paid to the Commonwealth or directly to its citizens (in thousands)	\$8,600	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

Cases presented to the Statewide investigating Grand Jury increased from those shown in last year's budget because of an increase in money laundering cases that usually require grand jury investigations.

Consumer complaints concerning business practices investigated and mediated increased in 2001-02 from the projection shown in last year's budget due to several large cases and increased awareness of the program to handle complaints.

Program: Public Protection and Law Enforcement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Computer Enhancements \$ -1,216 —non-recurring costs.</p> <p>All other General Fund appropriations are recommended at the current year funding levels.</p>	<p>Office of the Consumer Advocate \$ -100 —non-recurring expert witness costs. 228 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ 128 <i>Appropriation Increase</i></p>
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This budget also recommends the following for the Office of the Consumer Advocate from its restricted account in the General Fund.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796
Computer Enhancements	2,216	2,216	1,000	1,000	1,000	1,000	1,000
Drug Law Enforcement	22,467	22,334	22,334	22,334	22,334	22,334	22,334
Local Drug Task Forces	8,788	8,788	8,788	8,788	8,788	8,788	8,788
Drug Strike Task Force	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Capital Appeals Case Unit	612	612	612	612	612	612	612
Charitable Nonprofit Conversions	949	949	949	949	949	949	949
Tobacco Law Enforcement	513	513	513	513	513	513	513
County Trial Reimbursement	150	150	150	150	150	150	150
TOTAL GENERAL FUND	\$ 75,191	75,058	73,842	73,842	73,842	73,842	73,842



AUDITOR GENERAL

The Department of the Auditor General post-audits the affairs of State Government agencies and certain local government agencies, officials and organizations. The objective is to insure conformance with established legislative and administrative regulations and to assure that all money has been disbursed legally and properly. In addition, the Auditor General examines the accounts of revenue collecting agents to insure that all money due the Commonwealth was reported and transmitted properly.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Auditor General's Office.....	\$ 45,351	\$ 45,351	\$ 45,351
(A)Reimbursement Auditing Services.....	6,541	7,768	7,695
(A)Sale of Autos.....	12	0	0
Transition - Governor.....	0	175	0
Security and Other Expenses - Outgoing Governor.....	0	100	0
Subtotal.....	\$ 51,904	\$ 53,394	\$ 53,046
Board of Claims.....	1,683	1,734	1,879
Subtotal - State Funds.....	\$ 47,034	\$ 47,360	\$ 47,230
Subtotal - Augmentations.....	6,553	7,768	7,695
Total - General Government.....	\$ 53,587	\$ 55,128	\$ 54,925
<i>Grants and Subsidies:</i>			
Municipal Pension System State Aid.....	\$ 479	\$ 331	\$ 330
STATE FUNDS.....	\$ 47,513	\$ 47,691	\$ 47,560
AUGMENTATIONS.....	6,553	7,768	7,695
GENERAL FUND TOTAL.....	\$ 54,066	\$ 55,459	\$ 55,255
OTHER FUNDS:			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid.....	\$ 143,002	\$ 154,265	\$ 160,000
SUPPLEMENTAL STATE ASSISTANCE FUND:			
Supplemental State Assistance (EA).....	\$ 479	\$ 331	\$ 330
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 47,513	\$ 47,691	\$ 47,560
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	6,553	7,768	7,695
OTHER FUNDS.....	143,481	154,596	160,330
TOTAL ALL FUNDS.....	\$ 197,547	\$ 210,055	\$ 215,585

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
AUDITING							
GENERAL FUND.....	\$ 47,034	\$ 47,360	\$ 47,230	\$ 47,160	\$ 47,160	\$ 47,160	\$ 47,160
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	6,553	7,768	7,695	7,695	7,695	7,695	7,695
SUBCATEGORY TOTAL.....	\$ 53,587	\$ 55,128	\$ 54,925	\$ 54,855	\$ 54,855	\$ 54,855	\$ 54,855
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND.....	\$ 479	\$ 331	\$ 330	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	143,481	154,596	160,330	160,000	160,000	160,000	160,000
SUBCATEGORY TOTAL.....	\$ 143,960	\$ 154,927	\$ 160,660	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
ALL PROGRAMS:							
GENERAL FUND.....	\$ 47,513	\$ 47,691	\$ 47,560	\$ 47,160	\$ 47,160	\$ 47,160	\$ 47,160
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	150,034	162,364	168,025	167,695	167,695	167,695	167,695
DEPARTMENT TOTAL.....	\$ 197,547	\$ 210,055	\$ 215,585	\$ 214,855	\$ 214,855	\$ 214,855	\$ 214,855

PROGRAM OBJECTIVE: To insure that all revenue to which the Commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.

Program: Auditing

The Auditor General is required by the Fiscal Code to audit the financial affairs of State Government and certain local government entities. The Auditor General is mandated to perform audits of any entity receiving funds from the Commonwealth or any entity collecting funds that belong to the Commonwealth. Each year, the department performs thousands of regular and special post audits of Commonwealth agencies, persons, associations and corporations to insure money is disbursed legally and properly. The Auditor General also examines accounts of revenue collecting agents to assure that all funds due the Commonwealth have been reported and transmitted properly and that the Commonwealth's financial statements conform to Generally Accepted Accounting Principles (GAAP).

The Single Audit, which is a single financial/compliance audit of the Commonwealth's Federal aid programs, and an audit of the Commonwealth's General Purpose Financial Statements are jointly performed each year by the Auditor General and an independent certified public accounting firm.

Special audits may be made when the Auditor General determines they appear to be necessary. Special audits must also be conducted when the Governor calls upon the Auditor General to do them.

The Fiscal Code also requires the Auditor General to audit public assistance payments to determine the eligibility of persons receiving public assistance grants. Recipients are subject to continuous audit. These audits serve to adjust grants to persons either ineligible or receiving overpayments or underpayments.

In addition to fiscal duties, by statute the Auditor General serves as a member of the State Public School Building Authority and other major Commonwealth boards and commissions.

The Board of Claims operates within this program as an independent judicial and administrative body with jurisdiction to hear and determine claims against the Commonwealth that equal or exceed \$300.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Transition - Governor —nonrecurring costs.</p> <p>\$ -175</p>	<p>Board of Claims —to continue current program.</p> <p>\$ 145</p>
<p>Security and Other Expenses - Outgoing Governor —nonrecurring costs.</p> <p>\$ -100</p>	

The Auditor General's Office appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Auditor General's Office	\$ 45,351	\$ 45,351	\$ 45,351	\$ 45,351	\$ 45,351	\$ 45,351	\$ 45,351
Transition - Governor	0	175	0	0	0	0	0
Security and Other Expenses - Outgoing Governor	0	100	0	0	0	0	0
Board of Claims	1,683	1,734	1,879	1,809	1,809	1,809	1,809
TOTAL GENERAL FUND	\$ 47,034	\$ 47,360	\$ 47,230	\$ 47,160	\$ 47,160	\$ 47,160	\$ 47,160

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. By statute, this program and fund shall terminate in 2003.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -1 **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.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Municipal Pension System State Aid	\$ 479	\$ 331	\$ 330	\$ 0	\$ 0	\$ 0	\$ 0



TREASURY DEPARTMENT

The Treasury Department is responsible for receiving all Commonwealth monies and for depositing such monies in State depositories approved by the Board of Finance and Revenue, for managing all securities in its custody to the best advantage of the Commonwealth, for preauditing all requisitions for the expenditures of funds and for disbursement of all State monies upon proper authorization to those entitled to receive payment.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
State Treasurer's Office.....	\$ 23,475	\$ 23,475	\$ 23,475
(A)Expenses - Unemployment Compensation.....	2,200	1,950	2,105
(A)Fees - Federal Savings Bonds.....	19	20	25
(A)Receipts From SWIF.....	104	280	165
(A)Sale of Automobiles.....	1	2	2
(A)Unclaimed Property - Reimbursement.....	10,625	0	0
(A)Photocopy Services.....	2	3	3
(A)Unclaimed Property - Reference Fees.....	1	0	0
(A)Administrative Fees.....	747	680	680
(A)Miscellaneous.....	8	5	5
Computer Integration Program.....	2,200	1,950	1,498
Escheats Administration.....	0	12,500	12,750
Subtotal.....	\$ 39,382	\$ 40,865	\$ 40,708
Board of Finance and Revenue.....	2,244	2,374	2,385
Tuition Account Program Advertising.....	2,000	2,000	1,000
Intergovernmental Organizations.....	848	970	933
Publishing Monthly Statements.....	13	25	25
Replacement Checks (EA).....	3,661	2,500	2,500
Subtotal.....	\$ 8,766	\$ 7,869	\$ 6,843
Subtotal - State Funds.....	\$ 34,441	\$ 45,794	\$ 44,566
Subtotal - Augmentations.....	13,707	2,940	2,985
Total - General Government.....	\$ 48,148	\$ 48,734	\$ 47,551
<i>Grants and Subsidies:</i>			
Law Enforcement Officers Death Benefits.....	\$ 702	\$ 727	\$ 739
<i>Debt Service:</i>			
Loan and Transfer Agents.....	\$ 30	\$ 75	\$ 75
General Obligation Debt Service.....	550,483	349,063	668,977
(A)Student Community Building Fees.....	676	750	750
Subtotal - State Funds.....	\$ 550,513	\$ 349,138	\$ 669,052
Subtotal - Augmentations.....	676	750	750
Total - Debt Service.....	\$ 551,189	\$ 349,888	\$ 669,802
STATE FUNDS.....	\$ 585,656	\$ 395,659	\$ 714,357
AUGMENTATIONS.....	14,383	3,690	3,735
GENERAL FUND TOTAL.....	\$ 600,039	\$ 399,349	\$ 718,092
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Administration Refunding Liquid Fuels Tax.....	\$ 407	\$ 455	\$ 461
Replacement Checks - Motor License Fund (EA).....	47	300	300
Total - General Government.....	\$ 454	\$ 755	\$ 761
<i>Refunds:</i>			
Refunding Liquid Fuels Tax - Agriculture.....	\$ 3,340	\$ 4,500	\$ 4,500
Refunding Liquid Fuels Tax - State Share.....	169	650	650
Refunding Emergency Liquid Fuels Tax.....	0	1	1
Refunding Liquid Fuels Tax - Political Subdivisions.....	2,214	3,800	3,800
Refunding Liquid Fuels Tax - Volunteer Services.....	359	450	450
Refunding Marine Liquid Fuels Tax - Boat Fund.....	2,561	3,000	3,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Total - Refunds.....	\$ 8,643	\$ 12,401	\$ 12,401
Debt Service:			
Capital Debt Transportation Projects.....	\$ 58,353	\$ 40,965	\$ 29,722
General Obligation Debt Service.....	1,473	1,798	8,964
(R)Capital Bridge Debt (EA).....	24,219	23,874	21,375
(R)Aviation Debt Service.....	27	0	0
Loan and Transfer Agent.....	18	50	50
Subtotal - State Funds.....	\$ 59,844	\$ 42,813	\$ 38,736
Subtotal - Restricted Revenues.....	24,246	23,874	21,375
Total - Debt Service.....	\$ 84,090	\$ 66,687	\$ 60,111
STATE FUNDS.....	\$ 68,941	\$ 55,969	\$ 51,898
RESTRICTED REVENUES.....	24,246	23,874	21,375
MOTOR LICENSE FUND TOTAL.....	\$ 93,187	\$ 79,843	\$ 73,273
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Banking Department Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>BOAT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Boat Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>FARM PRODUCTS SHOW FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Farm Products Show Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>FISH FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Fish Fund (EA).....	\$ 1	\$ 5	\$ 5
<u>GAME FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Game Fund (EA).....	\$ 1	\$ 5	\$ 5
<u>LOTTERY FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Lottery Fund (EA).....	\$ 4	\$ 100	\$ 100
<u>MILK MARKETING FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Milk Marketing Fund (EA).....	\$ 0	\$ 5	\$ 5
<i>Refunds:</i>			
Refunding Licenses and Fees-Milk Marketing Fund (EA).....	\$ 0	\$ 5	\$ 5
MILK MARKETING FUND TOTAL.....	\$ 0	\$ 10	\$ 10

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
<u>RACING FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Racing Fund (EA).....	\$ 10	\$ 10	\$ 10
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>General Government:</i>			
Bond Issuance Expenses.....	\$ 1	\$ 0	\$ 0
<u>OTHER FUNDS:</u>			
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND:			
Tuition Account Program Bureau.....	\$ 1,554	\$ 1,578	\$ 922
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 585,656	\$ 395,659	\$ 714,357
SPECIAL FUNDS.....	68,958	56,114	52,043
AUGMENTATIONS.....	14,383	3,690	3,735
RESTRICTED.....	24,246	23,874	21,375
OTHER FUNDS.....	1,554	1,578	922
TOTAL ALL FUNDS.....	\$ 694,797	\$ 480,915	\$ 792,432

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
DISBURSEMENT							
GENERAL FUND.....	\$ 34,282	\$ 45,526	\$ 44,347	\$ 42,849	\$ 42,849	\$ 42,849	\$ 42,849
SPECIAL FUNDS.....	9,113	13,301	13,307	13,307	13,307	13,307	13,307
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,261	4,518	3,907	3,907	3,907	3,907	3,907
SUBCATEGORY TOTAL.....	\$ 58,656	\$ 63,345	\$ 61,561	\$ 60,063	\$ 60,063	\$ 60,063	\$ 60,063
INTERSTATE RELATIONS							
GENERAL FUND.....	\$ 848	\$ 970	\$ 933	\$ 933	\$ 933	\$ 933	\$ 933
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.....	\$ 848	\$ 970	\$ 933	\$ 933	\$ 933	\$ 933	\$ 933
DEBT SERVICE							
GENERAL FUND.....	\$ 550,526	\$ 349,163	\$ 669,077	\$ 823,337	\$ 861,276	\$ 874,589	\$ 879,446
SPECIAL FUNDS.....	59,845	42,813	38,736	21,143	21,358	20,692	21,799
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	24,922	24,624	22,125	24,304	25,176	20,445	19,181
SUBCATEGORY TOTAL.....	\$ 635,293	\$ 416,600	\$ 729,938	\$ 868,784	\$ 907,810	\$ 915,726	\$ 920,426
ALL PROGRAMS:							
GENERAL FUND.....	\$ 585,656	\$ 395,659	\$ 714,357	\$ 867,119	\$ 905,058	\$ 918,371	\$ 923,228
SPECIAL FUNDS.....	68,958	56,114	52,043	34,450	34,665	33,999	35,106
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	40,183	29,142	26,032	28,211	29,083	24,352	23,088
DEPARTMENT TOTAL.....	\$ 694,797	\$ 480,915	\$ 792,432	\$ 929,780	\$ 968,806	\$ 976,722	\$ 981,422



PROGRAM OBJECTIVE: To receive and safeguard the monies of the Commonwealth, to manage the funds to the best advantage of the Commonwealth and to insure that all disbursements of funds are legal and proper.

Program: Disbursement

The Treasury Department is required by the Fiscal Code to receive and deposit all monies of the Commonwealth; to invest in securities any Commonwealth monies which accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to preaudit all requisitions for the expenditure of funds; and to disburse all State monies upon proper authorization to those entitled to receive payment. In this capacity the department is responsible for the receipt, custody and disbursement of billions of dollars each year.

The Treasury Department also audits disbursement records, maintains accounting controls and disburses all checks to recipients of public assistance. Thousands of checks are processed each working day for distribution to recipients. This processing includes preauditing, collating, authenticating and mailing the checks to individual recipients and banks. Hundreds of participating banks throughout the Commonwealth distribute thousands of checks daily.

The State Treasurer is Chairman of the Board of Finance and Revenue and serves on various State boards and commissions including several public retirement boards.

The Board of Finance and Revenue operates within this program by reviewing and deciding appeals concerning settlements made between the Commonwealth and persons, associations and corporations. The board also administers the program for refunding certain monies to which the Commonwealth is not legally entitled.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of firemen or law enforcement officers of the Commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payments made to survivors of local firemen or law enforcement officers. This current payment includes benefit increases with inflation.

The Treasury Department administers the Tuition Account Program that provides for two programs for postsecondary educational savings. The Tuition Account Guaranteed Savings Program Fund provides for the advance purchase of tuition credits for students who will attend institutions of higher education. Savings for higher education may also be made through the Tuition Account Investment Program Fund. A cash flow statement for each fund is included in the Special Funds Appendix.

The State Treasurer is responsible for the administration and enforcement of the Commonwealth's abandoned and unclaimed property laws. Tangible and intangible property that has remained unclaimed for five or more years is reported and remitted to the Treasury Department by holders in possession of the property. The Commonwealth maintains perpetual custody of the property until it is claimed by the rightful owner. Revenues generated by collection of unclaimed property cover the costs of paying claims.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Disbursements issued							
Disbursements — checks	5,831,568	5,700,000	5,300,000	N/A	N/A	N/A	N/A
Disbursements — wires	4,269,328	4,400,000	4,800,000	N/A	N/A	N/A	N/A
Interest earned on investments:							
General Fund (in thousands)	\$ 112,584	\$ 50,480	\$ 50,175	N/A	N/A	N/A	N/A
Motor License Fund (in thousands)	25,712	13,500	13,500	N/A	N/A	N/A	N/A
TOTAL	\$ 138,296	\$ 63,980	\$ 63,675	N/A	N/A	N/A	N/A

Disbursements - wires is higher than shown in last year's budget due to increased use of electronic payments.

Interest earned on investments in the General Fund in 2001-02 and 2002-03 decreased from the projections shown in last year's budget due to less funds available for investment and lower investment returns.

Interest earned on investments in the Motor License Fund in 2001-02 and 2002-03 decreased from the projections shown in last year's budget due to lower investment returns.

Program: Disbursement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				Law Enforcement Officers Death Benefits
\$	-452	Computer Integration Program	\$	12	—to continue current program.
		—nonrecurring computer integration costs.			
\$	250	Escheats Administration			
		—to continue current program.			
\$	11	Board of Finance and Revenue	\$	6	
		—to continue current program.			
\$	-1,000	Tuition Account Program Advertising			MOTOR LICENSE FUND
		—program reduction.			Administration Refunding Liquid Fuels Tax
					—based on most recent projection of program requirements.

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

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
State Treasurer's Office	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475
Computer Integration Program	2,200	1,950	1,498	0	0	0	0
Escheats Administration	0	12,500	12,750	12,750	12,750	12,750	12,750
Board of Finance and Revenue	2,244	2,374	2,385	2,385	2,385	2,385	2,385
Tuition Account Program Advertising	2,000	2,000	1,000	1,000	1,000	1,000	1,000
Replacement Checks (EA)	3,661	2,500	2,500	2,500	2,500	2,500	2,500
Law Enforcement Officers Death Benefits	702	727	739	739	739	739	739
TOTAL GENERAL FUND	\$ 34,282	\$ 45,526	\$ 44,347	\$ 42,849	\$ 42,849	\$ 42,849	\$ 42,849
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax	\$ 407	\$ 455	\$ 461	\$ 461	\$ 461	\$ 461	\$ 461
Replacement Checks - Motor License Fund (EA)	47	300	300	300	300	300	300
Refunding Liquid Fuels Tax - Agriculture ..	3,340	4,500	4,500	4,500	4,500	4,500	4,500
Refunding Liquid Fuels Tax - State Share ..	169	650	650	650	650	650	650
Refunding Emergency Liquid Fuels Tax	0	1	1	1	1	1	1
Refunding Liquid Fuels Tax - Political Subdivisions	2,214	3,800	3,800	3,800	3,800	3,800	3,800
Refunding Liquid Fuels Tax - Volunteer Services	359	450	450	450	450	450	450
Refunding Marine Liquid Fuels Tax - Boat Fund	2,561	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL MOTOR LICENSE FUND	\$ 9,097	\$ 13,156	\$ 13,162	\$ 13,162	\$ 13,162	\$ 13,162	\$ 13,162
BANKING DEPARTMENT FUND:							
Replacement Checks — Banking Department Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
BOAT FUND:							
Replacement Checks — Boat Fund (EA) ..	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5

Program: Disbursement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
FARM PRODUCTS SHOW FUND:							
Replacement Checks — Farm Products Show Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FISH FUND:							
Replacement Checks — Fish Fund (EA) ...	\$ 1	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
GAME FUND:							
Replacement Checks — Game Fund (EA)	\$ 1	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
LOTTERY FUND:							
Replacement Checks — Lottery Fund (EA)	\$ 4	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
MILK MARKETING FUND:							
Replacement Checks-Milk Marketing Fund (EA)	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Refunding Licenses and Fees-Milk Marketing Fund (EA)	0	5	5	5	5	5	5
TOTAL MILK MARKETING FUND	\$ 0	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
RACING FUND:							
Replacement Checks — Racing Fund (EA)	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10

PROGRAM OBJECTIVE: To promote interstate cooperation and progress through participation in various associations and organizations both regionally and nationally.

Program: Interstate Relations

Pennsylvania helps promote interstate progress and cooperation through participation in various organizations, associations and commissions with other states and other units of government. As a member of the Council of State Governments, Education Commission of the States, National Conference of State Legislatures and the National Governors' Association, Pennsylvania helps coordinate ideas on programs, interstate progress, budgets, Federal-State relations, education, labor, research, governmental techniques and general information with other states, the Congress and the Federal Executive Branch.

The Governmental Accounting Standards Board is also included within this program. The board provides guidance and establishes standards to promote uniformity and

comparability in governmental accounting and financial reporting.

The State and Local Legal Center provides for Pennsylvania's participation in a center to advance and defend the interests of state and local governments in matters involving Federal preemption, state taxing and spending powers, the tenth amendment and other issues.

This program also covers Pennsylvania's cost of the Great Lakes Commission and the Council of Great Lakes Governors. These organizations were established to plan and promote a unified and balanced program for the development, use and conservation of Great Lakes Basin water resources.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -37 Intergovernmental Organizations
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Intergovernmental Organizations	\$ 848	\$ 970	\$ 933	\$ 933	\$ 933	\$ 933	\$ 933

PROGRAM OBJECTIVE: To provide for interest and principal requirements of notes and bonds issued by the Commonwealth and other expenses related to debt service.

Program: Debt Service

The Commonwealth, through the Treasury Department, is obligated to meet principal and interest requirements and other expenses related to debt service.

Long-term bonds are issued by the State to cover the cost of financing public improvements which represent such a heavy financial burden that they cannot be funded through current revenues. These bond issues have provided funds for the acquisition and development of public recreation and historic sites and facilities; payment for disaster recovery costs; economic revitalization efforts; low-cost loans for water supply and sewage treatment improvements; loans to

volunteer fire companies; and a wide variety of construction and renovation projects for hospitals, higher education facilities, State parks, flood control, correctional institutions and various public buildings.

The Commonwealth has saved substantial amounts of debt service interest payments through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The Commonwealth continues to monitor its debt for additional refunding opportunities.

Program Recommendations

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
 \$ 319,914 —the net effect on principal and interest requirements and other costs relating to the General Fund debt service.

MOTOR LICENSE FUND
 \$ -4,077 —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)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Publishing Monthly Statements	\$ 13	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Loan and Transfer Agents	30	75	75	75	75	75	75
General Obligation Debt Service	550,483	349,063	668,977	823,237	861,176	874,489	879,346
TOTAL GENERAL FUND	\$ 550,526	\$ 349,163	\$ 669,077	\$ 823,337	\$ 861,276	\$ 874,589	\$ 879,446
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	\$ 58,353	\$ 40,965	\$ 29,722	\$ 11,890	\$ 12,155	\$ 11,489	\$ 12,596
General Obligation Debt Service	1,473	1,798	8,964	9,203	9,153	9,153	9,153
Loan and Transfer Agent	18	50	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	\$ 59,844	\$ 42,813	\$ 38,736	\$ 21,143	\$ 21,358	\$ 20,692	\$ 21,799



DEPARTMENT OF AGING

The mission of the Department of Aging is to enhance the quality of life of older Pennsylvanians by empowering the community, the family and the individual.

The Department of Aging consolidates services for older Pennsylvanians and provides a single point of contact through which older Pennsylvanians can address their concerns to State Government.

Statewide services are provided through the local Area Agencies on Aging. Services include long-term care assessment, home and community-based services, nutrition, employment, transportation, domiciliary care and protection. Additionally, the Department of Aging manages the pharmaceutical assistance program for older Pennsylvanians.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations - Lottery Programs.....	\$ 17,975	\$ 20,683	\$ 16,071
(F)Programs for the Aging - Title III - Administration.....	1,817	1,817	1,817
(F)Programs for the Aging - Title V - Administration.....	173	173	173
(F)Medical Assistance - Administration.....	1,125	1,088	824
(F)DCSI - Older Domestic Violence Victims Cross Training (EA).....	105	54	15
(F)DCSI - Protective Services Training (EA).....	98	115	115
(F)DCSI - Sexual Abuse Response Training (EA).....	74	87	83
(A)Day Care Licensure.....	7	7	7
(A)Intergovernmental Transfer - Administration.....	194	194	197
(A)Brookdale Foundation Grant.....	0	6	0
Subtotal.....	\$ 21,568	\$ 24,224	\$ 19,302
Subtotal - State Funds.....	\$ 17,975	\$ 20,683	\$ 16,071
Subtotal - Federal Funds.....	3,392	3,334	3,027
Subtotal - Augmentations.....	201	207	204
Total - General Government.....	\$ 21,568	\$ 24,224	\$ 19,302
Grants and Subsidies:			
Family Caregiver.....	\$ 11,184	\$ 11,461	\$ 11,461
(F)Programs for the Aging - Title III - Family Caregiver.....	6,146	10,000	10,000
Subtotal.....	\$ 17,330	\$ 21,461	\$ 21,461
Pre-Admission Assessment.....	5,882	5,886	5,871
(F)Pre-Admission Assessment.....	7,863	10,024	9,678
(A)Intergovernmental Transfer.....	916	652	1,646
Subtotal.....	\$ 14,461	\$ 16,562	\$ 17,195
Grants to Senior Centers.....	998	0	0
Legal Advocacy for Older Pennsylvanians.....	600	600	0
Alzheimer's Outreach.....	250	250	145
(F)Memory Loss Screening.....	0	350 ^a	350
Subtotal.....	\$ 250	\$ 600	\$ 495
Subtotal - State Funds.....	\$ 18,714	\$ 18,197	\$ 17,477
Subtotal - Federal Funds.....	14,009	20,374	20,028
Subtotal - Augmentations.....	916	652	1,646
Total - Grants and Subsidies.....	\$ 33,639	\$ 39,223	\$ 39,151
STATE FUNDS.....	\$ 36,689	\$ 38,880	\$ 33,548
FEDERAL FUNDS.....	17,401	23,708	23,055
AUGMENTATIONS.....	1,117	859	1,850
GENERAL FUND TOTAL.....	\$ 55,207	\$ 63,447	\$ 58,453
LOTTERY FUND:			
General Government:			
Auditor General's Audit Cost.....	\$ 105	\$ 105	\$ 105
Grants and Subsidies:			
PENNCARE.....	\$ 202,704	\$ 204,976	\$ 206,587
(F)Programs for the Aging - Title III.....	47,765	52,000	52,000
(F)Programs for the Aging - Nutrition.....	9,500	10,000	10,000
(F)Programs for the Aging - Title V - Employment.....	4,460	5,250	5,250
(F)Programs for the Aging - Title VII - Elder Rights Protection.....	1,603	3,500	3,500
(F)Medical Assistance - Attendant Care.....	2,061	2,764	3,529
(F)Medical Assistance Support.....	7,491	9,138	8,488
(F)Older Refugee Services.....	0	165	125

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(A)Intergovernmental Transfer - MA Support.....	7,369	8,119	7,369
Subtotal.....	\$ 282,953	\$ 295,912	\$ 296,848
Pharmaceutical Assistance Fund.....	359,000	395,000	370,000
Subtotal - State Funds.....	\$ 561,704	\$ 599,976	\$ 576,587
Subtotal - Federal Funds.....	72,880	82,817	82,892
Subtotal - Augmentations.....	7,369	8,119	7,369
Total - Grants and Subsidies.....	\$ 641,953	\$ 690,912	\$ 666,848
STATE FUNDS.....	\$ 561,809	\$ 600,081	\$ 576,692
FEDERAL FUNDS.....	72,880	82,817	82,892
AUGMENTATIONS.....	7,369	8,119	7,369
LOTTERY FUND TOTAL.....	\$ 642,058	\$ 691,017	\$ 666,953
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Home and Community-Based Services.....	\$ 18,630	\$ 12,151	\$ 18,198
(F)Medical Assistance - Community Services.....	3,582	7,336	11,381
PACENET Transfer (EA).....	27,601	34,682	34,427
Subtotal - State Funds.....	\$ 46,231	\$ 46,833	\$ 52,625
Subtotal - Federal Funds.....	3,582	7,336	11,381
Total - Grants and Subsidies.....	\$ 49,813	\$ 54,169	\$ 64,006
STATE FUNDS.....	\$ 46,231	\$ 46,833	\$ 52,625
FEDERAL FUNDS.....	3,582	7,336	11,381
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 49,813	\$ 54,169	\$ 64,006
<u>OTHER FUNDS:</u>			
PHARMACEUTICAL ASSISTANCE FUND:			
Contracted Services (EA).....	\$ 0 ^b	\$ 0 ^b	\$ 0 ^b
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 36,689	\$ 38,880	\$ 33,548
SPECIAL FUNDS.....	608,040	646,914	629,317
FEDERAL FUNDS.....	93,863	113,861	117,328
AUGMENTATIONS.....	8,486	8,978	9,219
TOTAL ALL FUNDS.....	\$ 747,078	\$ 808,633	\$ 789,412

^a Includes recommended supplemental appropriation of \$350,000.

^b Not added to the total to avoid double counting: 2001-02 Actual is \$370,033,000, 2002-03 Available is \$436,267,000 and 2003-04 Budget is \$437,212,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND.....	\$ 36,689	\$ 38,880	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548
SPECIAL FUNDS.....	221,439	217,232	224,890	223,192	223,067	222,945	222,808
FEDERAL FUNDS.....	93,863	113,861	117,328	117,238	116,765	116,765	116,765
OTHER FUNDS.....	8,486	8,978	9,219	9,219	9,219	9,219	9,219
SUBCATEGORY TOTAL.....	\$ 360,477	\$ 378,951	\$ 384,985	\$ 383,197	\$ 382,599	\$ 382,477	\$ 382,340
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	386,601	429,682	404,427	421,842	545,605	619,374	710,115
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 386,601	\$ 429,682	\$ 404,427	\$ 421,842	\$ 545,605	\$ 619,374	\$ 710,115
ALL PROGRAMS:							
GENERAL FUND.....	\$ 36,689	\$ 38,880	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548
SPECIAL FUNDS.....	608,040	646,914	629,317	645,034	768,672	842,319	932,923
FEDERAL FUNDS.....	93,863	113,861	117,328	117,238	116,765	116,765	116,765
OTHER FUNDS.....	8,486	8,978	9,219	9,219	9,219	9,219	9,219
DEPARTMENT TOTAL.....	\$ 747,078	\$ 808,633	\$ 789,412	\$ 805,039	\$ 928,204	\$ 1,001,851	\$ 1,092,455

PROGRAM OBJECTIVE: To enable older Pennsylvanians to maintain active and independent lives in their own homes or alternative community living arrangements.

Program: Community Services for Older Pennsylvanians

The Department of Aging has established a network of in-home and community-based services addressing the varied needs of older Pennsylvanians. These programs enrich the lives of older Pennsylvanians and enable frail older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging, serving all 67 counties, provide aging services at the local level.

Many older Pennsylvanians require only minimal outside support to function independently, therefore, a basic service of Area Agencies on Aging (AAA) is to inform these people of available services. AAAs sponsor over 500 senior centers throughout the Commonwealth that provide a full range of socialization, recreational and educational activities. Congregate meals, served by the centers at lunchtime, provide older Pennsylvanians with a hot, nutritionally balanced meal. Transportation services arranged by the agencies allow older Pennsylvanians to visit the doctor, shop or attend senior center events. Job placement services help older Pennsylvanians find unsubsidized private sector employment and offers job training and subsidized part-time community service employment.

Frail older Pennsylvanians require more extensive and personalized services to remain in their homes and communities and avoid relocating to an institutional setting such as a nursing home or personal care home. A nursing home pre-admission screening program helps older Pennsylvanians and their families determine the least restrictive environment needed and assists them in securing and managing intensive in-home services tailored to their needs. A continuum of services is available based on the functional and financial qualifications of the consumer

ranging from home delivered meals to intensive in-home services for older Pennsylvanians needing the level of care available in institutional settings. Persons with higher income or assets share in the cost of services.

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:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Pennsylvanians 60 years and older	2,436,365	2,439,900	2,443,400	2,447,000	2,450,500	2,487,400	2,524,200
Pennsylvanians 85 years and older	254,450	271,300	288,200	305,100	322,000	330,700	339,300
Persons served who are clinically nursing home eligible	17,401	20,500	23,800	23,800	23,800	23,800	23,800

Persons served who are clinically nursing home eligible decreased in 2001-02 from the projection shown in last year's budget because of a slower start up of the Tobacco Settlement Fund's home and community-based services program.

Program: Community Services for Older Pennsylvanians (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Persons receiving assistance:							
Congregate meals	147,650	151,700	151,700	151,700	151,700	151,700	151,700
Transportation (complete round trips)	94,215	100,500	105,500	105,500	105,500	105,500	105,500
Personal assistance services	1,698	1,785	1,870	1,870	1,870	1,870	1,870
Attendant care services	463	582	790	790	790	790	790
Home delivered meals	43,890	44,300	44,800	44,800	44,800	44,800	44,800
Home support services	9,751	10,450	10,950	10,950	10,950	10,950	10,950
Personal care services	21,264	23,170	23,870	23,870	23,870	23,870	23,870
Protective services	10,927	10,980	10,980	10,980	10,980	10,980	10,980
Units of services delivered:							
Employment services (unsubsidized job placements)	1,733	1,735	1,735	1,735	1,735	1,735	1,735
Attendant care services (client hours)....	670,960	712,630	894,700	894,700	894,700	894,700	894,700
Home support services (client hours)	324,949	383,150	401,500	401,500	401,500	401,500	401,500
Personal care services (client hours)	2,895,918	3,473,500	3,578,400	3,578,400	3,578,400	3,578,400	3,578,400
Families receiving caregiver support	7,214	7,400	7,400	7,400	7,400	7,400	7,400
Pre-Admission Assessment:							
Initial Assessments	60,111	65,860	78,800	78,800	78,800	78,800	78,800
Referrals to nursing homes	37,365	39,885	46,230	46,230	46,230	46,230	46,230
Referrals for community services	19,371	22,570	28,500	28,500	28,500	28,500	28,500

Persons receiving personal assistance services, home delivered meals, home support services, and personal care services and home support service hours and personal care service hours decrease from the projections shown in last year's budget because of a slower start up of the Tobacco Settlement Fund's home and community-based services program.

Persons receiving attendant care services decreased in 2001-02 from the projection shown in last year's budget due to fewer consumers transitioning from the Department of Public Welfare's Attendant Care program than anticipated.

Employment services (unsubsidized job placements) decrease from the projections shown in last year's budget due to recent economic conditions which have reduced the opportunities for placement.

Attendant care service hours increased in 2001-02 from the projection shown in last year's budget due to consumers requiring more hours of service than anticipated.

Families receiving caregiver support decrease from the projections shown in last year's budget due to the use of new Federal funds to supplement families already receiving services rather than expand services to additional families as was projected.

Pre-Admission assessments and referrals to nursing homes decreased in 2001-02 from the projections shown in last year's budget due to fewer persons requesting assessments than anticipated.

Pre-Admission assessments and referrals for both nursing homes and community services decrease from the projections shown in last year's budget since a decision on the Taylor versus White litigation is still pending in court.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:				Pre-Admission Assessment
	General Government Operations -		\$	-15	—to continue current program.
	Lottery Programs				Legal Advocacy for Older Pennsylvanians
\$	-4,200	—nonrecurring 2002-03 budgetary freeze amount.			—nonrecurring project.
	-281	—to continue current program.	\$	-600	
	-200	—nonrecurring project.			Alzheimers Outreach
	69	—to provide for upgraded agency firewall, network and tape back-up systems.	\$	-105	—program reduction.
\$	-4,612	<i>Appropriation Decrease</i>			

Program: Community Services for Older Pennsylvanians (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	LOTTERY FUND: PENNCARE		TOBACCO SETTLEMENT FUND: Home and Community-Based Services
\$ 1,611	—to provide Attendant Care services to an additional 158 recipients.	\$ 2,827 2,579	—to continue current program. —to provide services to additional older Pennsylvanians as an alternative to nursing home care. 641 —to provide for additional assessments for Tobacco-funded home and community-based services.
		\$ 6,047	<i>Appropriation Increase</i>

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

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations -							
Lottery Programs	\$ 17,975	\$ 20,683	\$ 16,071	\$ 16,071	\$ 16,071	\$ 16,071	\$ 16,071
Family Caregiver	11,184	11,461	11,461	11,461	11,461	11,461	11,461
Pre-Admission Assessment	5,682	5,886	5,871	5,871	5,871	5,871	5,871
Grants to Senior Centers	998	0	0	0	0	0	0
Legal Advocacy for Older Pennsylvanians	600	600	0	0	0	0	0
Alzheimer's Outreach	250	250	145	145	145	145	145
TOTAL GENERAL FUND	\$ 36,689	\$ 38,880	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548	\$ 33,548
LOTTERY FUND:							
Auditor General's Audit Cost	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105
PENNCARE	202,704	204,976	206,587	207,841	207,841	207,841	207,841
TOTAL LOTTERY FUND	\$ 202,809	\$ 205,081	\$ 206,692	\$ 207,946	\$ 207,946	\$ 207,946	\$ 207,946
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services	\$ 18,630	\$ 12,151	\$ 18,198	\$ 15,246	\$ 15,121	\$ 14,999	\$ 14,862



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 and Tobacco Settlement Fund revenue and administered by the Department of Aging, is referred to as PACE.

The PACE program has two components. 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 \$17,000 for single persons and between \$17,200 and \$20,200 for married persons. PACENET pays the entire cost of prescription drugs and insulin supplies after a claimant meets a \$500 per person deductible and a mandatory copayment of \$8 for generic and \$15 for brand-name prescriptions.

Program participants whose income exceeds the upper limit for the traditional program become eligible for PACENET. However, a moratorium, included in the Tobacco Settlement Act and extended by Act 149 of 2002, provides continued PACE and PACENET benefits for people whose income exceeds the program limits solely due to a Social Security cost-of-living adjustment. This budget extends that provision until December 31, 2004. The department is also working with the Department of Revenue to develop an affordable and responsible proposal to further expand the income eligibility limits for PACE and PACENET, enabling additional older Pennsylvanians to obtain pharmaceutical coverage.

Participating pharmacies are reimbursed at 90 percent

of the average wholesale costs of prescription drugs plus a dispensing fee, or their usual and customary charge, whichever is less. Pharmacies are required to stock and dispense A-rated generic drugs included in the Federal Drug Administration "Orange Book" unless an A-rated generic drug is deemed by the Department of Aging to have too narrow a therapeutic index for safe and effective dosing or the usual and customary charge for the brand name drug is equal to or less than the least expensive generic drug. If claimants choose not to accept the generic drug, they are liable for the copayment and 70 percent of the average wholesale price of the brand name drug. In addition, Act 134 of 1996 prohibits payment for cosmetic drugs and for less than effective drugs without certification by a physician.

The Department of Aging is responsible for insuring compliance with the PACE program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

A prudent pharmaceutical purchasing program ensures that the PACE program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers who agree to pay a rebate of 17 percent of the average manufacturer price for both brand and generic drugs purchased through the program. In addition, participating manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturers price charged for a drug and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Comprehensive PACE Program:							
Older Pennsylvanians enrolled (average)	201,957	191,930	182,850	173,950	155,750	142,300	133,900
Total prescriptions per year	9,476,628	9,763,100	9,905,800	10,036,200	9,570,200	9,312,100	9,332,000
Average PACE cost per prescription	\$40.21	\$43.30	\$47.41	\$51.86	\$56.73	\$62.05	\$67.87
PACE Needs Enhancement Tier (PACENET):							
Older Pennsylvanians enrolled (average)	28,992	31,710	34,600	38,200	51,700	64,800	72,700
Total prescriptions per year	752,033	994,400	1,166,400	1,384,400	2,014,200	2,713,800	3,273,000
Average PACENET cost per prescription ..	\$39.08	\$41.86	\$45.68	\$49.96	\$54.65	\$59.77	\$65.38

PACENET older Pennsylvanians enrolled decreases in 2002-03 from the projection shown in last year's budget due to Act 77 of 2001, the Tobacco Settlement Act, which provided extended PACE eligibility thereby reducing the number of enrollees transitioning from PACE into PACENET and the slower than anticipated enrollment of recipients in the \$1,000 increased eligibility limit also provided in Act 77 of 2001.

PACENET total prescriptions per year decreased from those shown in last year's budget due to Act 77 of 2001, the Tobacco Settlement Act, which provided extended PACE eligibility thereby reducing the number of enrollees transitioning to PACENET and therefore the number of prescriptions per year.

Program: Pharmaceutical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>LOTTERY FUND: Pharmaceutical Assistance Fund \$ -25,000 —reflects reduced requirement due to utilization of a portion of the available balance in the Pharmaceutical Assistance Fund.</p>	<p>TOBACCO SETTLEMENT FUND: PACENET Transfer (EA) \$ -255 —reduction in Tobacco Settlement Funds available for transfer.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund	\$ 359,000	\$ 395,000	\$ 370,000	\$ 393,000	\$ 517,000	\$ 591,000	\$ 682,000
TOBACCO SETTLEMENT FUND:							
PACENET Transfer (EA)	\$ 27,601	\$ 34,682	\$ 34,427	\$ 28,842	\$ 28,605	\$ 28,374	\$ 28,115





DEPARTMENT OF AGRICULTURE

The mission of the Department of Agriculture is to encourage and promote agriculture and related industries throughout the Commonwealth.

The department's mission is accomplished through four major programs: consumer protection, property protection, farmland preservation and farmers and agribusiness development. The department provides a full range of services to farmers and consumers from Harrisburg and through seven regional offices located around the State.

The Department of Agriculture carries out activities to ensure wholesome and safe agricultural products for consumers; expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; develop and encourage proper farming and conservation practices; prevent, control and eradicate diseases among livestock, poultry and plants; regulate the conduct of horse racing and improve the quality of life in rural Pennsylvania.



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

	\$	\$	\$
General Government Operations.....	30,791	30,909	30,588
(F) Plant Pest Detection System.....	514	675	700
(F) Poultry Grading Service.....	60	59	59
(F) Medicated Feed Mill Inspection.....	26	27	27
(F) National School Lunch Administration.....	278	310	325
(F) Emergency Food Assistance.....	2,400	2,900	3,000
(F) Pesticide Control.....	677	767	767
(F) Agricultural Risk Protection.....	240	425	425
(F) Commodity Supplemental Food.....	200	300	400
(F) Agricultural Economic Assistance.....	1,280	980	0
(F) Organic Cost Distribution.....	190	380	500
(F) Animal Disease Control.....	11	314	314
(F) Food Establishment Inspections.....	0	100	100
(F) Food Safety Inspection Service.....	0	35	35
(F) Bioterrorism Preparedness (EA).....	0	200	200
(A) Fertilizer and Soil Inspections.....	157	196	138
(A) Lime Inspection.....	35	31	31
(A) Feed Inspections and Registrations.....	538	479	514
(A) Milk Plant Inspections.....	31	25	26
(A) Mailing List Production.....	10	10	10
(A) Special Conferences and Projects.....	10	10	10
(A) Administrative Services.....	565	656	596
(A) Pesticide Regulation.....	873	1,765	2,553
(A) Training Rides and Attractions.....	15	11	11
(A) Chesapeake Bay Project.....	55	32	0
(A) Food Site Inspection.....	38	20	20
(A) Farm Account Reimbursement.....	2	4	4
(A) Nutrient Management Certification Fees.....	2	8	8
(A) Apiary Registration and Fees.....	10	20	10
(A) Biomass Energy.....	20	20	20
(A) Weights and Measures Inspection Services.....	5	7	7
(A) Food Employee Certification Fees.....	83	183	183
Subtotal.....	\$ 39,116	\$ 41,858	\$ 41,581
Agriculture Law Center.....	0	150	0
Farmers' Market Food Coupons.....	1,981	1,455	1,397
(F) Farmers' Market Food Coupons.....	2,700	4,500	2,511
(F) Senior Farmers' Market Nutrition.....	0	2,000	2,500
Agricultural Conservation Easement Administration.....	622	631	583
(F) Farmland Protection.....	368	3,000	6,000
(A) Reimbursement from PennDOT.....	55	5	3
Agricultural Research.....	3,453	3,503	3,363
Beef Quality Assurance Program.....	50	0	0
Agricultural Promotion, Education, and Exports.....	1,213	1,379	1,186
(A) International Promotion.....	65	66	66
(A) Aquaculture Promotion.....	0	20	5
Hardwoods Research and Promotion.....	736	771	728
Farm Safety.....	117	118	111
Nutrient Management.....	282	295	288
Subtotal - State Funds.....	\$ 39,245	\$ 39,211	\$ 38,244
Subtotal - Federal Funds.....	8,944	16,972	17,863
Subtotal - Augmentations.....	2,569	3,568	4,215
Total - General Government.....	\$ 50,758	\$ 59,751	\$ 60,322

Grants and Subsidies:

Animal Health Commission.....	\$ 4,250	\$ 4,250	\$ 4,250
Veterinary Distance Learning.....	100	100	0
Animal Indemnities.....	146	300	50

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Transfer to State Farm Products Show Fund.....	1,000	1,000	1,000
Payments to Pennsylvania Fairs.....	4,399	4,400	3,400
Livestock Show.....	225	225	225
Open Dairy Show.....	225	225	225
Junior Dairy Show.....	50	50	50
4-H Club Shows.....	55	55	55
State Food Purchase.....	16,950	16,450	16,450
Product Promotion and Marketing.....	950	950	850
(F)Market Improvement.....	40	150	150
Future Farmers.....	104	104	104
Agriculture & Rural Youth.....	100	0	110
Agriculture Awareness in the Classroom.....	50	0	0
Transfer to Nutrient Management Fund.....	3,280	3,280	3,280
Local Soil and Water Districts.....	1,204	1,210	1,210
Crop Insurance.....	0	1,200	1,000
Plum Pox Virus - Fruit Tree Indemnities.....	1,450	3,100	212
Subtotal - State Funds.....	\$ 34,538	\$ 36,899	\$ 32,471
Subtotal - Federal Funds.....	40	150	150
Total - Grants and Subsidies.....	\$ 34,578	\$ 37,049	\$ 32,621
STATE FUNDS.....	\$ 73,783	\$ 76,110	\$ 70,715
FEDERAL FUNDS.....	8,984	17,122	18,013
AUGMENTATIONS.....	2,569	3,568	4,215
GENERAL FUND TOTAL.....	\$ 85,336	\$ 96,800	\$ 92,943
 FARM PRODUCTS SHOW FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 5,713	\$ 6,353	\$ 6,538
(A)Transfer from General Fund.....	0 ^a	0 ^a	0 ^a
(A)Transfer from Farm Operations.....	0	0	1,000
Subtotal - State Funds.....	\$ 5,713	\$ 6,353	\$ 6,538
Subtotal - Augmentations.....	0	0	1,000
Total - General Government.....	\$ 5,713	\$ 6,353	\$ 7,538
STATE FUNDS.....	\$ 5,713	\$ 6,353	\$ 6,538
AUGMENTATIONS.....	0	0	1,000
FARM PRODUCTS SHOW FUND TOTAL.....	\$ 5,713	\$ 6,353	\$ 7,538
 ENVIRONMENTAL STEWARDSHIP FUND:			
<i>Grants and Subsidies:</i>			
Transfer to Agricultural Conservation Easement Purchase (EA).....	\$ 13,630	\$ 13,334	\$ 15,851
 RACING FUND:			
<i>General Government:</i>			
State Racing Commissions (EA).....	\$ 7,324	\$ 7,606	\$ 7,630
Equine Toxicology and Research Laboratory (EA).....	1,905	2,065	2,078
(A)Reimbursements - Out of State Testing.....	1	0	0
Payments to Pennsylvania Fairs - Administration (EA).....	174	200	203
Subtotal - State Funds.....	\$ 9,403	\$ 9,871	\$ 9,911
Subtotal - Augmentations.....	1	0	0
Total - General Government.....	\$ 9,404	\$ 9,871	\$ 9,911

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Grants and Subsidies:			
Transfer to General Fund (EA).....	\$ 8,696	\$ 7,293	\$ 7,211
STATE FUNDS.....	\$ 18,099	\$ 17,164	\$ 17,122
AUGMENTATIONS.....	1	0	0
RACING FUND TOTAL.....	\$ 18,100	\$ 17,164	\$ 17,122
OTHER FUNDS:			
GENERAL FUND:			
Agriculture Farm Operations.....	\$ 3	\$ 5	\$ 1,005
Dog Law Administration.....	6,026	6,242	6,558
Pesticide Regulation.....	1,609	2,778	3,069
Plant Pest Management.....	205	437	446
National School Lunch.....	63	60	60
GENERAL FUND TOTAL.....	\$ 7,906	\$ 9,522	\$ 11,138
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA).....	\$ 48,714	\$ 50,000	\$ 50,000
Supplemental Agricultural Conservation Easement Purchase.....	1,711	912	0
Agricultural Land Conservation Assistance.....	95	0	0
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND TOTAL.....	\$ 50,520	\$ 50,912	\$ 50,000
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants, and Technical Assistance (EA).....	\$ 6,687	\$ 4,757	\$ 4,852
Nutrient Management - Administration (EA).....	197	248	254
NUTRIENT MANAGEMENT FUND TOTAL.....	\$ 6,884	\$ 5,005	\$ 5,106
RACING FUND:			
Sire Stakes Fund.....	\$ 6,171	\$ 4,260	\$ 4,260
Breeders' Fund.....	9,586	9,979	9,280
RACING FUND TOTAL.....	\$ 15,757	\$ 14,239	\$ 13,540
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 73,783	\$ 76,110	\$ 70,715
SPECIAL FUNDS.....	37,442	36,851	39,511
FEDERAL FUNDS.....	8,984	17,122	18,013
AUGMENTATIONS.....	2,570	3,568	5,215
OTHER FUNDS.....	81,067	79,678	79,784
TOTAL ALL FUNDS.....	\$ 203,846	\$ 213,329	\$ 213,238

^a Not added to the total to avoid double counting: 2001-02 Actual is \$1,000,000, 2002-03 Available is \$1,000,000, and 2003-04 Budget is \$1,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND.....	\$ 54,852	\$ 58,205	\$ 52,868	\$ 52,868	\$ 52,868	\$ 52,868	\$ 52,868
SPECIAL FUNDS.....	19,517	19,887	22,592	6,741	6,741	6,741	6,741
FEDERAL FUNDS.....	3,684	7,422	9,602	9,602	9,602	9,602	9,602
OTHER FUNDS.....	67,879	69,007	71,459	55,459	45,459	42,459	42,459
SUBCATEGORY TOTAL.....	\$ 145,932	\$ 154,521	\$ 156,521	\$ 124,670	\$ 114,670	\$ 111,670	\$ 111,670
HORSE RACING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	17,925	16,964	16,919	17,755	17,755	17,755	17,755
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,758	14,239	13,540	13,540	13,540	13,540	13,540
SUBCATEGORY TOTAL.....	\$ 33,683	\$ 31,203	\$ 30,459	\$ 31,295	\$ 31,295	\$ 31,295	\$ 31,295
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND.....	\$ 18,931	\$ 17,905	\$ 17,847	\$ 17,847	\$ 17,847	\$ 17,847	\$ 17,847
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	5,300	9,700	8,411	8,411	8,411	8,411	8,411
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 24,231	\$ 27,605	\$ 26,258	\$ 26,258	\$ 26,258	\$ 26,258	\$ 26,258
ALL PROGRAMS:							
GENERAL FUND.....	\$ 73,783	\$ 76,110	\$ 70,715	\$ 70,715	\$ 70,715	\$ 70,715	\$ 70,715
SPECIAL FUNDS.....	37,442	36,851	39,511	24,496	24,496	24,496	24,496
FEDERAL FUNDS.....	8,984	17,122	18,013	18,013	18,013	18,013	18,013
OTHER FUNDS.....	83,637	83,246	84,999	68,999	58,999	55,999	55,999
DEPARTMENT TOTAL.....	\$ 203,846	\$ 213,329	\$ 213,238	\$ 182,223	\$ 172,223	\$ 169,223	\$ 169,223

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

The Department of Agriculture administers several related elements within this program.

Program Element: Agribusiness Development

This program element includes: a commodity promotion section; a domestic and international trade section; a market opportunities section and an agricultural land preservation section.

The commodity promotion section focuses on direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products, usually through promotional activities. Equally important, promotional activities are designed to increase and enhance the awareness of non-farm Pennsylvanians about the importance of agribusiness in the Commonwealth.

The domestic and international trade section helps Pennsylvania companies market their products in foreign markets by providing promotional opportunities in foreign market places. The international trade section differs from the domestic trade section in that technical outreach to Pennsylvania food and agriculture businesses is necessary if they are to adequately understand and prepare for market opportunities in foreign economies.

The market opportunities section examines domestic and foreign market places to identify market needs and communicate these needs to the Pennsylvania food and agriculture industry. Pennsylvania businesses then are better able to expand as they develop products and services that meet the needs of the Pennsylvania farmer, producer and processor. The market opportunities section provides funds for the operation of the Farm Show Complex in Harrisburg.

Programs designed to promote agriculture and food products and commodities include those for apples, honey, cherries, grapes, maple syrup, hardwoods, beef, milk and dairy products. In some instances, the promotion of these products is coordinated with councils representing product interest. Some councils assess members fees based on their production.

A grant program, Payments to Pennsylvania Fairs, provides for agricultural fair operating reimbursements and grants to Statewide agricultural organizations, Future Farmers of America and 4-H groups in accordance with the guidelines of Act 92 of 1986. After these requirements have been fulfilled, the remaining appropriation balance is used for capital improvements at fairgrounds.

The agricultural land preservation section, through a special fund created by Act 64 of 1988 that implemented a referendum approved by the electorate in November of 1988, purchases easements on prime agricultural land to ensure its continued use for agricultural purposes. Easements have been funded from bonds and a dedicated portion of the cigarette tax. In 1999, two separate acts provided new

funding for the program. Act 15 of 1999 established a Supplemental Agricultural Conservation Easement Purchase Program and made \$43 million available from the General Fund to accelerate the purchase of easements. Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, will provide about \$84.7 million for farmland preservation over a period of about five years. In 1999-00 the program received \$20 million from the General Fund, in 2000-01 the program received \$19,828,000, and in 2001-02 the program received \$13,630,000 from the Environmental Stewardship Fund.

Agricultural research grants provide for scientific research into plant and animal health. This research identifies prevention mechanisms for disease and proactive mechanisms for enhancement of the quality and quantity of agricultural products.

Program Element: Animal Health

The objective of this element is to maintain the health of domestic animals in order to protect human health, to protect the quantity, quality and safety of food of animal origin, and to provide for the general welfare of domestic animals. Emphasis is placed on disease prevention by surveillance and diagnostic activity to detect disease, control of animal movements to prevent the spread of disease, health certification programs to identify disease-free animals, and research to develop improved husbandry and health maintenance methods. Of major concern are interstate and international movements of animals and animal products that may introduce any one of numerous dangerous transmissible diseases existing outside the Commonwealth. Compliance with animal health rules is achieved by regular inspection of animal marketing and processing activities by veterinarians and livestock disease control technicians.

The Pennsylvania Animal Health and Diagnostic Commission provide animal research initiatives and coordination of animal disease diagnostic laboratories. This commission, an administrative unit within the Department of Agriculture, coordinates the Pennsylvania Animal Diagnostic Laboratory System (PADLS), which is composed of the diagnostic laboratory resources of the Department of Agriculture, Pennsylvania State University and the University of Pennsylvania School of Veterinary Medicine. PADLS is part of a nationwide network of state and federal laboratories dedicated to identifying and combating animal diseases. The system provides rapid and accurate diagnostic services to clients while maintaining a bio-secure environment. The laboratories provide animal health services for domestic animals with emphasis on infectious, nutritional and toxic diseases; state-of-the-art testing methods to help diagnose common diseases; and surveillance to detect emerging diseases. All of the programs are designed to protect the

Program: Protection and Development of Agricultural Industries (continued)

livestock, poultry, wildlife, food chain and human population of Pennsylvania. The laboratories also provide testing for state and federal regulatory programs and the export testing of live animals and genetic materials.

Also included in this program is dog law enforcement. Primary functions include: control and regulation of the sale and transportation of dogs; kennel inspections; reimbursement of law enforcement agencies for the detention and disposition of stray dogs and reimbursement to owners of livestock and poultry for damage caused by dogs and coyotes. Approximately 982,698 dogs and 2,387 kennels are currently licensed under this program.

Dog law expenditures are reflected in this program as Other Funds.

Program Element: Consumable Agricultural Products

The Department of Agriculture is committed through regulatory efforts to protect the health and safety of the consumer and assure the availability of quality agriculture products to consumers. Act 124 of 2000 established a voluntary food safety training program for non-profit organizations. Department personnel conduct training courses for food handlers including school cafeteria, day care center, fair concession and other nonprofit organizations. Approximately 54,750 food establishments were inspected in 2001-02. Food establishments which are inspected include all food stores, processing plants, warehouses, transportation facilities, bakeries, dairies, bottling plants, egg packing facilities, fruit and vegetable packing plants, certain registered concession stands and restaurants which sell frozen desserts and baked goods. On July 1, 1995, the Department of Agriculture assumed responsibility for inspecting all licensed eating and drinking establishments that currently number about 21,000.

Also included in this element are activities that 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 33,846 inspections in 2001-02 and expects to perform 35,000 in 2002-03. The Amusement Ride Division completed 1,518 inspections in 2001-02 and expects to perform 1,640 in 2002-03.

Additional activities guarantee the quality of animal feeds, fertilizers, liming materials, plant materials and pesticides. Act 53 of 1996 transferred the responsibility for enforcement of the Seasonal Farm Labor Act from the Department of Environmental Protection to the Department of Agriculture. Act 97 of 2001 updated the licensing and registration requirements relating to the sale and distribution of fertilizers, soil conditioners and plant growth substances in the Commonwealth.

To protect the consumer and ensure the availability of quality agriculture products, the department regulates the sale of feed, fertilizer, lime and seeds by requiring certain

label information and by sampling and analyzing products in its Harrisburg laboratories. During 2001-02, 2,541 agribusinesses were inspected and 56 feed, fertilizer and lime samples were analyzed. In addition, 6,646 samples of seed were tested. The department inspects stone fruit trees for the plum pox virus to control the disease and reduce the potential harm to the fruit industry.

The department is improving the process to protect Pennsylvania's food production system from agro-terrorism. Fertilizer, feed and pesticide manufacturers, dealers and distributors will be advised on preventing the use of agricultural production tools for terrorist activities. An extensive training program for veterinarians and growers will be developed and implemented to recognize animal diseases or agents that may be used by bioterrorists.

The department inspects all ornamental nurseries and greenhouses periodically to determine the presence of new plant pests. The field staff is supported by laboratories staffed by scientists to insure correct diagnosis of the pest and to quarantine and/or prescribe proper treatment. During 2001-02, 1,766 dealer and 3,281 nursery and greenhouse inspections were conducted, along with 1,062 certificates for the exportation of plant material. The department also inspected 1,599 apiaries involving 10,700 colonies of bees in 2001-02 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. The department also investigates complaints about misuse. During 2001-02, 600 pesticide dealers and 2,646 pesticide application businesses were licensed, 33,306 pesticide applicators certified, 2,646 service technicians registered, more than 11,500 pesticide products registered, 1,161 inspections and investigations conducted, and 56 samples analyzed. This program attempts to provide for the optimum use of pesticides while minimizing their adverse effects on human life and the environment.

Pesticide expenditures are reflected in this program as Other Funds.

The State Conservation Commission, whose chairmanship alternates each year between the Secretary of Agriculture and the Secretary of the Department of Environmental Protection, is the primary implementing authority for the Nutrient Management Act. The law is designed to minimize surface and ground water pollution from agricultural operations. The Departments of Agriculture and Environmental Protection in cooperation with the commission work with farmers to develop and implement nutrient management plans to reduce pollution.



Program: Protection and Development of Agricultural Industries (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Agribusiness Development:							
Dollar volume of food and agricultural exports (millions)	1,149	1,180	1,220	1,290	1,330	1,400	1,550
Trade leads generated	1,496	1,500	1,500	1,550	1,550	1,550	1,550
Additional farm acreage preserved under perpetual easements	33,621	26,705	24,711	22,500	22,500	22,500	22,500
Animal Health:							
Animals examined to determine disease (thousands)	437	437	437	437	437	437	437
Animals quarantined (thousands)	171	26	26	26	26	26	26
Animals destroyed (thousands)	171.0	2.6	2.6	2.6	2.6	2.6	2.6
Consumable Agricultural Products:							
Consumer commodities inspected*	61,123	64,000	64,000	64,000	64,000	64,000	64,000

Dollar volume of food and agricultural exports and trade leads generated increased in 2001-02 from the projection shown in last year's budget due to the success of marketing efforts including trade shows.

Animals examined to determine disease decrease from the projections shown in last year's budget due to a change in the Laboratory Information Management System to more accurately report testing information.

Animals quarantined and destroyed increased in 2001-02 from the projection shown in last year's budget due to the identification of avian influenza in poultry flocks and pseudorabies suspect swine.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>General Government Operations</p> <p>\$ -25 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-296 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -321 <i>Appropriation Decrease</i></p> <p>Agricultural Law Center</p> <p>\$ -150 —nonrecurring project.</p> <p>Agricultural Conservation Easement Administration</p> <p>\$ -13 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-35 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -48 <i>Appropriation Decrease</i></p> <p>Agricultural Research</p> <p>\$ -140 —to continue current program.</p> <p>Agricultural Promotion, Education, and Exports</p> <p>\$ -28 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-165 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -193 <i>Appropriation Decrease</i></p> <p>Hardwoods Research and Promotion</p> <p>\$ -15 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-28 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -43 <i>Appropriation Decrease</i></p>	<p>Farm Safety</p> <p>\$ -2 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-5 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -7 <i>Appropriation Decrease</i></p> <p>Nutrient Management</p> <p>\$ -7 —to continue current program.</p> <p>Veterinary Distance Learning</p> <p>\$ -100 —nonrecurring project.</p> <p>Animal Indemnities</p> <p>\$ -150 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-100 —to continue current program.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -250 <i>Appropriation Decrease</i></p> <p>Payments to Pennsylvania Fairs</p> <p>\$ -1,000 —program reduction.</p> <p>Product Promotion and Marketing</p> <p>\$ -100 —program reduction.</p> <p>Agriculture & Rural Youth</p> <p>\$ 110 —grants for youth development projects to the Future Farmers of America, 4-H groups, and other non-profit youth groups.</p> <p>Crop Insurance</p> <p>\$ -200 —program reduction.</p>
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Program: Protection and Development of Agricultural Industries (continued)

\$ -288 -2,600 <hr/> \$ -2,888	Plum Pox Virus - Fruit Tree Indemnities —nonrecurring 2002-03 budgetary freeze amount. —program reduction. <i>Appropriation Decrease</i> All other General Fund Appropriations are recommended at the current year funding levels.	ENVIRONMENTAL STEWARDSHIP FUND Transfer to Agricultural Conservation Easement Purchase Fund (EA) —to continue current program. FARM PRODUCTS SHOW FUND General Operations (EA) —to continue current program. RACING FUND Payments to Pennsylvania Fairs - Administration (EA) ---to continue current program.
	\$ 2,517 \$ 185 \$ 3	

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 30,791	\$ 30,909	\$ 30,588	\$ 30,588	\$ 30,588	\$ 30,588	\$ 30,588
Agriculture Law Center	0	150	0	0	0	0	0
Agricultural Conservation Easement Administration	622	631	583	583	583	583	583
Agricultural Research	3,453	3,503	3,363	3,363	3,363	3,363	3,363
Beef Quality Assurance Program	50	0	0	0	0	0	0
Agricultural Promotion, Education, and Exports	1,213	1,379	1,186	1,186	1,186	1,186	1,186
Hardwoods Research and Promotion	736	771	728	728	728	728	728
Farm Safety	117	118	111	111	111	111	111
Nutrient Management	282	295	288	288	288	288	288
Animal Health Commission	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Veterinary Distance Learning	100	100	0	0	0	0	0
Animal Indemnities	146	300	50	50	50	50	50
Transfer to State Farm Products Show Fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Payments to Pennsylvania Fairs	4,399	4,400	3,400	3,400	3,400	3,400	3,400
Livestock Show	225	225	225	225	225	225	225
Open Dairy Show	225	225	225	225	225	225	225
Junior Dairy Show	50	50	50	50	50	50	50
4-H Club Shows	55	55	55	55	55	55	55
Product Promotion and Marketing	950	950	850	850	850	850	850
Future Farmers	104	104	104	104	104	104	104
Agriculture & Rural Youth	100	0	110	110	110	110	110
Agriculture Awareness in the Classroom	50	0	0	0	0	0	0
Transfer to Nutrient Management Fund	3,280	3,280	3,280	3,280	3,280	3,280	3,280
Local Soil and Water Districts	1,204	1,210	1,210	1,210	1,210	1,210	1,210
Crop Insurance	0	1,200	1,000	1,000	1,000	1,000	1,000
Plum Pox Virus - Fruit Tree Indemnities	1,450	3,100	212	212	212	212	212
TOTAL GENERAL FUND	\$ 54,852	\$ 58,205	\$ 52,868	\$ 52,868	\$ 52,868	\$ 52,868	\$ 52,868
ENVIRONMENTAL STEWARDSHIP FUND:							
Transfer to Agricultural Conservation Easement Purchase (EA)	\$ 13,630	\$ 13,334	\$ 15,851	\$ 0	\$ 0	\$ 0	\$ 0
FARM PRODUCTS SHOW FUND:							
General Operations (EA)	\$ 5,713	\$ 6,353	\$ 6,538	\$ 6,538	\$ 6,538	\$ 6,538	\$ 6,538
RACING FUND:							
Payments to Pennsylvania Fairs — Administration (EA)	\$ 174	\$ 200	\$ 203	\$ 203	\$ 203	\$ 203	\$ 203

PROGRAM OBJECTIVE: To prevent consumer fraud in the racing industry.

Program: Horse Racing Regulation

Activities in this program area include the development and implementation of rules, regulations and procedures to insure the public and harness and horse owners of honest, safe, and competitive pari-mutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, a portion of the money remaining in the fund is credited to the

Breeding Fund and Sire Stakes Fund. The amount credited to each fund is a percentage of the amount wagered as specified by law. Act 23 of 2000 amended the Race Horse Industry Reform Act to increase the percentage credited to the Breeding Fund from 0.7 to 1.0% of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited with 1.5% of wagers on harness races. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

The Equine Toxicology and Research Laboratory tests for the presence of foreign substances in the blood and urine of race horses following all races to ensure that no foreign substances have been administered prior to a race.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Investigations to insure compliance with established rules and regulations:							
Harness	1,318	1,400	1,400	1,400	1,400	1,400	1,400
Horse	2,532	2,427	2,500	2,500	2,500	2,500	2,500
Participant licenses issued:							
Harness	3,576	3,700	3,900	3,900	3,900	3,900	3,900
Horse	5,636	5,409	6,000	6,000	6,000	6,000	6,000
Licenses suspended for noncompliance of rules and regulations:							
Harness	216	250	250	250	250	250	250
Horse	336	345	335	335	335	335	335
Racing days approved:							
Harness	349	365	365	365	365	365	365
Horse	429	420	420	420	420	420	420

Harness racing investigations to insure compliance with established rules and regulations increased in 2001-02 from the projection shown in last year's budget due to an increase in inquiries.

Harness racing licenses suspended for noncompliance with rules and regulations decreased in 2001-02 from the projection shown in last year's budget.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	RACING FUND		
	State Racing Commissions (EA)	\$	-82
\$ 24	—to continue current program.		Transfer to General Fund (EA)
			—reduction in funds available to transfer.
			Law requires June 30th ending surplus to be transferred to the General Fund.
	Equine Toxicology and Research Laboratory (EA)		
\$ 13	—to continue current program.		

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
RACING FUND:							
State Racing Commissions (EA)	\$ 7,324	\$ 7,606	\$ 7,630	\$ 7,630	\$ 7,630	\$ 7,630	\$ 7,630
Equine Toxicology and Research Laboratory (EA)	1,905	2,065	2,078	2,078	2,078	2,078	2,078
Transfer to General Fund (EA)	8,696	7,293	7,211	8,047	8,047	8,047	8,047
TOTAL STATE RACING FUND	\$ 17,925	\$ 16,964	\$ 16,919	\$ 17,755	\$ 17,755	\$ 17,755	\$ 17,755

PROGRAM OBJECTIVE: To distribute surplus and donated food through institutions and counties or designated lead agencies to individuals and families who are dependent or disadvantaged to support minimum standards of living and economic independence.

Program: Emergency Food Assistance

The State Food Purchase Program provides grants to counties or a designated lead agency to purchase food to be provided to the needy. Grants are allocated based on unemployment, food stamp recipients not on public assistance, legal immigrants, medical assistance recipients and households with earned income receiving assistance. Administrative costs of this program are funded from the grants with an eight percent limit on administrative allocations.

This program distributes Federal surplus food through the traditional program involving schools, prisons, hospitals and summer camps. The Federal Emergency Food

Assistance Program (TEFAP) involves distribution of U.S. Department of Agriculture surplus food to the needy in Pennsylvania who meet certain eligibility criteria.

The traditional program distributes commodities among the states based on the prior year participation and allocates commodities within the State based on the same criteria. The TEFAP commodities are allocated among the states according to unemployment and poverty levels and are allocated within the State based on the same criteria. Administrative and warehousing costs for both programs are borne by the Federal Government.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Dollar value of commodities distributed (thousands).....	\$43,317	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Persons receiving donated or surplus foods (thousands):							
Traditional program	998	1,000	1,000	1,000	1,000	1,000	1,000
TEFAP	2,622	2,600	2,600	2,600	2,600	2,600	2,600
State Food Purchase Program	2,545	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

Farmers' Market Food Coupons

\$ -58 —to continue current program.

State Food Purchase is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Farmers' Market Food Coupons	\$ 1,981	\$ 1,455	\$ 1,397	\$ 1,397	\$ 1,397	\$ 1,397	\$ 1,397
State Food Purchase	16,950	16,450	16,450	16,450	16,450	16,450	16,450
TOTAL GENERAL FUND	\$ 18,931	\$ 17,905	\$ 17,847	\$ 17,847	\$ 17,847	\$ 17,847	\$ 17,847



DEPARTMENT OF BANKING

The mission of the Department of Banking is to ensure the safety and soundness of State-chartered deposit-taking institutions; to ensure compliance with State laws and regulations which impact other financial service entities; and to provide a regulatory environment that will facilitate development of a sound financial services industry that adequately meets the needs of industry and the public.

The Department of Banking protects the public through the supervision, regulation and examination of records, accounts and policies of State-chartered financial institutions.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

BANKING DEPARTMENT FUND:

General Government:

General Government Operations.....	\$	11,801	\$	13,375	\$	10,825
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Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
REGULATION OF FINANCIAL INSTITUTIONS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	11,801	13,375	10,825	10,825	10,825	10,825	10,825
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 11,801	\$ 13,375	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	11,801	13,375	10,825	10,825	10,825	10,825	10,825
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 11,801	\$ 13,375	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825

PROGRAM OBJECTIVE: To insure the maintenance of an economically sound and competitive system of State-chartered financial institutions.

Program: Financial Institution Regulation

This program involves supervision, regulation and examination of the records, accounts and policies of State-chartered banking institutions, savings associations, credit unions and state-licensed sales finance companies, installment sellers, money transmitters, consumer discount companies, collector-repossessors, pawnbrokers, first mortgage bankers and brokers, second mortgage lenders, brokers and brokers' agents, and check cashers. In addition to these activities, the department received approximately 6,200 consumer inquiries during 2001-02.

As of June 30, 2002, there were 176 banking institutions under the department's supervision: 45 commercial banks, 51 bank and trust companies, 51 savings banks, one private bank, 27 non-depository trust companies, and one foreign bank which maintained branches or representative offices in Pennsylvania. There were 16 savings associations and 84 credit unions chartered and supervised by the Department of Banking. Also operating in the Commonwealth were 138 one-bank holding companies and 23 multi-bank holding companies. The department renews non-depository institution licenses annually and issues new licenses upon review and approval of license applications. The 12,292 non-depository entities at the end of June 2002 included: 3,794 installment sellers; 3,395 first mortgage bankers and brokers; 2,927 second mortgage lenders, brokers and brokers' agents; 888 sales finance companies; and 516 consumer discount companies. The remaining 772 licenses were held by pawnbrokers, money transmitters, check cashers and collector-repossessors.

Recent legislative enactments have impacted the Department of Banking's program responsibilities. Act 22 of 1998, as amended by Act 200 of 2002, requires the annual licensing, or for certain retail food stores the registration, and regulation of all check cashers doing business in Pennsylvania. Act 131 of 1998 provides for the establishment of two new categories of licensure (limited loan broker and loan correspondent) and establishes continuing education requirements for each office licensed under the act.

Act 89 of 2000 provides state-chartered commercial and savings banks with parity in activities permitted for national banks and federally chartered savings banks and savings associations. It also provides parity in activities permitted state-chartered banks located in other states when the activity has been approved by the Federal Deposit Insurance Corporation (FDIC) (under Section 24 of the FDIC Act).

Act 55 of 2001, the Mortgage Bankers and Brokers and Consumer Equity Protection Act, provides the department with broad regulatory and enforcement authority over financial entities which make covered or "predatory loans" in the Commonwealth; strengthens industry bonding requirements; authorizes the department to obtain criminal background information from applicants and provides licensing exemption for religious organizations which meet certain requirements.

An electronic government initiative to develop an internet-based licensing and reporting application is projected for completion in 2003.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Supervision of State-chartered:							
Banks	176	174	174	173	173	172	172
Savings and loan associations	16	15	15	15	15	15	15
Credit unions	84	83	83	82	82	82	82

Program: Financial Institution Regulation (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Consumer credit agencies:							
First mortgage bankers/brokers	3,395	3,395	3,395	3,395	3,395	3,395	3,395
Second mortgage lenders/brokers/ broker's agents	2,927	2,927	2,927	2,927	2,927	2,927	2,927
Sales finance companies	888	666	666	666	666	666	666
Consumer discount companies	516	505	505	505	505	505	505
Pawnbrokers	55	55	55	55	55	55	55
Money transmitters	30	31	31	31	31	31	31
Collectors-repossessors	142	142	142	142	142	142	142
Installment sellers licensed	3,794	3,794	3,794	3,794	3,794	3,794	3,794
Check casher licenses	545	545	507	395	395	395	395

First mortgage bankers/brokers increased compared to the projections in last year's budget because centralization and office closings have not occurred as anticipated.

Second mortgage lenders/brokers/brokers agents increased compared to the projections in last year's budget because licensees did not claim federal preemption from state licensing requirements as expected.

Sales finance companies licenses increased in 2001-02 compared to the projection in last year's budget based on actual data.

Money transmitters licenses increased compared to the projections in last year's budget based on actual data.

Check casher licenses decrease beginning in 2004-05 compared to the projections in last year's budget due to passage of Act 200 of 2002, which exempts certain food stores from annual licensing requirements.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations
\$ 318	—to continue current program.
-2,760	—nonrecurring — E-Government/Document Management System costs.
-108	—other nonrecurring costs.
<u>\$ -2,550</u>	<i>Appropriation Decrease</i>

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
BANKING DEPARTMENT FUND:							
General Government Operations	\$ 11,801	\$ 13,375	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825	\$ 10,825





CIVIL SERVICE COMMISSION

The mission of the Civil Service Commission is to provide greater efficiency and economy in the government of the Commonwealth by establishing conditions of employment which will attract to the service of the Commonwealth qualified persons of character and ability and appointing and promoting all persons on the basis of merit and fitness.

The Civil Service Commission administers the Commonwealth's merit system. The responsibilities of the commission include recruitment of qualified candidates; evaluation of applicants' education and experience to determine if minimum requirements have been met; development and administration of examinations; and certification of eligibles to the appointing agencies.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 1	\$ 1	\$ 1
(A) Fees From Agencies.....	13,909	14,278	14,156
(A) Special Merit System Services.....	785	838	804
Subtotal - State Funds.....	\$ 1	\$ 1	\$ 1
Subtotal - Augmentations.....	14,694	15,116	14,960
Total - General Government.....	\$ 14,695	\$ 15,117	\$ 14,961
STATE FUNDS.....	\$ 1	\$ 1	\$ 1
AUGMENTATIONS.....	14,694	15,116	14,960
GENERAL FUND TOTAL.....	\$ 14,695	\$ 15,117	\$ 14,961

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PERSONNEL SELECTION							
GENERAL FUND.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	14,694	15,116	14,960	14,960	14,960	14,960	14,960
SUBCATEGORY TOTAL.....	\$ 14,695	\$ 15,117	\$ 14,961	\$ 14,961	\$ 14,961	\$ 14,961	\$ 14,961
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	14,694	15,116	14,960	14,960	14,960	14,960	14,960
DEPARTMENT TOTAL.....	\$ 14,695	\$ 15,117	\$ 14,961	\$ 14,961	\$ 14,961	\$ 14,961	\$ 14,961



PROGRAM OBJECTIVE: To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.

Program: Personnel Selection

Through this program, the Civil Service Commission provides qualified persons to meet merit system staffing needs.

The commission works toward bringing the Commonwealth merit system into full compliance with all State laws and regulations concerning employee selection procedures and the Federal Uniform Guidelines on Employee Selection Procedures. This includes job analysis and implementation of a program to identify and correct adverse impacts of examinations on protected groups.

Goals of the commission include identification and elimination of adverse impact, development of more valid

examinations, identification and elimination of discrimination in the Commonwealth's personnel system, increased efficiency in meeting personnel needs of State agencies, and prompt and accurate resolution or adjudication of complaints, grievances and appeals. Introduction of computerized testing began in 2001-02 with pilot testing in several locations throughout the Commonwealth. Job applicants can now apply for testing online and will be examined for a position via computer in all commission testing centers by early 2003.

The funds supporting this program are received from billing various General and Special Fund agencies.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Total eligibles on list	191,643	200,000	200,000	200,000	200,000	200,000	200,000
Persons scheduled for exams	186,127	175,000	175,000	130,000	130,000	130,000	130,000
Appeal requests received and processed	581	600	600	600	600	600	600
Certifications audited	8,302	11,000	11,000	11,000	11,000	11,000	11,000
People with disabilities provided employment information	2,711	3,000	3,000	3,000	3,000	3,000	3,000
Persons taking computerized exams	525	34,000	38,000	38,000	38,000	38,000	38,000

Persons scheduled for exams in 2001-02 increased over the projection in last year's budget based on actual data. Persons scheduled for exams in 2002-03 and 2003-04 increased over the projections in last year's budget due to availability of an online application process and anticipated continuation of 2001-02 increase.

Certifications audited in 2001-02 decreased from the projection in last year's budget because there were fewer certifications to audit.

Persons taking computerized exams in 2001-02 decreased from the projection in last year's budget due to delays in implementation of the Integrated Computerized Examination System.

Program Recommendations: This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

	General Government Operations
\$ 702	—to continue current program.
-858	—nonrecurring costs for imaging system development.
<hr/>	
\$ -156	<i>Augmentation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses and communities to succeed and thrive in a global economy, thereby enabling Pennsylvanians to achieve a superior quality of life.

The Department of Community and Economic Development administers programs which recognize that community development and economic development are linked. This includes expanding and providing for more efficient delivery of local services; coordinating community and economic development resources to restore and maintain the vitality of our communities; advancing the economic well-being of communities through the maximization of community and economic development resources; and promoting housing and community revitalization in conjunction with economic development activities.

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 17,778	\$ 18,222	\$ 16,727
(F)ARC - Technical Assistance.....	108	250	250
(F)DOE - Weatherization Administration.....	446	500	500
(F)SCDBG - Administration.....	788	1,300	1,300
(F)CSBG - Administration.....	590	1,370	1,370
(F)LIHEABG - Administration.....	308	500	500
(F)ARC - Regional Initiative.....	473	300	300
(F)Americorps Training and Technical Assistance.....	29	100	0
(A)Lead Based Paint Hazard Control.....	30	0	0
(A)Manufactured Housing.....	470	300	300
(A)Minority Business Development Authority.....	(3)	0	0
(A)Copy Center Services.....	28	30	30
(A)Pennsylvania Industrial Development Authority.....	2,484	2,000	2,000
(A)Pennsylvania Economic Development Financing Authority.....	671	650	650
(A)Industrial Sites Cleanup.....	145	160	160
(A)PA Energy Development Authority.....	21	25	25
(A)Machinery and Equipment Loan Fund Reimbursement.....	113	120	120
(A)Environmental Training Partnership.....	1,620	1,800	1,600
(A)Reimbursement Environmental Protection.....	10	10	10
(A)Small Business First.....	781	775	775
(A)Local Area Transportation.....	170	392	300
(A)HOME Investment Partnership.....	239	260	260
(R)Small Business Advocate - Utilities.....	1,017	982	973
(R)Zoological Transfer (EA).....	240	150	50
International Trade.....	7,584	7,436	6,000
Interactive Marketing.....	5,390	4,900	2,400
Cultural Exposition.....	0	1,000	0
Marketing to Attract Tourists.....	15,469	14,164	11,447
(A)Reimbursement for Travel Advertisements.....	530	300	300
Marketing to Attract Business.....	5,500	4,900	2,900
Regional Marketing Partnerships.....	5,500	5,390	5,000
Brain Gain.....	6,000	1,960	1,000
Marketing to Attract Film Business.....	734	733	400
International Marketing - Health Care.....	200	200	0
Housing Research Center.....	343	238	0
Team Pennsylvania.....	5,585	4,887	4,000
PENNPORTS.....	11,733	14,053	11,000
Land Use Planning Assistance.....	4,576	3,917	3,500
Base Realignment and Closure.....	54	96	98
Subtotal - State Funds.....	\$ 86,446	\$ 82,096	\$ 64,472
Subtotal - Federal Funds.....	2,742	4,320	4,220
Subtotal - Augmentations.....	7,309	6,822	6,530
Subtotal - Restricted Revenues.....	1,257	1,132	1,023
Total - General Government.....	\$ 97,754	\$ 94,370	\$ 76,245
Grants and Subsidies:			
Transfer to Ben Franklin Tech. Development Authority Fund.....	\$ 51,397	\$ 54,397	\$ 53,500
Opportunity Grant Program.....	35,000	28,000	50,000
Customized Job Training.....	37,500	37,500	32,500
(F)Community Economic Assistance.....	45,000	50,000	0
(F)TANFBG - Critical Job Training.....	0	5,000	0
(F)TANFBG - Critical Job Training(EA).....	3,033	0	0
Workforce Leadership Grants.....	0	5,000	5,000
Infrastructure Development.....	29,905	29,350	25,000
CyberStart.....	1,440	1,600	1,000
(F)CCDFBG - Cyberstart.....	8,400	8,400	0
Housing & Redevelopment Assistance.....	15,000	15,000	25,000
(F)DOE - Weatherization.....	9,879	17,600	17,600

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(F)Emergency Shelter for the Homeless.....	72	75	75
(F)Centralia Recovery(EA).....	622	2,000	2,000
(F)LIHEABG - Weatherization Program.....	19,033	22,700	22,700
(F)TANFBG - Housing Assistance.....	4,414	8,900	5,000
(F)TANFBG - Housing Collaboration.....	6,000	30,000	0
(F)SCDBG - HUD Disaster Recovery.....	1,500	2,000	2,000
Family Savings Accounts.....	1,500	1,076	826
(F)Assets for Independence.....	1,000	1,800	1,800
(F)TANFBG - Family Savings Account.....	1,997	2,000	2,000
Shared Municipal Services.....	900	900	900
New Communities.....	11,000	10,000	15,000
(F)Enterprise Communities - SSBG.....	48,314	34,000 ^a	32,000
Appalachian Regional Commission.....	798	850	900
Industrial Development Assistance.....	4,500	4,500	3,500
Local Development Districts.....	5,640	5,640	4,500
Small Business Development Centers.....	6,000	6,000	6,400
Tourist Promotion Assistance.....	11,500	11,500	11,000
Tourism - Accredited Zoos.....	1,000	2,000	0
Community Revitalization.....	84,660	70,000	0
Urban Development.....	10,000	9,500	0
Rural Leadership Training.....	210	210	200
Flood Plain Management.....	150	150	0
(F)FEMA Technical Assistance.....	45	120	120
(F)FEMA - Mapping.....	0	70	70
Community Conservation and Employment.....	5,500	7,000	6,000
(F)Community Services Block Grant.....	24,298	28,000	28,000
(F)TANFBG - Digital Divide.....	4,000	4,000	0
(F)TANFBG - Child Care Challenge Grants.....	9,877	10,000	10,000
(F)Supported Work Program (EA).....	3,809	4,037	4,037
(A)Supported Work.....	4,979	7,571	7,571
Super Computer Center.....	1,500	1,500	1,500
Infrastructure Technical Assistance.....	4,000	4,000	2,500
Fay Penn.....	700	400	0
Tourist Product Development.....	250	0	2,500
Industrial Resource Center.....	11,203	11,203	10,200
Biolfomatics.....	5,000	0	0
Manufacturing and Business Assistance.....	1,500	3,000	0
PENNTAP.....	300	300	0
Powdered Metals.....	200	200	200
Agile Manufacturing.....	0	750	0
Subtotal - State Funds.....	\$ 338,253	\$ 321,526	\$ 258,126
Subtotal - Federal Funds.....	191,293	230,702	127,402
Subtotal - Augmentations.....	4,979	7,571	7,571
Total - Grants and Subsidies.....	\$ 534,525	\$ 559,799	\$ 393,099
STATE FUNDS.....	\$ 424,699	\$ 403,622	\$ 322,598
FEDERAL FUNDS.....	194,035	235,022	131,622
AUGMENTATIONS.....	12,288	14,393	14,101
RESTRICTED REVENUES.....	1,257	1,132	1,023
GENERAL FUND TOTAL.....	\$ 632,279	\$ 654,169	\$ 469,344
<u>TOBACCO SETTLEMENT FUND:</u>			
Grants and Subsidies:			
Health Venture Investment Account.....	\$ 60,000	\$ 0	\$ 0
Regional Biotechnology Research Centers.....	100,000	0	0
Total - Grants and Subsidies.....	\$ 160,000	\$ 0	\$ 0



Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
TOBACCO SETTLEMENT FUND TOTAL	\$ 160,000	\$ 0	\$ 0
OTHER FUNDS:			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund.....	\$ 4,591	\$ 2,000	\$ 0
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology.....	\$ 61,887	\$ 54,397	\$ 55,485
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA).....	\$ 24	\$ 75	\$ 75
Energy Development Loans/Grants (EA).....	0	50	50
ENERGY DEVELOPMENT FUND TOTAL	\$ 24	\$ 125	\$ 125
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership.....	\$ 845	\$ 1,125	\$ 1,000
INDUSTRIAL DEVELOPMENT FUND:			
PA Industrial Development Authority.....	\$ 231	\$ 6	\$ 95
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA).....	\$ 179	\$ 200	\$ 200
Industrial Sites Cleanup - Projects (EA).....	6,189	14,000	9,000
INDUSTRIAL SITES CLEANUP FUND TOTAL	\$ 6,368	\$ 14,200	\$ 9,200
LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans (EA).....	\$ 597	\$ 1,000	\$ 1,000
MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations (EA).....	\$ 200	\$ 200	\$ 204
Machinery and Equipment Loans (EA).....	10,536	17,000	17,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL	\$ 10,736	\$ 17,200	\$ 17,204
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA).....	\$ 250	\$ 250	\$ 250
Minority Business Development Loans (EA).....	812	1,000	1,000
MINORITY BUSINESS DEVELOPMENT FUND TOTAL	\$ 1,062	\$ 1,250	\$ 1,250
MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND:			
Distressed Community Assistance (EA).....	\$ 1,115	\$ 2,800	\$ 2,800
SMALL BUSINESS FIRST FUND:			
Administration (EA).....	\$ 1,400	\$ 1,400	\$ 1,400
Loans (EA).....	17,276	20,000	20,000
Pollution Prevention Loans (EA).....	476	700	700
EDA - Loans (EA).....	200	500	500
Environmental Loans (EA).....	5	700	700
EDA - Defense Conversion (EA).....	0	200	200
Community Economic Development Loans (EA).....	1,921	5,000	5,000
SMALL BUSINESS FIRST FUND TOTAL	\$ 21,278	\$ 28,500	\$ 28,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA).....	\$ 436	\$ 440	\$ 440
Upgrade Loans (EA).....	19	10,000	10,000

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 455	\$ 10,440	\$ 10,440
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R).....	\$ 178	\$ 175	\$ 184
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 424,699	\$ 403,622	\$ 322,598
SPECIAL FUNDS.....	160,000	0	0
FEDERAL FUNDS.....	194,035	235,022	131,622
AUGMENTATIONS.....	12,288	14,393	14,101
RESTRICTED.....	1,257	1,132	1,023
OTHER FUNDS.....	109,367	133,218	127,283
TOTAL ALL FUNDS.....	\$ 901,646	\$ 787,387	\$ 596,627

^a Actually appropriated as \$42,000,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

Community and Economic Development

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
COMMUNITY AND ECONOMIC DEVELOPMENT							
SUPPORT SERVICES							
GENERAL FUND.....	\$ 83,890	\$ 83,579	\$ 68,572	\$ 68,572	\$ 68,572	\$ 68,572	\$ 68,572
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	10,834	12,220	3,720	3,720	3,720	3,720	3,720
OTHER FUNDS.....	8,744	8,129	7,737	7,737	7,737	7,737	7,737
SUBCATEGORY TOTAL.....	\$ 103,468	\$ 103,928	\$ 80,029	\$ 80,029	\$ 80,029	\$ 80,029	\$ 80,029
BUSINESS AND JOB DEVELOPMENT							
GENERAL FUND.....	\$ 132,573	\$ 127,300	\$ 134,900	\$ 134,900	\$ 134,900	\$ 134,900	\$ 134,900
SPECIAL FUNDS.....	160,000	0	0	0	0	0	0
FEDERAL FUNDS.....	48,078	55,190	190	190	190	190	190
OTHER FUNDS.....	44,745	73,721	66,814	66,814	66,814	66,814	66,814
SUBCATEGORY TOTAL.....	\$ 385,396	\$ 256,211	\$ 201,904	\$ 201,904	\$ 201,904	\$ 201,904	\$ 201,904
TECHNOLOGY DEVELOPMENT							
GENERAL FUND.....	\$ 75,100	\$ 75,350	\$ 67,900	\$ 67,900	\$ 67,900	\$ 67,900	\$ 67,900
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	61,887	54,397	55,485	55,485	55,485	55,485	55,485
SUBCATEGORY TOTAL.....	\$ 136,987	\$ 129,747	\$ 123,385	\$ 123,385	\$ 123,385	\$ 123,385	\$ 123,385
COMMUNITY DEVELOPMENT							
GENERAL FUND.....	\$ 133,136	\$ 117,393	\$ 51,226	\$ 51,226	\$ 51,226	\$ 51,226	\$ 51,226
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	135,123	167,612	127,712	127,712	127,712	127,712	127,712
OTHER FUNDS.....	7,536	12,496	12,371	12,371	12,371	12,371	12,371
SUBCATEGORY TOTAL.....	\$ 275,795	\$ 297,501	\$ 191,309	\$ 191,309	\$ 191,309	\$ 191,309	\$ 191,309
ALL PROGRAMS:							
GENERAL FUND.....	\$ 424,699	\$ 403,622	\$ 322,598	\$ 322,598	\$ 322,598	\$ 322,598	\$ 322,598
SPECIAL FUNDS.....	160,000	0	0	0	0	0	0
FEDERAL FUNDS.....	194,035	235,022	131,622	131,622	131,622	131,622	131,622
OTHER FUNDS.....	122,912	148,743	142,407	142,407	142,407	142,407	142,407
DEPARTMENT TOTAL.....	\$ 901,646	\$ 787,387	\$ 596,627	\$ 596,627	\$ 596,627	\$ 596,627	\$ 596,627

Community and Economic Development

PROGRAM OBJECTIVE: To utilize State economic development resources in a cohesive and cost-effective manner in order to assist in the job creation and retention process within the Commonwealth.

Program: Community and Economic Development Support Services

This program works in partnership with hundreds of local, community and regional service providers to deliver resources to businesses, communities and individuals in need of assistance. Because of the complexity of the delivery system, the department plays a key role in ensuring that the system is effective and efficient. This ensures that Pennsylvania's businesses and communities provide the opportunity for all of the Commonwealth's residents to achieve a high quality of life.

A key function is the Governor's Action Team. The Action Team reacts immediately to major problems and opportunities related to economic development including major business locations, relocations, expansions or dislocations, which require administration-wide, multi-departmental involvement.

Marketing and local planning assistance efforts further supplement the daily operations of the Department of Community and Economic Development. Marketing plays an important role in two distinct areas: promoting Pennsylvania to individuals as an attractive place to vacation in order to maximize Pennsylvania's share of the tourism dollar and promoting Pennsylvania to industry as possessing a good business climate, as well as being an excellent place to live and work. Toward these ends, the department operates two separate extensive multi-media advertising campaigns, one targeting economic development and the other targeting tourism. The department also focuses on interactive marketing to highlight Pennsylvania's economy and quality of life.

The economic development marketing component includes efforts to increase foreign and domestic investments in Pennsylvania, and to expand the markets for products of Pennsylvania firms overseas. A primary means available to assist export trade is to provide small businesses with support in overcoming the many legal, financial and logistical problems inherent in doing business internationally. Domestically the marketing program targets key industries—those in which Pennsylvania has exhibited a particular competitive advantage.

The tourism marketing component involves the Tourist Promotion Assistance (TPA) Grant Program, which assists county and regional tourist promotion agencies in Pennsylvania by providing grants as matching assistance for advertising and promotion expenses. A key element of tourism marketing is the coordination of the Commonwealth's tourism program with the TPAs efforts. The Regional Marketing Partnership Program coordinates regional efforts to promote tourist destinations and events.

Local business development organizations assist in arranging financing packages, and local marketing and promotion activities, while providing direct managerial and technical assistance to small businesses. Development of collaborative day care options by groups of small businesses is supported by grants through Act 100 of 1998.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Traveler expenditures (in millions).....	\$20,948	\$21,157	\$21,791	\$22,444	\$23,117	\$23,348	\$23,581
Tourist Promotion Assistance:							
Public/private funds leveraged							
(in thousands)	\$59,348	\$62,315	\$64,184	\$66,109	\$68,092	\$70,134	\$72,238

Public/private funds leveraged increased from the projections shown in last year's budget due to the impact of county hotel taxes and the latest evaluation of future year estimates.

Community and Economic Development

Program: Community and Economic Development Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -364 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-1,131 —program reduction.</p> <hr style="width: 100%;"/> <p>\$ -1,495 <i>Appropriation Decrease</i></p>	<p>Marketing to Attract Film Business</p> <p>\$ -25 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-308 —nonrecurring advertising costs.</p> <hr style="width: 100%;"/> <p>\$ -333 <i>Appropriation Decrease</i></p>
<p>International Trade</p> <p>\$ -399 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-940 —nonrecurring projects.</p> <p>-97 —decrease in grants to Great Lakes States and Export 2000.</p> <hr style="width: 100%;"/> <p>\$ -1,436 <i>Appropriation Decrease</i></p>	<p>International Marketing- Health Care</p> <p>\$ -200 —nonrecurring project.</p>
<p>Interactive Marketing</p> <p>\$ -98 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-2,402 —program reduction.</p> <hr style="width: 100%;"/> <p>\$ -2,500 <i>Appropriation Decrease</i></p>	<p>Housing Research Center</p> <p>\$ -238 —program elimination.</p>
<p>Cultural Exposition</p> <p>\$ -20 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-980 —nonrecurring project.</p> <hr style="width: 100%;"/> <p>\$ -1,000 <i>Appropriation Decrease</i></p>	<p>Base Realignment and Closure</p> <p>\$ 2 —to continue current program.</p>
<p>Marketing to Attract Tourists</p> <p>\$ -1,463 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-1,254 —nonrecurring advertising costs.</p> <hr style="width: 100%;"/> <p>\$ -2,717 <i>Appropriation Decrease</i></p>	<p>CyberStart</p> <p>\$ -200 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-400 —program reduction.</p> <hr style="width: 100%;"/> <p>\$ -600 <i>Appropriation Decrease</i></p>
<p>Marketing to Attract Business</p> <p>\$ -100 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-1,900 —nonrecurring advertising costs.</p> <hr style="width: 100%;"/> <p>\$ -2,000 <i>Appropriation Decrease</i></p>	<p>Appalachian Regional Commission</p> <p>\$ 50 —increased commission costs.</p>
<p>Regional Marketing Partnerships</p> <p>\$ -207 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-183 —nonrecurring grants.</p> <hr style="width: 100%;"/> <p>\$ -390 <i>Appropriation Decrease</i></p>	<p>Industrial Development Assistance</p> <p>\$ -1,000 —nonrecurring grants.</p>
	<p>Local Development Districts</p> <p>\$ -100 —nonrecurring grants.</p> <p>-1,040 —nonrecurring projects.</p> <hr style="width: 100%;"/> <p>\$ -1,140 <i>Appropriation Decrease</i></p>
	<p>Tourist Promotion Assistance</p> <p>\$ -500 —nonrecurring projects.</p>
	<p>Tourism - Accredited Zoos</p> <p>\$ -2,000 —nonrecurring project.</p>
	<p>Rural Leadership Training</p> <p>\$ -10 —nonrecurring project.</p>
	<p>Tourist Product Development</p> <p>\$ 2,500 —Initiative – Tourism Development. o provide grants for multi-county attractions and destination development.</p>

All other programs are continued at the current year levels.

Community and Economic Development

Program: Community and Economic Development Support Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 17,778	\$ 18,222	\$ 16,727	\$ 16,727	\$ 16,727	\$ 16,727	\$ 16,727
International Trade	7,584	7,436	6,000	6,000	6,000	6,000	6,000
Interactive Marketing	5,390	4,900	2,400	2,400	2,400	2,400	2,400
Cultural Exposition	0	1,000	0	0	0	0	0
Marketing to Attract Tourists	15,469	14,164	11,447	11,447	11,447	11,447	11,447
Marketing to Attract Business	5,500	4,900	2,900	2,900	2,900	2,900	2,900
Regional Marketing Partnerships	5,500	5,390	5,000	5,000	5,000	5,000	5,000
Marketing to Attract Film Business	734	733	400	400	400	400	400
International Marketing - Health Care	200	200	0	0	0	0	0
Housing Research Center	343	238	0	0	0	0	0
Base Realignment and Closure	54	96	98	98	98	98	98
CyberStart	1,440	1,600	1,000	1,000	1,000	1,000	1,000
Appalachian Regional Commission	798	850	900	900	900	900	900
Industrial Development Assistance	4,500	4,500	3,500	3,500	3,500	3,500	3,500
Local Development Districts	5,640	5,640	4,500	4,500	4,500	4,500	4,500
Tourist Promotion Assistance	11,500	11,500	11,000	11,000	11,000	11,000	11,000
Tourism - Accredited Zoos	1,000	2,000	0	0	0	0	0
Rural Leadership Training	210	210	200	200	200	200	200
Tourist Product Development	250	0	2,500	2,500	2,500	2,500	2,500
TOTAL GENERAL FUND	\$ 83,890	\$ 83,579	\$ 68,572	\$ 68,572	\$ 68,572	\$ 68,572	\$ 68,572



Community and Economic Development

PROGRAM OBJECTIVE: To ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle for all types and sizes of business, and to make possible lower capital costs as an attraction for businesses to invest or re-invest in Pennsylvania.

Program: Business and Job Development

The department has a broad array of programs available to create the best possible climate for business development. The Come Invent the Future website links new and developing businesses to information and applications. The single application process allows businesses to apply for funding from the many available loan and grant programs with one application, which may be accessed and submitted online.

Program Element: Economic Development

Team Pennsylvania is a public-private partnership that works with the State's ten marketing regions to promote job retention, expansion and creation. The Business Calling Program is a proactive effort to contact Pennsylvania businesses to identify their needs in an effort to retain and improve their operations in Pennsylvania. Information gathered through the calling program is entered into the Resource Network database for developing long-term strategies. The Resource Network expands on the Business Resource Center to provide an Internet-based information network. This network is available to economic development professionals worldwide. It provides an efficient and effective means to access, analyze and acquire in-depth information on Pennsylvania's community and economic assets. The Export Network links the ten regions to the overseas offices, which offer assistance to support the international trade activities of PA businesses. The Entrepreneurial Support Networks provides improved quality and availability of services to potential entrepreneurs through the ten Team Pennsylvania regions.

The Opportunity Grant Program is a tool used by the Governor's Action Team to secure job creating economic development opportunities by preserving and expanding existing industry as well as attracting economic development prospects to the Commonwealth. The program's flexibility is the key to its usefulness. Program funds are used for job training, infrastructure, land and building improvements, machinery and equipment, working capital and environmental assessment and remediation.

The Small Business First Fund (fund), created by Act 67 of 1996, merged the Pennsylvania Capital Loan Fund, Storage Tank Loan Fund and Air Quality Loan Fund into a single multi-purpose fund that can make loans to small businesses for a wide range of needs. Eligible uses include financing for: environmental needs like air quality, storage tank replacement, recycling and water quality, as well as defense conversion and hospitality industry projects. In addition, the Small Business First Fund provides financial assistance for export-related, advanced technology and

computer-related services. Act 213 of 2002 expanded the definition of a small business to include agricultural producers. The department began the Community and Economic Development Loan Program for small businesses located in distressed areas that have social or economic disadvantage in 1999. Act 100 of 1998 allows for the fund to provide pollution prevention loans; Act 213 of 2002 increased the maximum loan from \$50,000 to \$100,000. The Infrastructure Development Program provides grants and loans to develop and improve business sites. Funding may be provided for specific infrastructure improvements necessary to complement planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land, or to develop local infrastructure at present and future business sites. Local public and nonprofit sponsors may receive grants and loans on behalf of industrial, manufacturing, research and development, agriculturally-related and export service enterprises for the following improvements: energy facilities, fire and safety facilities, sewer and water systems, transportation and waste disposal facilities. Private real estate developers are also eligible if they are developing sites for eligible private companies.

The Pennsylvania Industrial Development Authority (PIDA) was established in 1956 to make long-term, low-interest business loans for job-creation or retention to firms, which are engaged in manufacturing or industrial enterprises. PIDA funds may be used for land and buildings. Current policy targets PIDA funds to small and advanced technology businesses, and areas of high unemployment. A qualified business may receive up to \$1 million at interest rates ranging from three and three quarters percent to six and three quarters percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund, recodified in Act 213 of 2002, 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, authorized by Act 23 of 2001, provide \$1,000 in tax credits to approved businesses that agree to create or preserve jobs in the Commonwealth within three years. Businesses must agree to create at least 25 new jobs or new jobs equaling at least 20 percent of the existing workforce. Twenty-five percent of the tax credits

Community and Economic Development

Program: Business and Job Development (continued)

allocated each year go to businesses with less than 100 employees and may not be utilized until the jobs are actually created. Annually, \$22.5 million is available for these credits; credits not fully utilized or recaptured from any fiscal year may be reissued by the department.

The Industrial Sites Program provides grants and low-interest loan financing to companies, private real estate developers, and municipalities performing environmental site assessment and remediation work at former industrial sites. Funds are not available for companies that caused the environmental contamination on the property.

Program Element: Workforce Development

The Customized Job Training (CJT) Program supports new and existing firms in Pennsylvania by specifically training Pennsylvanians for new jobs or upgrading existing employees skills to accommodate new technologies. WEDnetPA, a major part of CJT, works with companies in need of workers with special skills and guarantees training to meet the standards agreed to between the company and the educational provider. Most of the training is targeted to manufacturing and technology-based companies providing jobs, which pay at least 150 percent of minimum wage. WEDnetPA has trained over 254,635 employees since its inception and is critical to ensuring that highly skilled workers are available for Pennsylvania companies. The Job Enhancement Act of 2002 recodified CJT, expanded eligible programs and included private companies as potential applicants.

The Workforce Leadership Grants Program establishes skill greenhouses in three industry clusters: bio/life sciences, information technology/optoelectronics and advanced manufacturing and materials. It is through this program that workforce and educational programs are integrated.

Another focus of workforce development is the retention of young people who are trained in the colleges, universities and technical schools in the Commonwealth. The Stay Incent the Future Program helps to market Pennsylvania, showcasing its opportunities, and helps bring students and Pennsylvania employers together through internships and informational sessions.

Program Element: Ports Development

The PENNPORTS office provides for the development of Pennsylvania's ports, including Erie Port, the Philadelphia Regional Port Authority and the Pittsburgh Port Commission. Funding is used to aid in the development of these ports, which not only generate port and shipping related jobs, but also assist Pennsylvania firms in exporting their products.

Program Element: Pennsylvania Economic Development Financing Authority (PEDFA)

The Pennsylvania Economic Development Financing Authority (PEDFA) pools taxable and tax-exempt financing with the ability to finance economic development projects. PEDFA can finance land, buildings, machinery and equipment, and working capital including refinancing. Applications must be submitted through an industrial development authority.

Program Element: Minority Business

The Pennsylvania Minority Business Development Authority (PMBDA) offers low-interest loans to minority-owned businesses for fixed asset financing, working capital and other financing needs. These efforts can be particularly crucial given the difficulty minority entrepreneurs have in securing adequate funding, especially working capital. Since 1998-99, some of these programs are provided through a transfer from the Pennsylvania Minority Business Development Fund to the Small Business First Fund.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Jobs created/retained*	NA	NA	NA	NA	NA	NA	NA
Public/private funds leveraged*	NA	NA	NA	NA	NA	NA	NA
Businesses assisted	4,530	4,827	4,827	4,827	4,827	4,827	4,827
Opportunity grant projects	110	110	110	110	110	110	110

Opportunity grant projects decreased from the projections shown in last year's budget based on actual activity and the latest evaluation of future year estimates.

* The existing model to gather this information is unreliable. The agency is working toward data collection to measure the accomplishments of the program and its impact on the economy.

Community and Economic Development

Program: Business and Job Development (continued)

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -39 -921 <hr/> \$ -960	Brain Gain —nonrecurring 2002-03 budgetary freeze amount. —program reduction. <i>Appropriation Decrease</i>	\$ -500 -4,500 <hr/> \$ -5,000	Customized Job Training —nonrecurring 2002-03 budgetary freeze amount. —to continue current program. <i>Appropriation Decrease</i>
\$ -100 -787 <hr/> \$ -887	Team Pennsylvania —nonrecurring 2002-03 budgetary freeze amount. —program reduction. <i>Appropriation Decrease</i>	\$ -4,350	Infrastructure Development —nonrecurring projects.
\$ -3,053	PENNPORTS —nonrecurring grants.	\$ 400	Small Business Development Centers —to continue current program.
\$ 22,000	Opportunity Grant Program —Initiative – Opportunity Grants. To enhance job creation and retention investment opportunities throughout the Commonwealth.	\$ -150	Flood Plain Management —program elimination.
		\$ -400	Fay Penn —program elimination.

The Workforce Leadership Grants appropriation is recommended at the current year funding level.

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Brain Gain	\$ 6,000	\$ 1,960	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Team Pennsylvania	5,585	4,887	4,000	4,000	4,000	4,000	4,000
PENNPORTS	11,733	14,053	11,000	11,000	11,000	11,000	11,000
Opportunity Grant Program	35,000	28,000	50,000	50,000	50,000	50,000	50,000
Customized Job Training	37,500	37,500	32,500	32,500	32,500	32,500	32,500
Workforce Leadership Grants	0	5,000	5,000	5,000	5,000	5,000	5,000
Infrastructure Development	29,905	29,350	25,000	25,000	25,000	25,000	25,000
Small Business Development Centers	6,000	6,000	6,400	6,400	6,400	6,400	6,400
Flood Plain Management	150	150	0	0	0	0	0
Fay Penn	700	400	0	0	0	0	0
TOTAL GENERAL FUND	\$ 132,573	\$ 127,300	\$ 134,900	\$ 134,900	\$ 134,900	\$ 134,900	\$ 134,900
TOBACCO SETTLEMENT FUND:							
Health Venture Investment Account	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regional Biotechnology Research Centers	100,000	0	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND	\$ 160,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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 Technology Development Authority was established by Act 38 of 2001 to continue the promotion of advanced technology in Pennsylvania's traditional and emerging manufacturing industries as well as small businesses. The program supports a wide range of initiatives to modernize machinery and equipment to improve productivity, streamline operations and increase product choice and develop a technologically skilled workforce for Pennsylvania. The Pennsylvania Technology Investment Authority (PTIA), within the Ben Franklin Technology Development Authority Fund, focuses on helping companies that want to develop new technologies. Its efforts are designed to meet the financing needs of high technology, knowledge-based companies whose needs differ from more traditional asset-based financing. It also focuses on three areas—providing high-tech financing to small- and medium-sized businesses; stimulating the adoption and expansion of electronic commerce; and coordinating and expanding

university-based research and development in high-tech fields. A loan guarantee program for individuals with disabilities so that they may purchase assistive technologies, which allow them to fully participate in their community's economy, is included.

The Industrial Resource Centers (IRCs) were established as an entity separate from the Ben Franklin program by Act 31 of 2001. The IRCs are designed to improve the competitive ability of Pennsylvania's traditional and emerging manufacturing firms by helping them to understand and implement modern manufacturing techniques and technologies. The IRCs work with existing small- and medium-size manufacturers to quickly adopt existing technologies and techniques that do not require substantial research. The centers are operated as nonprofit corporations and are given significant direction from the IRC Strategic Advisory Board, comprised, in the majority, of private sector representatives.

Infrastructure technical assistance (the PITA) integrates university-based technology research with business and economic development by partnering students at major universities in the State with businesses for research and development.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Jobs created*	NA	NA	NA	NA	NA	NA	NA
Public/private funds leveraged*	NA	NA	NA	NA	NA	NA	NA
Businesses assisted	3,713	3,500	3,500	3,500	3,500	3,500	3,500

Businesses assisted increased from the projections shown in last year's budget to more fully account for the number of business that received a grant or a loan from the Ben Franklin Technology Development Authority.

* The existing model to gather this information is unreliable. The agency is working toward data collection to measure the accomplishments of the program and its impact on the economy.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -897</p> <p>\$ -1,500</p> <p>\$ -1,003</p>	<p>Transfer to Ben Franklin Technology Development Authority Fund —reductions to four regional Ben Franklin Partners.</p> <p>Infrastructure Technical Assistance —nonrecurring project.</p> <p>Industrial Resource Centers —program reduction.</p>	<p>\$ -3,000</p> <p>\$ -300</p> <p>\$ -750</p>	<p>Manufacturing and Business Assistance —nonrecurring project.</p> <p>PENNTAP —program elimination.</p> <p>Agile Manufacturing —program elimination.</p>
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All other appropriations are recommended at the current year funding levels.

Community and Economic Development

Program: Technology Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Technical							
Development Authority Fund	\$ 51,397	\$ 54,397	\$ 53,500	\$ 53,500	\$ 53,500	\$ 53,500	\$ 53,500
Super Computer Center	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Infrastructure Technical Assistance	4,000	4,000	2,500	2,500	2,500	2,500	2,500
Industrial Resource Center	11,203	11,203	10,200	10,200	10,200	10,200	10,200
Bioinformatics	5,000	0	0	0	0	0	0
Manufacturing and Business Assistance	1,500	3,000	0	0	0	0	0
PENNTAP	300	300	0	0	0	0	0
Powdered Metals	200	200	200	200	200	200	200
Agile Manufacturing	0	750	0	0	0	0	0
TOTAL GENERAL FUND	\$ 75,100	\$ 75,350	\$ 67,900	\$ 67,900	\$ 67,900	\$ 67,900	\$ 67,900

Community and Economic Development

PROGRAM OBJECTIVE: To enhance the total environment of Pennsylvania's communities through improvements in the areas of housing, community development, job training and human services.

Program: Community Development

Program Element: Housing and Redevelopment

Housing and Redevelopment provides grants to communities, redevelopment authorities and nonprofit organizations to improve blighted neighborhoods through redevelopment, to revitalize central business districts in aging communities, and to provide low- and moderate-income housing through rehabilitation. Brownfields for housing provides funding for counties to rehabilitate and develop housing on previously developed sites. Persons with disabilities are provided with financial assistance for home modifications and home ownership through both the Department of Community and Economic Development and the Pennsylvania Housing Finance Agency (PHFA).

The weatherization component of the program provides funds to weatherize existing housing through furnace retrofits as well as the installation of insulation, storm doors and windows in homes of persons who meet income eligibility standards developed by the Federal Government. Weatherization is funded from U.S. Department of Energy weatherization funds and U.S. Department of Health and Human Services (HHS) LIHEAP weatherization funds.

The National Affordable Housing Act of 1990 provides funding to expand the supply of affordable housing for low-income families. A variety of options is available to meet this objective: incentives to develop and support rental housing and home ownership through acquisition, construction or rehabilitation; funding to finance relocation of displaced persons; rental assistance; and rehabilitation of substandard housing. Federal funds are provided to recipients through the U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement and Information System. Administrative funds are appropriated to the department to administer the program.

Act 172 of 1992 established a separate special fund entitled the HOME Investment Trust Fund, as required by HUD, to administer these funds. HOME Investment Trust Fund monies are provided to PHFA for development of affordable rental housing and home ownership through acquisition, construction or rehabilitation.

Program Element: Pennsylvania Housing Finance Agency

The Pennsylvania Housing Finance Agency (PHFA) operates programs to increase and protect the supply of decent, safe and affordable multi-family rental and single family homeownership housing. These programs are financed with proceeds from the sale of securities to private investors.

The Single Family Homeownership Program is the PHFA homebuyer assistance program which offers below market

rate mortgage loans to first time buyers of single-family houses. Funds to operate the program come from the sale of mortgage revenue bonds. In 2002-03, the agency financed the purchase of houses for 6,521 Pennsylvania families with \$493 million of funding.

The PHFA also operates the Homeowners Emergency Mortgage Assistance Program (HEMAP), a program to protect distressed homeowners from foreclosure. HEMAP was established by Act 91 of 1983, and amended by Act 160 of 1998 to protect citizens who, through no fault of their own, are in danger of losing their homes to foreclosure. Eligible applicants receive assistance in an amount sufficient to bring mortgage payments current and may also receive continuing assistance for up to 24 months. HEMAP payments are loans upon which repayment begins and interest starts to accrue when the recipient is financially able to pay. Current law requires HEMAP loan recipients to repay their loans only when the recipient's housing expense (mortgage, taxes, utilities and insurance) does not exceed 40 percent of net household income (gross income minus Federal, State and local income taxes).

PHFA has channeled over \$ 177 million of General Fund monies and \$155 million of repayments into HEMAP to save more than 29,950 homes from foreclosure. The provisions of Act 160 of 1998 have moved HEMAP from reliance on General Fund monies to a self-sustaining revolving loan program.

Program Element: Community Development

The Federal Small Communities Development Block Grant (SCDBG) provides assistance in expanding low- and moderate-income housing opportunities, enhancing economic development and job opportunities for low- and moderate-income individuals, correcting public facilities such as water and sewer systems, and improving public facilities that affect public health and safety.

The New Communities Program continues to support Pennsylvania's downtown areas by targeting "Anchor Buildings", which serve as a central focus of downtown commerce and other activities. These efforts are also supported by use of Neighborhood Assistance Tax Credits which give tax credits to organizations servicing the low income.

Act 92 of 1998 established the Keystone Opportunity Zones (KOZs). The KOZs are community development initiatives to revive economically distressed urban and rural communities. These zones are defined, limited areas in communities with greatly reduced or no tax burdens for residents and businesses located within the zones. Twelve zones are designated for this one-time program. Act 119 of

Community and Economic Development

Program: Community Development (continued)

2000 extended the life of a KOZ from 12 to 15 years and authorized the department to establish 12 smaller Keystone Opportunity Expansion Zones (KOEZs). The act extended the expiration date of the program until 2013 and, increased the eligible tax-exempt activity. Act 217 of 2002 provided for designation of subzones within KOZs and KOEZs to enable acreage remaining undesignated within the original limitation to be designated for State and local tax exemption. In accordance with the act, the Keystone Opportunity Improvement Zones (KOIZ) were designated by Executive Order in 2002.

The Land Use Planning and Technical Assistance Program helps communities develop strategies and plans for economic development, growth management and environmental protection with emphasis on multi-municipal efforts. This program addresses issues raised by the 21st Century Commission and contains the Planning Assistance Program.

The Shared Municipal Services Program assists communities in improving operational efficiencies through cooperative activities. This program assists Councils of Governments and other agencies in implementing programs of inter-municipal cooperation, which will reduce local government costs and implement more efficient and coordinated local government programs and services.

Communities declared financially distressed in accordance with the provisions of Act 157 of 1988 receive

assistance in the form of grants and loans.

The Job Enhancement Act as amended by Act 100 of 1998 established the Community Development Bank. The bank makes capital available for community development lending and provides technical assistance grants to promote the creation and ownership of community development financial institutions within distressed communities.

The Local Government Capital Loan Program provides low interest loans for municipal facilities. The program gives small local governments that find conventional borrowing prohibitive an opportunity to secure needed funds for equipment and buildings.

Program Element: Job Training and Human Services

The Community Conservation and Employment Program provides funds to municipalities, community action agencies and nonprofit sponsors for the development of employment opportunity and conservation activities.

Act 23 of 1997 established the Family Savings Account Program to provide matching funds as an incentive for low-income families to establish savings accounts for home ownership, educational expenses and to start businesses.

The Community Services Block Grant (CSBG) provides funds for community-based programs that offer health, nutrition, housing and employment related services to improve the standard of living of low-income persons.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Housing and Redevelopment:							
Housing units assisted	5,059	5,100	5,100	5,100	5,100	5,100	5,100
Homes weatherized	9,017	8,860	8,860	10,000	10,000	10,000	10,000
Community Development:							
Designated distressed communities assisted	14	13	13	13	13	13	13
Shared Municipal Services:							
Local governments assisted	475	475	475	475	475	475	475
Job Training and Human Services:							
Persons Participating:							
Community Services Block Grant	272,983	267,550	265,000	264,000	263,000	262,000	261,000
Job Placement Program:							
Persons placed (Supported Work)	1,300	1,341	1,350	1,350	1,350	1,350	1,350

Housing units assisted is expanded from the rehabilitation of existing units program measure in last year's budget to include homeownership, rental and repair assistance.

Homes weatherized increased in 2001-02 from the projection shown in last year's budget based on actual data and a regulation change that permitted a higher cost per home weatherized.

Persons participating under Community Services Block Grants increased in 2001-02 from the projection shown in last year's budget based on actual activity.

Community and Economic Development

Program: Community Development (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Family Savings Accounts:							
Families Participating	1,100	1,500	1,500	1,500	1,500	1,500	1,500
Enterprise Zones:							
Private businesses investment leveraged*	NA	NA	NA	NA	NA	NA	NA
Jobs created/retained*	NA	NA	NA	NA	NA	NA	NA
Average revolving loan fund capitalization*	NA	NA	NA	NA	NA	NA	NA
Pennsylvania Housing Finance Agency:							
Approved mortgage assistance loans	1,950	2,000	1,700	1,700	1,700	1,700	1,700
Annual value of assistance loans recorded (in thousands)	\$20,200	\$20,800	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000

Families participating in family savings accounts has been updated from last year's budget projections based on actual data and the latest evaluation of future year projections.

Approved mortgage assistance loans increased in 2001-02 from the projection shown in last year's budget based on actual data and loan activity.

Annual value of assistance loans recorded increased in 2001-02 from the projection shown in last year's budget based on actual number of loans recorded.

* The existing model to gather this information is unreliable. The agency is working toward data collection to measure the accomplishments of the program and its impact on the economy.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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<p>Land Use Planning Assistance</p> <p>\$ -100 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-317 —nonrecurring projects.</p> <hr/> <p>\$ -417 <i>Appropriation Decrease</i></p> <p>Housing & Redevelopment Assistance</p> <p>\$ 10,000 —Initiative – Remodel Pennsylvania. To foster redevelopment in Pennsylvania communities to make them more attractive for business and residential growth.</p> <p>Family Savings Accounts</p> <p>\$ -100 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-150 —program reduction.</p> <hr/> <p>\$ -250 <i>Appropriation Decrease</i></p>	<p>New Communities</p> <p>\$ -5,000 —nonrecurring projects.</p> <p>5,000 —Initiative – Main Street. To promote small business development and tourism by revitalizing downtown areas and Main Streets.</p> <p>5,000 —Initiative – Elm Street. To address the housing, commercial and infrastructure needs of neighborhoods surrounding the commercial cores of cities, towns and villages.</p> <hr/> <p>\$ 5,000 <i>Appropriation Increase</i></p> <p>Community Revitalization</p> <p>\$ -70,000 —nonrecurring projects.</p> <p>Urban Development</p> <p>\$ -9,500 —nonrecurring projects.</p> <p>Community Conservation and Employment</p> <p>\$ -1,000 —program reduction.</p>
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All other appropriations are recommended at the current year funding level.



Community and Economic Development

Program: Community Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Land Use Planning Assistance	\$ 4,576	\$ 3,917	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Housing & Redevelopment Assistance	15,000	15,000	25,000	25,000	25,000	25,000	25,000
Family Savings Accounts	1,500	1,076	826	826	826	826	826
Shared Municipal Services	900	900	900	900	900	900	900
New Communities	11,000	10,000	15,000	15,000	15,000	15,000	15,000
Community Revitalization	84,660	70,000	0	0	0	0	0
Urban Development	10,000	9,500	0	0	0	0	0
Community Conservation and Employment	5,500	7,000	6,000	6,000	6,000	6,000	6,000
TOTAL GENERAL FUND	\$ 133,136	\$ 117,393	\$ 51,226	\$ 51,226	\$ 51,226	\$ 51,226	\$ 51,226



DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The mission of the Department of Conservation and Natural Resources is to maintain, improve and preserve State parks, to manage State forest lands to assure their long-term health, sustainability and economic use, to provide information on Pennsylvania's ecological and geologic resources and to administer grant and technical assistance programs that will benefit rivers conservation, trails and greenways, local recreation, regional heritage conservation and environmental education programs across Pennsylvania.



Conservation and Natural Resources

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 17,477	\$ 19,639	\$ 18,914
(F)Surface Mining Control and Reclamation.....	151	180	180
(F)Topographic and Geologic Survey Grants.....	116	175	175
(F)Bituminous Coal Resources.....	43	230	150
(F)Intermodal Surface Transportation Act.....	3,048	4,000	5,000
(F)Land and Water Conservation Fund.....	3,673	5,000	5,000
(F)Economic Action Programs.....	26	100	100
(A)Payment for Department Services.....	72	260	135
(A)Water Well Drillers.....	10	65	65
(A)Keystone Recreation, Park and Conservation Fund.....	1,403	1,900	1,900
(A)Internet Record Imaging System.....	55	90	90
(A)Purchasing Card Rebate.....	39	40	40
Subtotal.....	<u>\$ 26,113</u>	<u>\$ 31,679</u>	<u>\$ 31,749</u>
State Parks Operations	61,133	61,795	51,207
(F)Recreational Trails.....	1,465	3,500	3,500
(F)Presque Isle State Park Greenway.....	0	1,000	0
(A)PCC Programs - Parks.....	157	400	400
(A)Reimbursement - Sewer System.....	151	225	225
(A)Reimbursement - Kings Gap Use.....	17	75	75
(A)State Parks User Fees.....	13,700	16,010	16,010
(A)Prior Year Revenue - Parks.....	340	500	500
(A)Donations.....	20	20	20
(A)Reimbursement for Services.....	101	95	95
Subtotal.....	<u>\$ 77,084</u>	<u>\$ 83,620</u>	<u>\$ 72,032</u>
State Forests Operations	13,523	15,587	14,318
(F)Forest Fire Protection and Control.....	397	1,000	1,000
(F)Forestry Incentives and Agriculture Conservation.....	5	50	50
(F)Forest Management and Processing.....	168	300	400
(F)Cooperative Forest Insect and Disease Control.....	250	250	250
(F)Aid to Volunteer Fire Companies.....	0	450	450
(F)Wetland Protection Fund (EA).....	103	0	0
(F)Wetland Protection Fund.....	0	200	200
(F)Nonpoint Source - Riparian Buffers (EA).....	58	58	0
(A)Reimbursement for Services.....	208	100	100
(A)Reimbursement - Forest Fires.....	557	350	350
(A)Sale of Vehicles - Forests.....	17	25	25
(A)Private Donations.....	1	35	35
(A)Timber Sales.....	29,300	32,704	33,500
(A)PCC Programs - Forests.....	30	400	400
Subtotal.....	<u>\$ 44,617</u>	<u>\$ 51,509</u>	<u>\$ 51,078</u>
Forest Pest Management	2,055	3,430	2,380
(F)Forest Insect and Disease Control.....	879	2,000	2,000
(A)Reimbursement from Counties.....	139	400	400
Subtotal.....	<u>\$ 3,073</u>	<u>\$ 5,830</u>	<u>\$ 4,780</u>
Subtotal - State Funds.....	<u>\$ 94,188</u>	<u>\$ 100,451</u>	<u>\$ 86,819</u>
Subtotal - Federal Funds.....	10,382	18,493	18,455
Subtotal - Augmentations.....	46,317	53,694	54,365
Total - General Government.....	<u>\$ 150,887</u>	<u>\$ 172,638</u>	<u>\$ 159,639</u>
Grants and Subsidies:			
Heritage and Other Parks	\$ 1,950	\$ 5,450	\$ 1,950
Annual Fixed Charges - Flood Lands.....	39	42	55
Annual Fixed Charges - Project 70.....	29	35	30
Annual Fixed Charges - Forest Lands.....	2,419	2,450	2,421
Annual Fixed Charges - Park Lands.....	450	450	300

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Total - Grants and Subsidies.....	\$ 4,887	\$ 8,427	\$ 4,756
STATE FUNDS.....	\$ 99,075	\$ 108,878	\$ 91,575
FEDERAL FUNDS.....	10,382	18,493	18,455
AUGMENTATIONS.....	46,317	53,694	54,365
GENERAL FUND TOTAL.....	\$ 155,774	\$ 181,065	\$ 164,395
ENVIRONMENTAL STEWARDSHIP FUND:			
<i>General Government:</i>			
Parks & Forest Facility Rehabilitation (EA).....	\$ 15,502	\$ 13,713	\$ 18,811
<i>Grants and Subsidies:</i>			
Community Conservation Grants (EA).....	\$ 6,193	\$ 7,500	\$ 6,500
Natural Diversity Conservation Grants (EA).....	500	500	500
Total - Grants and Subsidies.....	\$ 6,693	\$ 8,000	\$ 7,000
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 22,195	\$ 21,713	\$ 25,811
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>General Government:</i>			
Park & Forest Facility Rehab. - Realty Transfer (96-97) (EA).....	\$ 1,257	\$ 12	\$ 0
Park & Forest Facility Rehab. - Realty Transfer (97-98) (EA).....	857	1,480	0
Park & Forest Facility Rehab. - Realty Transfer (98-99) (EA).....	5,235	1,886	0
Park & Forest Facility Rehab. - Realty Transfer (99-00) (EA).....	10,816	6,201	0
Park & Forest Facility Rehab. - Realty Transfer (00-01) (EA).....	9,111	11,369	0
Park & Forest Facility Rehab. - Realty Transfer (01-02) (EA).....	0	14,092	9,279
Total - General Government.....	\$ 27,276	\$ 35,040	\$ 9,279
<i>Grants and Subsidies:</i>			
Grants for Local Recreation-Realty Transfer Tax (96-97) (EA).....	\$ 5,495	\$ 0	\$ 0
Grants for Local Recreation-Realty Transfer Tax (97-98) (EA).....	6,585	4,895	0
Grants for Local Recreation-Realty Transfer Tax (98-99) (EA).....	8,192	8,251	0
Grants for Local Recreation-Realty Transfer Tax (99-00) (EA).....	9,825	10,278	0
Grants for Local Recreation-Realty Transfer Tax (00-01) (EA).....	1,393	13,085	0
Grants for Local Recreation-Realty Transfer Tax (01-02) (EA).....	0	11,743	7,733
Grants to Land Trusts - Realty Transfer Tax (96-97) (EA).....	430	0	0
Grants to Land Trusts - Realty Transfer Tax (97-98) (EA).....	1,975	0	0
Grants to Land Trusts - Realty Transfer Tax (98-99) (EA).....	2,235	995	0
Grants to Land Trusts - Realty Transfer Tax (99-00) (EA).....	3,790	2,608	0
Grants to Land Trusts - Realty Transfer Tax (00-01) (EA).....	4,049	4,709	0
Grants to Land Trusts - Realty Transfer Tax (01-02) (EA).....	0	4,698	3,093
Total - Grants and Subsidies.....	\$ 43,969	\$ 61,262	\$ 10,826
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 71,245	\$ 96,302	\$ 20,105
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Dirt and Gravel Road.....	\$ 1,000	\$ 1,000	\$ 1,000
<i>Grants and Subsidies:</i>			
(R)Forestry Bridges - Excise Tax (EA).....	\$ 3,068	\$ 3,656	\$ 4,500



Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
STATE FUNDS.....	\$ 1,000	\$ 1,000	\$ 1,000
RESTRICTED REVENUES.....	3,068	3,656	4,500
MOTOR LICENSE FUND TOTAL.....	\$ 4,068	\$ 4,656	\$ 5,500
OTHER FUNDS:			
GENERAL FUND:			
Snowmobile Regulation.....	\$ 2,488	\$ 3,633	\$ 5,000
Forest Regeneration.....	1,656	5,100	4,000
Ohiopyle State Park Water Treatment System.....	222	206	0
Forest Lands Beautification Act.....	1,592	1,500	2,412
GENERAL FUND TOTAL.....	\$ 5,958	\$ 10,439	\$ 11,412
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 97	\$ 184	\$ 198
OIL AND GAS LEASE FUND:			
General Operations.....	\$ 4,350	\$ 8,000	\$ 5,500
WILD RESOURCE CONSERVATION FUND:			
General Operations (EA).....	\$ 694	\$ 570	\$ 450
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 99,075	\$ 108,878	\$ 91,575
SPECIAL FUNDS.....	94,440	119,015	46,916
FEDERAL FUNDS.....	10,382	18,493	18,455
AUGMENTATIONS.....	46,317	53,694	54,365
RESTRICTED.....	3,068	3,656	4,500
OTHER FUNDS.....	11,099	19,193	17,560
TOTAL ALL FUNDS.....	\$ 264,381	\$ 322,929	\$ 233,371

Conservation and Natural Resources

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND.....	\$ 99,075	\$ 108,878	\$ 91,575	\$ 91,675	\$ 91,675	\$ 91,675	\$ 91,675
SPECIAL FUNDS.....	94,440	119,015	46,916	57,354	64,045	65,693	67,281
FEDERAL FUNDS.....	10,382	18,493	18,455	18,455	18,455	18,455	18,455
OTHER FUNDS.....	60,484	76,543	76,425	76,422	76,422	78,097	79,856
SUBCATEGORY TOTAL.....	\$ 264,381	\$ 322,929	\$ 233,371	\$ 243,906	\$ 250,597	\$ 253,920	\$ 257,267
ALL PROGRAMS:							
GENERAL FUND.....	\$ 99,075	\$ 108,878	\$ 91,575	\$ 91,675	\$ 91,675	\$ 91,675	\$ 91,675
SPECIAL FUNDS.....	94,440	119,015	46,916	57,354	64,045	65,693	67,281
FEDERAL FUNDS.....	10,382	18,493	18,455	18,455	18,455	18,455	18,455
OTHER FUNDS.....	60,484	76,543	76,425	76,422	76,422	78,097	79,856
DEPARTMENT TOTAL.....	\$ 264,381	\$ 322,929	\$ 233,371	\$ 243,906	\$ 250,597	\$ 253,920	\$ 257,267

PROGRAM OBJECTIVE: To protect and manage outdoor recreation facilities and open space areas, to provide, or assist in, effective management of forest lands, to reduce plant loss and damage caused by insects, disease and forest fires, and to provide data on geology, energy resources, groundwater and topography within the Commonwealth.

Program: Parks and Forests Management

Program Element: Management of Recreation Facilities and Areas

The system of State parks consists of 116 parks and 2 conservation areas in 62 counties. Over 255,860 acres of land and 33,500 acres of water are within these parks. They attract over 36 million visitors each year and provide picnicking, swimming, hiking, bicycling, horseback riding, cross-country skiing, camping, boating, fishing and hunting opportunities for citizens and guests of the Commonwealth. In addition to managing these facilities, this program element also maintains and restores the State parks and adds new facilities where needed. User fees and concession charges are used to support the maintenance and operation of the park system. The Keystone Recreation, Park and Conservation Fund provides real-estate transfer tax revenues for rehabilitation, repairs and upgrade of facilities and land acquisition for State park and forest lands. Act 68 of 1999 created the Environmental Stewardship Fund, providing funds for additional rehabilitation projects and land acquisitions as part of the "Growing Greener" initiative. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a new \$4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first \$50 million of revenue from the fee will be deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee thereafter. The act provides a specific, dedicated source of funding for the Growing Greener program and extends the new \$4 tipping fee until 2012.

Program Element: Management of Forest Resources

This element is responsible for the management of two million acres of State forest lands. These forest lands offer many social and recreational opportunities. Hiking, camping, hunting, fishing, cross-country skiing, canoeing and snowmobiling are examples of the diverse activities in State forests. Properly managed, forests yield economic benefits such as the promotion of tourism, harvest of timber for wood products, the protection of groundwater for municipal and other uses, and the production and underground storage of natural gas. This element also provides management assistance to the more than 490,000 owners of private forestlands and oversees fire, insect and disease control activities affecting Pennsylvania's forests.

Although there are five native insects that defoliate trees, the primary insect threat to Pennsylvania's forests is the gypsy moth. Growing populations of gypsy moth and other insects increase the number of acres that need treatment. The need for targeted intervention will remain because it is difficult to predict outbreaks of insect species.

The other major threat to Pennsylvania's forests is fire. Through aggressive prevention and extinction activities, the size of the average forest fire has been held to about five acres.

This program element also maintains the Pennsylvania Natural Diversity Inventory. This computerized data base contains location information for rare, unique and unusual features of the Commonwealth. It provides information for State and Federal regulatory agencies and for State, regional and local government planning.

Program Element: Topographic and Geologic Services

This element gathers, analyzes, interprets and disseminates information about the surface and subsurface geology, mineral and fossil energy resources, groundwater, and digital and analog topography of all areas of the Commonwealth. These surveys are used to locate hazards such as sinkholes and areas prone to landslide, to catalog coal extraction, for oil and gas drilling operations, and to provide data for activities where knowledge of the Commonwealth's topography and geology is needed.

Program Element: Local Recreation & Conservation Programs

The department administers Community, Land Trust, Rivers Conservation and Rail-to-Trails Grants from the Keystone Recreation, Park and Conservation Fund, the Environmental Stewardship Fund, and Recreational Trails Grants from the Federal TEA21 (Transportation Equity Act for the 21st Century) Program. The department also administers the Act 68 Snowmobile/ATV Fund, and the Federal Land and Water Conservation Fund. Grants and technical assistance are provided to communities and non-profit organizations for the planning, acquisition, and development of park, recreation and conservation areas and facilities.

The Heritage Parks Program is an economic development and conservation partnerships initiative that enables regions of the Commonwealth to comprehensively plan, enhance, manage and market significant natural, cultural, recreational and scenic resources for heritage tourism.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Management of Recreation Facilities and Areas							
State park attendance in visitor days (in thousands)	36,627	36,500	36,500	36,500	36,500	36,500	36,500
Major maintenance or restoration projects completed	134	90	90	90	90	90	90
Keystone Recreation, Park and Conservation Fund projects completed ..	25	27	25	25	25	25	25
Environmental Stewardship Fund projects completed	23	25	20	25	25	25	25
Management of Forest Resources							
Forest fires	974	1,000	1,000	1,000	1,000	1,000	1,000
Acres of private timber land affected by professional assistance	2,450,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Acres receiving insect suppression	59,000	25,000	100,000	100,000	100,000	100,000	100,000
Recreational and Conservation Programs							
Community Conservation Partnership							
Grants	345	350	350	350	350	350	350
Heritage Park Grants	86	90	90	90	90	90	90

Major maintenance or restoration projects completed decreased from those shown in last year's budget because a fewer number of more expensive projects are being completed. The estimated number of projects varies slightly due to factors such as the type, size and cost of a particular project.

Environmental Stewardship Fund projects completed decreased from projections shown in last year's budget because a fewer number of more expensive projects are being completed.

Acres receiving insect suppression decrease from projections shown in last year's budget because revised estimates indicate that gypsy moth populations will be down from last year.

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -393 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-332 —to continue current program.</p> <hr/> <p>\$ -725 Appropriation Decrease</p> <p>State Parks Operations</p> <p>\$ 400 —Initiative – Presque Isle Visitor Center. To provide administrative support for the new visitor and environmental education center at Presque Isle State Park.</p> <p>260 —Initiative – Benjamin Rush State Park. To provide operational support and equipment for Benjamin Rush State Park.</p> <p>-1,236 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-10,012 —reduction in appropriated funds offset by the redirection of State Parks user fees to provide for operating expenses.</p> <hr/> <p>\$ -10,588 Appropriation Decrease</p> <p>State Forests Operations</p> <p>\$ -957 —to continue current program.</p> <p>-312 —nonrecurring 2002-03 budgetary freeze amount.</p> <hr/> <p>\$ -1,269 Appropriation Decrease</p>	<p>Forest Pest Management</p> <p>\$ -1,050 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>Heritage and Other Parks</p> <p>\$ -3,300 —program reduction.</p> <p>-200 —nonrecurring 2002-03 budgetary freeze amount.</p> <hr/> <p>\$ -3,500 Appropriation Decrease</p> <p>Annual Fixed Charges - Flood Lands</p> <p>\$ 13 —to continue current program.</p> <p>Annual Fixed Charges - Project 70</p> <p>\$ -5 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>Annual Fixed Charges - Forest Lands</p> <p>\$ -29 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>Annual Fixed Charges - Park Lands</p> <p>\$ -150 —nonrecurring 2002-03 budgetary freeze amount.</p>
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Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	ENVIRONMENTAL STEWARDSHIP FUND		Community Conservation Grants (EA)
	Parks and Forest Facility Rehabilitation (EA)	\$ -1,000	—nonrecurring community conservation grants and open space projects related to the Growing Greener initiative.
\$ 5,098	—for additional repair and maintenance projects related to the Growing Greener Initiative.		

This budget commits \$25,811,000 from the Environmental Stewardship Fund for environmental projects related to the Growing Greener Initiative.

Projects funded by the Keystone Recreation, Park and Conservation Fund will continue until the amount allotted by law is completely committed.

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

Appropriations within this Program:

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government Operations	\$ 17,477	\$ 19,639	\$ 18,914	\$ 18,914	\$ 18,914	\$ 18,914	\$ 18,914
State Parks Operations	61,133	61,795	51,207	51,307	51,307	51,307	51,307
State Forests Operations	13,523	15,587	14,318	14,318	14,318	14,318	14,318
Forest Pest Management	2,055	3,430	2,380	2,380	2,380	2,380	2,380
Heritage and Other Parks	1,950	5,450	1,950	1,950	1,950	1,950	1,950
Annual Fixed Charges - Flood Lands	39	42	55	55	55	55	55
Annual Fixed Charges - Project 70	29	35	30	30	30	30	30
Annual Fixed Charges - Forest Lands	2,419	2,450	2,421	2,421	2,421	2,421	2,421
Annual Fixed Charges - Park Lands	450	450	300	300	300	300	300
TOTAL GENERAL FUND	\$ 99,075	\$ 108,878	\$ 91,575	\$ 91,675	\$ 91,675	\$ 91,675	\$ 91,675
ENVIRONMENTAL STEWARDSHIP FUND:							
Parks & Forest Facility Rehabilitation (EA)	\$ 15,502	\$ 13,713	\$ 18,811	\$ 16,458	\$ 21,144	\$ 21,144	\$ 21,144
Community Conservation Grants (EA)	6,193	7,500	6,500	6,500	6,500	6,500	6,500
Natural Diversity Conservation Grants (EA)	500	500	500	500	500	500	500
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	\$ 22,195	\$ 21,713	\$ 25,811	\$ 23,458	\$ 28,144	\$ 28,144	\$ 28,144
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehab - Realty Transfer (EA)	\$ 18,165	\$ 9,579	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grants for Local Recreation - Realty Transfer Tax (EA)	30,097	23,424	0	0	0	0	0
Grants to Land Trusts - Realty Transfer Tax (EA)	8,430	3,603	0	0	0	0	0
Park & Forest Facility Rehab. - Realty Transfer (00-01) (EA)	9,111	11,369	0	0	0	0	0
Grants for Local Recreation-Realty Transfer Tax (00-01) (EA)	1,393	13,085	0	0	0	0	0
Grants to Land Trusts - Realty Transfer Tax (00-01) (EA)	4,049	4,709	0	0	0	0	0
Park & Forest Facility Rehab. - Realty Transfer (01-02) (EA)	0	14,092	9,279	15,183	16,108	16,869	17,602
Grants to Land Trusts - Realty Transfer Tax (01-02) (EA)	0	4,698	3,093	5,061	5,369	5,623	5,867
Grants for Local Recreation-Realty Transfer Tax (01-02) (EA)	0	11,743	7,733	12,652	13,424	14,057	14,668
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND	\$ 71,245	\$ 96,302	\$ 20,105	\$ 32,896	\$ 34,901	\$ 36,549	\$ 38,137

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
MOTOR LICENSE FUND:							
Dirt and Gravel Road	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000





DEPARTMENT OF CORRECTIONS

The mission of the Department of Corrections is to protect the public by confining persons committed to the department's custody in safe, secure facilities, and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens; while respecting the rights of crime victims.

The department maintains a State system for the custody and rehabilitation of convicted criminals. Included within this system are residential programs and pre-release programs to provide inmates with supervision, counseling and treatment to enable them to satisfactorily adjust to society.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>Institutional:</i>			
General Government Operations.....	\$ 32,798	\$ 33,248	\$ 34,187
(F)DCSI - Violent Crime Victims(EA).....	40	12	0
(F)DCSI - Community Outreach Recruitment(EA).....	85	25	0
(F)Volunteer Support.....	0	12	20
(F)Federal Inmates.....	0	25	25
(A)County Training.....	223	185	205
(A)Purchasing Card Rebates.....	5	15	15
(A)Augmentations from State Agencies.....	6	25	25
Subtotal.....	\$ 33,157	\$ 33,547	\$ 34,477
Medical Care.....	143,265	152,249	171,681
(F)DCSI - Adult Interactive Living(EA).....	263	200	90
(A)Medical Co-payment.....	238	285	295
(A)Purchasing Card Rebates.....	4	6	7
Subtotal.....	\$ 143,770	\$ 152,740	\$ 172,073
Inmate Education and Training.....	34,271	35,545	37,043
(F)Library Services.....	4	50	50
(F)Youth Offenders Education.....	139	455	545
(F)Correctional Education.....	1,054	1,282	1,390
(A)Reimbursement for services.....	7	8	9
Subtotal.....	\$ 35,475	\$ 37,340	\$ 39,037
State Correctional Institutions.....	940,510	1,045,294	1,055,589
(F)SABG - Drug and Alcohol Programs.....	2,100	2,100	2,100
(F)DCSI - Therapeutic Community(EA).....	207	200	75
(F)DCSI - Hispanic Therapeutic Community (EA).....	0	50	250
(F)DCSI - Virtual Visitation(EA).....	120	60	67
(F)DCSI - Employment Opportunities(EA).....	730	375	242
(F)DCSI - Intervention Training(EA).....	18	0	0
(F)DCSI - Video Conferencing(EA).....	0	60	0
(F)DCSI - Inmate Culinary Training (EA).....	4	53	53
(F)DCSI - Sex Offender Assessment(EA).....	0	345	115
(F)Reimbursement for Alien Inmates.....	4,364	1,900	1,841
(F)Forensic Community.....	42	200	0
(F)Bulletproof Vest Program(EA).....	0	346	0
(F)HOPE(EA).....	0	30	83
(F)Truth in Sentencing(EA).....	15,588	0	0
(F)Truth In Sentencing.....	0	14,280	26,000
(F)RSAT - Drug Treatment(EA).....	2,061	0	0
(F)RSAT - Drug Treatment.....	0	2,566 ^a	1,600
(F)Inmate Reentry Program.....	0	0	2,000
(A)Community Service Centers.....	573	675	690
(A)Institutional Reimbursements.....	105	130	155
(A)Purchasing Card Rebates.....	95	130	60
(A)Social Security.....	41	50	50
(A)Offenders Workshop Skills.....	0	200	0
Subtotal.....	\$ 966,558	\$ 1,069,044	\$ 1,090,970
Subtotal - State Funds.....	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500
Subtotal - Federal Funds.....	26,819	24,626	36,546
Subtotal - Augmentations.....	1,297	1,709	1,511
Total - Institutional.....	\$ 1,178,960	\$ 1,292,671	\$ 1,336,557
STATE FUNDS.....	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500
FEDERAL FUNDS.....	26,819	24,626	36,546
AUGMENTATIONS.....	1,297	1,709	1,511
GENERAL FUND TOTAL.....	\$ 1,178,960	\$ 1,292,671	\$ 1,336,557

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
OTHER FUNDS:			
LOCAL CRIMINAL JUSTICE FUND:			
County Grants(EA).....	\$ 1,387	\$ 1,014	\$ 5,743
MANUFACTURING FUND:			
General Operations(EA).....	\$ 37,065	\$ 42,988	\$ 41,500
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	26,819	24,626	36,546
AUGMENTATIONS.....	1,297	1,709	1,511
OTHER FUNDS.....	38,452	44,002	47,243
TOTAL ALL FUNDS.....	\$ 1,217,412	\$ 1,336,673	\$ 1,383,800

^a Includes recommended supplemental appropriation of \$400,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND.....	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	26,819	24,626	36,546	6,501	5,354	4,858	4,563
OTHER FUNDS.....	39,749	45,711	48,754	43,049	43,072	43,100	43,119
SUBCATEGORY TOTAL.....	\$ 1,217,412	\$ 1,336,673	\$ 1,383,800	\$ 1,413,092	\$ 1,411,968	\$ 1,411,500	\$ 1,411,224
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	26,819	24,626	36,546	6,501	5,354	4,858	4,563
OTHER FUNDS.....	39,749	45,711	48,754	43,049	43,072	43,100	43,119
DEPARTMENT TOTAL.....	\$ 1,217,412	\$ 1,336,673	\$ 1,383,800	\$ 1,413,092	\$ 1,411,968	\$ 1,411,500	\$ 1,411,224

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 25 correctional institutions, 15 community corrections centers and a motivational boot camp. There were 40,090 inmates housed in the State system at the end of December 2002 with a multiple occupancy strategy capacity of 34,583. During 2003, institutional changes will occur with the opening of SCI Fayette and the subsequent phaseouts of SCI Pittsburgh and SCI Waynesburg. Future institutional changes are planned with the opening of SCI Forest, currently under construction.

In addition to providing the basic necessities of life, programs are available which enable inmates to leave prison better prepared to adjust to life in the community. These include educational services, vocational training, drug and alcohol therapy and counseling.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic educational skills.

Vocational training is dedicated to the development of marketable job skills so that inmates are more employable

upon their release. A variety of programs are offered which may lead to employment as plumbers, electricians, auto mechanics, sheet metalworkers, barbers or cosmeticians.

Counseling services are designed to modify social behavior to a more acceptable level. Mental health and sex offender units have been opened at many institutions. Alcohol and drug rehabilitation programs are also available.

Community correction centers permit highly screened inmates, who meet established criteria, to live in halfway houses in the community. At these centers, inmates receive 24 hour supervision and can utilize counseling services while working or attending school.

The Department of Corrections is expanding its efforts to have inmates perform meaningful work. Community work crews have been established at most locations. Efforts are also underway to expand Correctional Industries, which provides inmates with vocational training and work experience through the manufacture and sale of various products and services.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Inmates (December)	37,995	40,090	41,483	41,636	41,769	41,990	42,220
Prison Multiple Occupancy Capacity (December)	33,757	34,583	34,409	36,348	37,612	37,612	37,612
Inmates in excess of Multiple Occupancy Capacity	4,238	5,507	7,074	5,288	4,157	4,378	4,608
Inmates receiving high school diplomas/ GED's	1,290	1,320	1,335	1,340	1,340	1,340	1,340
Inmates involved in work programs	25,305	25,750	26,300	26,950	27,300	27,300	27,300
Inmates receiving educational training	10,600	11,000	11,200	11,300	11,325	11,325	11,325
Inmates receiving drug and alcohol treatment programs	16,100	16,502	16,600	16,900	17,100	17,150	17,200

Number of inmates is higher beginning in 2003-04 than the projections shown in last year's budget based on an updated projection by the Correctional Population Projection Committee. The committee's September 2002 forecast projects a short-term upswing in admissions in 2003. The committee's data shows fewer admissions for violent offenses and more admissions for nonviolent offenses. Non-violent offenders are expected to serve less time in prison than violent offenders.

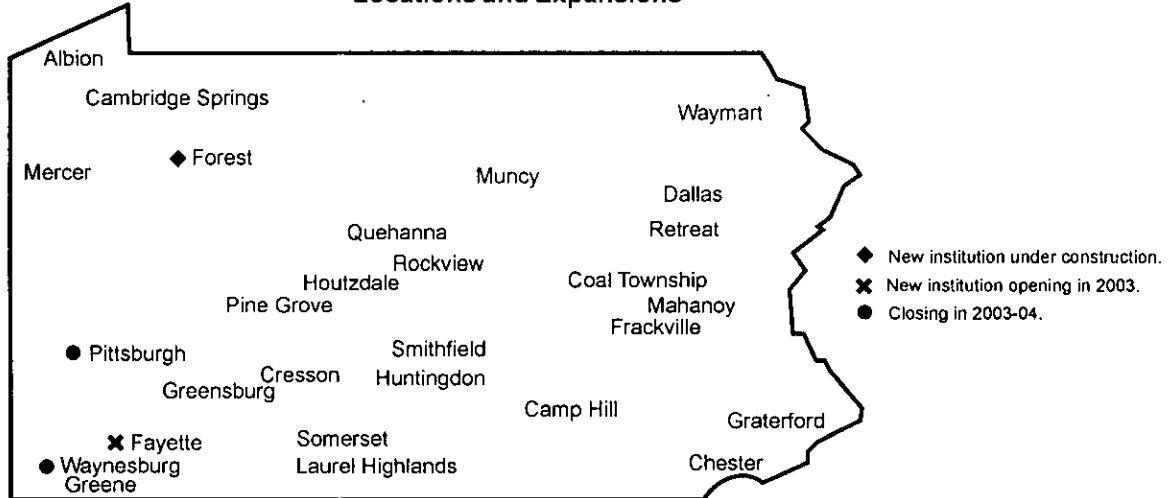
Multiple Occupancy Strategy(MOS) is a strategy to house offenders at levels above the single cell capacity based on an assessment of the square footage and security level assigned to a designated housing area. The MOS capacity is cited because it is used in day-to-day operational decisions.

Inmates in excess of Multiple Occupancy Capacity is higher beginning in 2002-03 than projected in last year's budget due to a combination of higher than previously projected estimates of the number of inmates and a delay in constructing new prisons.

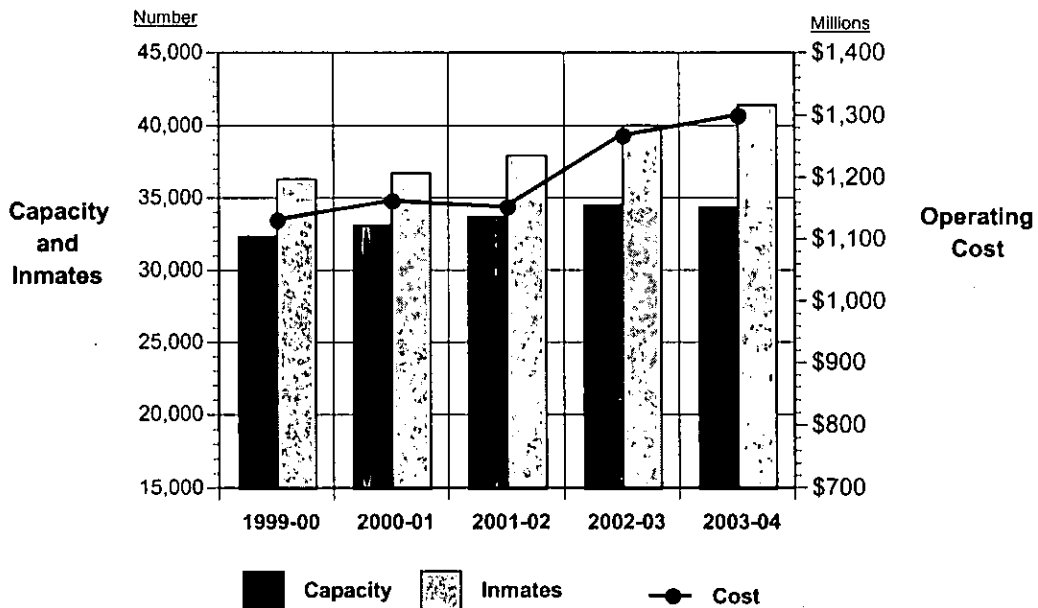
Inmates receiving high school diplomas/GED's increased beginning in 2002-03 from the projections shown in last year's budget based on an expected increase in teaching staff.

Program: Institutionalization of Offenders (continued)

State Correctional Institutions Locations and Expansions



State Correctional Institutions Capacity, Inmate Population and Operating Costs



The cost of operating the State correctional institution system has increased from just over \$1.1 billion in 1999-00 to nearly \$1.3 billion in 2003-04. During this timeframe, the inmate population is projected to increase from 36,384 to 41,483 and the multiple occupancy capacity from 32,384 to an estimated 34,409.

Program: Institutionalization of Offenders (continued)

Population and Capacity Institutions	Population Dec 2002	Estimated Population Dec 2003	Capacity Dec 2002	Estimated Capacity Dec 2003
Albion.....	2,234	2,325	2,084	2,084
Cambridge Springs.....	875	910	909	909
Camp Hill.....	3,338	3,465	3,081	3,081
Chester.....	1,142	1,175	1,181	1,181
Coal Township.....	1,810	1,830	1,648	1,648
Cresson.....	1,251	1,275	956	836
Dallas.....	1,986	1,995	1,252	1,252
Fayette.....	0	1,600	0	1,600
Forest.....	0	0	0	0
Frackville.....	1,003	1,005	711	711
Graterford.....	3,148	3,270	2,552	2,552
Greene.....	1,780	1,895	1,897	1,897
Greensburg.....	861	861	524	472
Houtzdale.....	2,249	2,310	2,035	2,035
Huntingdon.....	2,068	2,100	1,366	1,246
Laurel Highlands.....	639	880	883	883
Mahanoy.....	2,221	2,325	2,086	2,086
Mercer.....	1,063	1,090	847	847
Muncy.....	885	920	775	797
Pine Grove.....	594	625	626	626
Pittsburgh.....	1,761	600	1,651	600
Quehanna.....	249	350	230	230
Retreat.....	838	850	798	798
Rockview.....	1,990	2,012	1,202	1,202
Smithfield.....	1,204	1,210	766	766
Somerset.....	2,222	2,325	2,074	2,074
Waymart.....	1,338	1,400	1,341	1,341
Waynesburg.....	494	0	453	0
Community Centers.....	832	865	655	655
Other jurisdictions.....	15	15	0	0
Total.....	40,090	41,483	34,583	34,409

SCI Fayette is scheduled to open during 2003-04. SCI Pittsburgh and SCI Waynesburg are scheduled to close by the end of 2003-04. SCI Forest is under construction.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget		2001-02 Actual	2002-03 Available	2003-04 Budget
Albion				Forest			
State Funds.....	\$ 42,800	\$ 55,891	\$ 49,003	State Funds.....	\$ 0	\$ 358	\$ 3,145
Federal Funds.....	338	576	650	Federal Funds.....	0	0	0
Augmentations.....	14	18	0	Augmentations.....	0	0	0
TOTAL.....	\$ 43,152	\$ 56,485	\$ 49,653	TOTAL.....	\$ 0	\$ 358	\$ 3,145
Cambridge Springs				Frackville			
State Funds.....	\$ 21,397	\$ 23,460	\$ 25,750	State Funds.....	\$ 31,424	\$ 32,201	\$ 34,755
Federal Funds.....	159	250	245	Federal Funds.....	10	10	12
Augmentations.....	7	9	10	Augmentations.....	4	7	8
TOTAL.....	\$ 21,563	\$ 23,719	\$ 26,005	TOTAL.....	\$ 31,438	\$ 32,218	\$ 34,775
Camp Hill				Graterford			
State Funds.....	\$ 76,592	\$ 78,027	\$ 84,450	State Funds.....	\$ 92,184	\$ 92,468	\$ 99,200
Federal Funds.....	259	6,688	3,500	Federal Funds.....	6,609	3,906	2,995
Augmentations.....	35	40	45	Augmentations.....	23	28	33
TOTAL.....	\$ 76,886	\$ 84,755	\$ 87,995	TOTAL.....	\$ 98,816	\$ 96,402	\$ 102,228
Chester				Greene			
State Funds.....	\$ 28,946	\$ 30,211	\$ 32,645	State Funds.....	\$ 49,451	\$ 61,179	\$ 54,833
Federal Funds.....	0	0	0	Federal Funds.....	33	45	72
Augmentations.....	8	10	10	Augmentations.....	7	9	11
TOTAL.....	\$ 28,954	\$ 30,221	\$ 32,655	TOTAL.....	\$ 49,491	\$ 61,233	\$ 54,916
Coal Township				Greensburg			
State Funds.....	\$ 38,741	\$ 53,125	\$ 45,937	State Funds.....	\$ 27,945	\$ 32,251	\$ 34,725
Federal Funds.....	48	26	75	Federal Funds.....	408	30	5,466
Augmentations.....	12	14	15	Augmentations.....	5	7	9
TOTAL.....	\$ 38,801	\$ 53,165	\$ 46,027	TOTAL.....	\$ 28,358	\$ 32,288	\$ 40,200
Cresson				Houtzdale			
State Funds.....	\$ 36,628	\$ 38,039	\$ 41,125	State Funds.....	\$ 41,997	\$ 44,903	\$ 48,765
Federal Funds.....	91	101	5,450	Federal Funds.....	155	171	210
Augmentations.....	10	12	11	Augmentations.....	8	11	12
TOTAL.....	\$ 36,729	\$ 38,152	\$ 46,586	TOTAL.....	\$ 42,160	\$ 45,085	\$ 48,987
Dallas				Huntingdon			
State Funds.....	\$ 51,430	\$ 54,914	\$ 59,400	State Funds.....	\$ 49,720	\$ 51,068	\$ 55,145
Federal Funds.....	68	71	55	Federal Funds.....	184	401	450
Augmentations.....	33	38	40	Augmentations.....	21	25	29
TOTAL.....	\$ 51,531	\$ 55,023	\$ 59,495	TOTAL.....	\$ 49,925	\$ 51,494	\$ 55,624
Fayette				Laurel Highlands			
State Funds.....	\$ 1,346	\$ 9,224	\$ 42,809	State Funds.....	\$ 30,160	\$ 32,014	\$ 35,290
Federal Funds.....	0	0	16	Federal Funds.....	0	4,500	2,150
Augmentations.....	0	2	19	Augmentations.....	3	4	5
TOTAL.....	\$ 1,346	\$ 9,226	\$ 42,844	TOTAL.....	\$ 30,163	\$ 36,518	\$ 37,445

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget		2001-02 Actual	2002-03 Available	2003-04 Budget
Mahanoy				Smithfield			
State Funds.....	\$ 41,103	\$ 55,646	\$ 48,853	State Funds.....	\$ 33,467	\$ 35,333	\$ 38,025
Federal Funds.....	17	33	35	Federal Funds.....	22	0	1,250
Augmentations.....	9	13	14	Augmentations.....	8	11	13
TOTAL.....	<u>\$ 41,129</u>	<u>\$ 55,692</u>	<u>\$ 48,902</u>	TOTAL.....	<u>\$ 33,497</u>	<u>\$ 35,344</u>	<u>\$ 39,288</u>
Mercer				Somerset			
State Funds.....	\$ 29,141	\$ 30,285	\$ 32,860	State Funds.....	\$ 42,393	\$ 55,961	\$ 48,858
Federal Funds.....	171	5,081	8,450	Federal Funds.....	297	265	250
Augmentations.....	13	14	16	Augmentations.....	12	16	18
TOTAL.....	<u>\$ 29,325</u>	<u>\$ 35,380</u>	<u>\$ 41,326</u>	TOTAL.....	<u>\$ 42,702</u>	<u>\$ 56,242</u>	<u>\$ 49,126</u>
Muncy				Waymart			
State Funds.....	\$ 34,057	\$ 35,706	\$ 38,460	State Funds.....	\$ 52,241	\$ 54,462	\$ 58,640
Federal Funds.....	1,696	0	2,643	Federal Funds.....	152	215	225
Augmentations.....	23	27	32	Augmentations.....	12	15	17
TOTAL.....	<u>\$ 35,776</u>	<u>\$ 35,733</u>	<u>\$ 41,135</u>	TOTAL.....	<u>\$ 52,405</u>	<u>\$ 54,692</u>	<u>\$ 58,882</u>
Pine Grove				Waynesburg			
State Funds.....	\$ 21,664	\$ 25,140	\$ 30,500	State Funds.....	\$ 15,493	\$ 16,423	\$ 5,723
Federal Funds.....	65	72	75	Federal Funds.....	16	17	6
Augmentations.....	4	5	6	Augmentations.....	3	5	2
TOTAL.....	<u>\$ 21,733</u>	<u>\$ 25,217</u>	<u>\$ 30,581</u>	TOTAL.....	<u>\$ 15,512</u>	<u>\$ 16,445</u>	<u>\$ 5,731</u>
Pittsburgh				Community Centers			
State Funds.....	\$ 58,645	\$ 58,748	\$ 23,145	State Funds.....	\$ 68,197	\$ 71,177	\$ 78,400
Federal Funds.....	8	12	10	Federal Funds.....	1,369	1,780	1,933
Augmentations.....	17	20	12	Augmentations.....	573	770	785
TOTAL.....	<u>\$ 58,670</u>	<u>\$ 58,780</u>	<u>\$ 23,167</u>	TOTAL.....	<u>\$ 70,139</u>	<u>\$ 73,727</u>	<u>\$ 81,118</u>
Quehanna Boot Camp				Training Academy			
State Funds.....	\$ 10,405	\$ 11,126	\$ 13,225	State Funds.....	\$ 5,228	\$ 5,615	\$ 5,850
Federal Funds.....	64	125	55	Federal Funds.....	0	0	0
Augmentations.....	4	5	5	Augmentations.....	229	230	205
TOTAL.....	<u>\$ 10,473</u>	<u>\$ 11,256</u>	<u>\$ 13,285</u>	TOTAL.....	<u>\$ 5,457</u>	<u>\$ 5,845</u>	<u>\$ 6,055</u>
Retreat				Central Office			
State Funds.....	\$ 28,074	\$ 29,493	\$ 31,975	State Funds.....	\$ 35,781	\$ 36,877	\$ 37,474
Federal Funds.....	14	15	18	Federal Funds.....	6,864	39	0
Augmentations.....	10	14	16	Augmentations.....	151	282	61
TOTAL.....	<u>\$ 28,098</u>	<u>\$ 29,522</u>	<u>\$ 32,009</u>	TOTAL.....	<u>\$ 42,796</u>	<u>\$ 37,198</u>	<u>\$ 37,535</u>
Rockview				Other jurisdictions			
State Funds.....	\$ 53,427	\$ 54,699	\$ 59,220	State Funds.....	\$.767	\$ 312	\$ 315
Federal Funds.....	7,702	197	250	Federal Funds.....	0	0	0
Augmentations.....	39	48	52	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 61,168</u>	<u>\$ 54,944</u>	<u>\$ 59,522</u>	TOTAL.....	<u>\$ 767</u>	<u>\$ 312</u>	<u>\$ 315</u>

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations			Inmate Education and Training	
\$	-463	—nonrecurring 2002-03 budgetary freeze amount.	\$	-226	—nonrecurring 2002-03 budgetary freeze amount.
	1,402	—to continue current program.		1,724	—to continue current program.
\$	939	<i>Appropriation Increase</i>	\$	1,498	<i>Appropriation Increase</i>
	Medical Care			State Correctional Institutions	
\$	2,500	—hepatitis treatment costs.	\$	-57,025	—refunding of lease/purchase obligations on five correctional institutions.
	16,932	—to continue current program with costs for increased inmate population.		67,320	—to continue current program.
\$	19,432	<i>Appropriation Increase</i>	\$	10,295	<i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 32,798	\$ 33,248	\$ 34,187	\$ 34,287	\$ 34,287	\$ 34,287	\$ 34,287
Medical Care	143,265	152,249	171,681	172,623	172,623	172,623	172,623
Inmate Education and Training	34,271	35,545	37,043	37,043	37,043	37,043	37,043
State Correctional Institutions	940,510	1,045,294	1,055,589	1,119,589	1,119,589	1,119,589	1,119,589
GENERAL FUND TOTAL	\$ 1,150,844	\$ 1,266,336	\$ 1,298,500	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542	\$ 1,363,542



DEPARTMENT OF EDUCATION

The mission of the department is to academically prepare children and adults to succeed in their chosen profession. The department seeks to ensure that the technical support, resources and physical plant are in place for all students whether children or adults to receive a high quality education.

The department establishes standards and measures aimed at continuous improvement of school curriculum. The department manages staff development and research dissemination systems to ensure that all educational institutions can select from proven practices to boost student achievement. Local school districts, school boards and other educational institutions receive technical assistance from the department via a network of Intermediate Units. The department supports the improvement of Pennsylvania's higher education and community colleges via educational programs, funding to support students and direct resources for facility development.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
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GENERAL FUND:

General Government:

	\$ 26,320	\$ 27,171	\$ 26,219
General Government Operations	\$ 26,320	\$ 27,171	\$ 26,219
(F)Adult Basic Education - Administration.....	1,229	1,800	1,800
(F)Education of Exceptional Children.....	7,442	10,000	10,000
(F)Special Education Improvement.....	1,354	2,100	0
(F)ESEA - Title I - Administration.....	3,629	18,683	21,052
(F)State Approving Agency (VA).....	834	917	1,028
(F)Food and Nutrition Service.....	3,739	4,600	4,650
(F)Migrant Education - Administration.....	395	515	515
(F)Emergency Immigrant Education (EA).....	0	18	10
(F)Vocational Education - Administration.....	2,987	3,910	3,910
(F)Improving Teacher Quality - Title II - Administration/State.....	744	17,395	18,003
(F)Byrd Scholarships.....	1,656	1,659	1,656
(F)ESEA - Title VI - Administration/State.....	2,658	14,967	16,358
(F)Homeless Assistance.....	1,637	2,120	2,120
(F)Preschool Grant.....	816	980	980
(F)DFSC - Administration.....	1,448	14,423	15,783
(F)State Literacy Resource Centers.....	111	150	150
(F)School Health Education Programs.....	357	600	600
(F)School to Work Opportunities (EA).....	506	0	0
(F)Learn and Serve America - School Based.....	1,502	1,786	1,409
(F)Educate America Act - Administration/State.....	1,267	0	0
(F)Educate America Act - Administration/State (EA).....	0	600	0
(F)Environmental Education Workshops.....	0	500	500
(F)Bilingual Education.....	92	0	0
(F)Bilingual Education(EA).....	0	42	15
(F)Charter Schools Initiatives.....	3,569	9,353	10,007
(F)Technology Literacy Challenge - Administration.....	180	13,726	15,267
(F)America Reads Challenge - Administration (EA).....	0	350	250
(F)Comprehensive School Reform - Administration.....	0	200	200
(F)Advanced Placement Testing.....	94	200	200
(F)Even Start Family Literacy - Administration.....	59	0	0
(F)Even Start Family Literacy - Administration (EA).....	0	59	0
(F)ESEA - Title X-Education Partnerships.....	267	262	215
(F)Refugee Children Education.....	1,699	2,317	1,363
(F)Medical Assistance - Nurses' Aide Training.....	211	251	300
(F)State and Community Highway Safety (EA).....	799	1,027	0
(F)CCDFBG - Early Childhood Development.....	250	100	0
(F)Reading First Initiative - Administration.....	0	13,684	14,648
(F)SSBG - Early Childhood Development.....	0	400	0
(F)Title VI - Rural and Low Income School Program - Admin.....	0	40	40
(F)Title IV - 21st Century Community Learning Centers -Admin.....	0	13,683	15,052
(A)Management Services.....	52	48	48
(A)Environmental Education.....	460	460	460
(A)Approved Private Schools.....	159	154	163
(A)National Center for Educational Statistics.....	34	116	116
(A)Reimbursement from Department of Banking.....	15	15	15
(A)Early Intervention.....	731	0	0
(A)Teenage Parenting.....	4,741	4,312	4,312
(A)Fatherhood Initiative.....	775	781	781
(A)Breath Test Equipment Training.....	306	0	0
(A)EPSDT Administration.....	898	1,063	1,183
(A)Christa McAuliffe Fellowship Program.....	40	0	0
(A)Telephone Information Services.....	4	0	0
(A)Augmenting funds from Community and Economic Development.....	2,700	0	0
Subtotal.....	\$ 78,766	\$ 187,537	\$ 191,378
Office of Safe Schools Advocate.....	980	783	350
Information and Technology Improvement.....	7,158	7,158	5,142
PA Assessment.....	20,554	20,656	20,356
(F)SSBG - Early Childhood Screening.....	0	1,500	0
(F)Title VI - Part A State Assessments.....	0	9,314	9,314

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal.....	\$ 28,692	\$ 39,411	\$ 35,162
State Library.....	4,274	4,338	4,165
(F)LSTA - Library Development.....	1,292	1,447	1,650
(F)Nuclear Regulatory Commission (EA).....	11	0	0
(A)Penalties and Reimbursements.....	6	6	6
(A)Photocopy Service.....	21	21	21
(A)Keystone Fund.....	46	61	62
(A)Gate Foundation.....	0	106	53
Subtotal.....	\$ 5,650	\$ 5,979	\$ 5,957
Subtotal - State Funds.....	\$ 59,286	\$ 60,106	\$ 56,232
Subtotal - Federal Funds.....	42,834	165,678	169,045
Subtotal - Augmentations.....	10,988	7,143	7,220
Total - General Government.....	\$ 113,108	\$ 232,927	\$ 232,497
Institutional:			
Youth Development Centers - Education.....	\$ 10,847	\$ 11,083	\$ 11,086
Scranton State School for the Deaf.....	5,896	6,041	6,202
(F)Individuals with Disabilities Education - Scranton.....	81	85	85
(F)School Milk Lunch.....	35	50	50
(F)ESEA - Scranton.....	299	452	452
(F)Life Long Learning.....	0	11	11
(F)Adult Basic Education.....	0	10	10
(A)Cafeteria and Other Fees.....	32	60	60
(A)Tuition Recovery.....	933	936	937
Subtotal.....	\$ 7,276	\$ 7,645	\$ 7,807
Subtotal - State Funds.....	\$ 16,743	\$ 17,124	\$ 17,288
Subtotal - Federal Funds.....	415	608	608
Subtotal - Augmentations.....	965	996	997
Total - Institutional.....	\$ 18,123	\$ 18,728	\$ 18,893
Grants and Subsidies:			
Support of Public Schools:			
Basic Education Funding.....	\$ 3,959,885	\$ 4,086,326	\$ 4,086,326
Philadelphia School District.....	0	25,000	25,000
Performance Incentives.....	0	25,000	0
School Improvement Grants.....	26,161	26,661	0
Education Support Services.....	23,600	23,600	0
School Readiness.....	1,000	1,500	0
Technology Initiative.....	23,890 ^a	6,360 ^a	1,290
(A)Gates Foundation Grant.....	1,666	1,666	1,666
Science Education Program.....	2,000	2,000	0
Teacher Professional Development.....	7,117	5,811	3,867
Read to Succeed.....	25,000	15,000	0
Adult and Family Literacy.....	19,706	19,707	18,534
(F)Adult Basic Education - Local.....	21,497	24,000	27,000
(F)Even Start Family Literacy - Local.....	523	0	0
(F)Even Start Family Literacy - Local (EA).....	0	200	0
Vocational Education.....	55,028	55,378	55,378
(F)Vocational Education Act - Local.....	45,694	50,000	51,000
Vocational Education Equipment Grants.....	2,956	0	0
New Choices / New Options.....	3,700	2,000	0
Authority Rentals and Sinking Fund Requirements.....	276,061	283,078	294,483
Pupil Transportation.....	415,744	438,882	454,951
Nonpublic and Charter School Pupil Transportation.....	56,055	75,339	74,064
Special Education.....	861,398	874,319	874,319
(F)Individuals with Disabilities Education - Local.....	235,292	310,000	335,000
Early Intervention.....	102,435	107,725 ^b	113,111

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(F)Education for Disabled Children (EA).....	1,240	0	0
(F)Education for Disabled Children.....	0	1,228	1,228
Homebound Instruction.....	746	840	850
Tuition for Orphans and Children Placed in Private Homes.....	43,498	45,528	47,288
Payments in Lieu of Taxes.....	180	180	180
Education of Migrant Laborers' Children.....	751	751	759
PA Charter Schools for the Deaf and Blind.....	25,749	25,749	25,749
Special Education - Approved Private Schools.....	63,450	63,450	63,450
Intermediate Units.....	6,311	6,311	6,311
School Food Services.....	24,433	25,800 ^c	26,542
(F)Food and Nutrition - Local.....	298,383	298,496	298,496
School Employees' Social Security.....	397,009	418,244	426,403
School Employees' Retirement.....	55,033	44,466	167,647
School District Demonstration Projects.....	3,335	4,000	0
Education of Indigent Children.....	116	100	100
Subtotal.....	<u>\$ 7,086,642</u>	<u>\$ 7,394,695</u>	<u>\$ 7,480,992</u>
(F)ESEA - Title V - School Districts.....	14,568	56,000	56,000
(F)ESEA - Title I - Local.....	404,137	433,844	450,000
(F)DFSC - School Districts.....	13,244	13,299 ^d	14,000
(F)Educate America Act - Local.....	12,335	1,967 ^e	0
(F)Improving Teacher Quality - Title II - Local.....	16,502	102,944	102,944
(F)Technology Literacy Challenge - Local.....	18,860	21,641	21,641
(F)America Reads Challenge - Local.....	8,881	0	0
(F)America Reads Challenge - Local (EA).....	0	4,477	3,000
(F)Comprehensive School Reform - Local.....	11,671	20,000	20,000
(F)ESEA - Title VI - Class Size Reduction.....	68,425	0	0
(F)ESEA - Title VI - Class Size Reduction (EA).....	0	18,000	8,000
(F)Reading First Initiative - Local.....	0	22,489	26,000
(F)Title V - Empowerment Schools.....	0	20,000	100
(F)Title IV 21st Century Community Learning Centers - Local.....	0	10,967	19,192
(F)Title III - Language Instruction for LEP & Immigrant Student.....	0	5,000	6,000
(F)Title VI - Rural & Low Income School - Local.....	0	849	849
(F)Title IV - Community Services for Expelled Students.....	0	1,837	1,837
Subtotal.....	<u>\$ 568,623</u>	<u>\$ 733,314</u>	<u>\$ 729,563</u>
Other Grants and Subsidies:			
Education Mentoring.....	1,200	1,200	1,200
Services to Nonpublic Schools.....	71,263	71,976	71,976
Textbooks, Materials and Equipment for Nonpublic Schools.....	21,812	22,030	22,030
Technology for Nonpublic Schools.....	8,000	8,000	0
Teen Pregnancy and Parenthood.....	1,405	1,725	1,725
(F)Teenage Parenting Education (EA).....	12,563	0	0
(F)Teenage Parenting Education - TANF.....	0	12,904	12,255
(F)Teenage Parenting - Food Stamps.....	0	948	944
Comprehensive Reading.....	300	300	300
Improvement of Library Services.....	75,289	75,289	37,644
Library Services for the Visually Impaired and Disabled.....	2,965	2,965	2,965
Recording for the Blind and Dsylexic.....	0	70	0
Library Access.....	7,386	7,386	7,386
Electronic Library Catalog.....	4,042 ^f	4,042 ^f	3,842
Ethnic Heritage.....	165	165	165
Governor's Schools of Excellence.....	2,492	2,492	2,492
Job Training Programs.....	5,100	5,100	0
Charter Schools.....	1,800	1,800	1,000
Independent Schools.....	2,000	1,500	500
Charter Schools - Nonpublic Transfers.....	1,000	1,000	0
Charter Schools - Transitional Grants.....	2,000	2,000	0
Reimbursement of Charter Schools.....	0	52,940	52,940
Safe and Alternative Schools.....	35,526	30,000	23,326
Alternative Education Demonstration Grants.....	0	7,200	7,200

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Administrative/Instructional Consolidation.....	875	0	0
School Defibrillators.....	1,605	0	0
Subtotal.....	\$ 258,788	\$ 313,032	\$ 249,890
Higher Education - Other Grants and Subsidies:			
Community Colleges.....	195,011	210,277 ^g	210,277
Regional Community Colleges Services.....	1,075	550	0
Community Colleges - Workforce Development.....	2,000	0	0
Higher Education for the Disadvantaged.....	9,320	9,320	9,320
Higher Education of Blind or Deaf Students.....	54	54	54
Higher Education Technology Grants.....	4,500	4,500	0
Higher Education Equipment.....	3,998	6,000	0
Enhanced Technology Initiative.....	500	500	0
Engineering Equipment Grants.....	1,000	1,000	0
Dormitory Sprinklers.....	3,000	6,000	3,000
Rural Initiatives.....	1,925	1,968	1,343
Osteopathic Education.....	1,697	1,750	0
Thaddeus Stevens College of Technology.....	8,238 ^h	7,861 ^h	7,948
(F)Vocational Education.....	227	350 ⁱ	0
(A)Tuition and Fees.....	1,551	1,622 ⁱ	0
(A)Higher Education for the Disadvantaged.....	128	128 ⁱ	0
(A)Federal Pell Grant Aid.....	214	200 ⁱ	0
(A)PHEAA Grant Aid.....	613	600 ⁱ	0
Subtotal.....	\$ 235,051	\$ 252,680	\$ 231,942
(F)Teacher Recruitment.....	0	440 ^j	440
(F)Teacher Quality Enhancement.....	0	4,676 ^k	5,000
Subtotal.....	\$ 0	\$ 5,116	\$ 5,440
State System of Higher Education:			
State Universities.....	452,763	439,181	417,222
Recruitment of the Disadvantaged.....	356	345	328
McKeever Center.....	222	215	204
Affirmative Action.....	1,197	1,161	1,103
Program Initiatives.....	17,283	16,765	15,927
Subtotal.....	\$ 471,821	\$ 457,667	\$ 434,784
The Pennsylvania State University:			
Educational and General.....	242,702	244,744	232,508
Information Systems Technology School.....	5,153	0	0
Medical Programs.....	4,893	5,044	4,793
Children's Hospital.....	5,151	5,044	4,793
Agricultural Research.....	23,478	24,128	22,922
Agricultural Extension Services.....	27,003	27,580	26,201
Recruitment of the Disadvantaged.....	355	348	332
Central Pennsylvania Psychiatric Institute.....	2,004	1,963	1,864
Pennsylvania College of Technology.....	12,547	12,288	11,673
Pennsylvania College of Technology - Debt Service.....	1,484	1,453	1,379
Subtotal.....	\$ 324,770	\$ 322,592	\$ 306,465
University of Pittsburgh:			
Educational and General.....	147,013	153,290	145,625
Medical Programs.....	6,696	6,903	6,558
Dental Clinics.....	1,106	1,083	1,029
Recruitment of the Disadvantaged.....	344	337	321
Western Psychiatric Institute.....	8,258	8,087	7,682
Western Teen Suicide Center.....	533	522	496
Graduate School of Public Health.....	269	263	249
Rural Education Outreach.....	983	1,013	963

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Laboratories and Equipment.....	2,425	0	0
Information Technology.....	2,425	0	0
Student Life Initiatives.....	485	434	413
Program Initiatives.....	2,570	0	0
Subtotal.....	\$ 173,107	\$ 171,932	\$ 163,336
Temple University:			
Educational and General.....	154,213	161,060	153,006
Medical Programs.....	8,913	9,189	8,729
Dental Clinics.....	1,106	1,083	1,029
Recruitment of the Disadvantaged.....	344	337	321
Maxillofacial Prosthodontics.....	134	131	125
Podiatric Medicine.....	1,374	1,346	1,280
Laboratories and Equipment.....	2,425	0	0
Bio-Medical Center.....	485	475	451
Program Initiatives.....	5,771	0	0
Subtotal.....	\$ 174,765	\$ 173,621	\$ 164,941
Lincoln University:			
Educational and General.....	10,439	12,153	11,544
Recruitment of the Disadvantaged.....	344	337	321
International Affairs Institute.....	311	305	290
Student Education Instruction Assistance.....	254	0	0
Program Initiatives.....	1,205	0	0
Subtotal.....	\$ 12,553	\$ 12,795	\$ 12,155
Non-State Related Universities and Colleges:			
Drexel University.....	6,953	6,810	6,470
University of Pennsylvania - Dental Clinics.....	910	891	846
University of Pennsylvania - Cardiovascular Studies.....	1,583	1,600	1,520
University of Pennsylvania - Medical Programs.....	3,913	4,034	3,832
University of Pennsylvania - Veterinary Activities.....	35,527	38,445	36,523
Philadelphia Health and Education Corp. - Medical Programs.....	7,898	8,142	7,329
Phila. Health & Education Corp - Operations & Maintenance.....	1,744	1,708	1,623
Phila. Health & Educ. Cor - Recruitment of the Disadvantaged.....	311	305	290
Phila. Health & Education Corp - Cardiovascular Studies.....	0	500	0
Philadelphia Health and Education Corporation.....	3,880	2,000	1,900
Thomas Jefferson University - Doctor of Medicine Instruction.....	5,693	5,869	5,282
Thomas Jefferson University - Operations & Maintenance.....	4,135	4,050	3,847
Philadelphia College of Osteopathic Medicine.....	5,550	6,222	4,650
Pennsylvania College of Optometry.....	1,550	1,598	1,391
Philadelphia University of the Arts.....	1,206	1,181	1,122
Subtotal.....	\$ 80,853	\$ 83,355	\$ 76,625
Non-State Related Institutions:			
Berean - Operations and Maintenance.....	1,701	1,676	1,392
Berean - Rental Payments.....	95	90	85
Johnson Technical Institute.....	196	192	182
Williamson Free School of Mechanical Trades.....	71	69	65
Subtotal.....	\$ 2,063	\$ 2,027	\$ 1,724
Subtotal - State Funds.....	\$ 8,200,822	\$ 8,482,054	\$ 8,395,265
Subtotal - Federal Funds.....	1,184,042	1,436,556	1,460,926
Subtotal - Augmentations.....	4,172	4,216	1,666
Total - Grants and Subsidies.....	\$ 9,389,036	\$ 9,922,826	\$ 9,857,857

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
STATE FUNDS.....	\$ 8,276,851	\$ 8,559,284	\$ 8,468,785
FEDERAL FUNDS.....	1,227,291	1,602,842	1,630,579
AUGMENTATIONS.....	16,125	12,355	9,883
GENERAL FUND TOTAL.....	\$ 9,520,267	\$ 10,174,481	\$ 10,109,247
MOTOR LICENSE FUND:			
<i>Grants and Subsidies:</i>			
Safe Driving Course.....	\$ 1,070	\$ 1,230	\$ 1,230
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Local Libraries Rehabilitation and Development (EA).....	\$ 2,991	\$ 4,894	\$ 1,238
State System of Higher Educ. - Deferred Maintenance (EA).....	14,504	5,893	8,224
Total - Grants and Subsidies.....	\$ 17,495	\$ 10,787	\$ 9,462
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 17,495	\$ 10,787	\$ 9,462
OTHER FUNDS:			
GENERAL FUND:			
LSTA - Library Grants.....	\$ 4,148	\$ 6,000	\$ 4,950
Emergency Immigrant Assistance.....	1,069	900	100
Surety Bond Proceeds.....	10	14	14
Distressed School Districts Assistance (Section 2502.30).....	1,363	0	0
Private Licensed Schools.....	529	568	684
Empowerment School Districts.....	2,000	0	0
Medical Assistance Reimbursements.....	74,316	48,000	49,000
PANET - Local Education Agencies.....	10	0	0
Approved Private Schools - Audit Resolution.....	4,923	1,500	3,000
Woodland Hills Desegregation.....	1,884	1,600	0
Telecommunications Education Fund Grant.....	59	186	0
Pupil Transportation Recoveries.....	2,448	0	0
GENERAL FUND TOTAL.....	\$ 92,759	\$ 58,768	\$ 57,748
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA).....	\$ 117	\$ 150	\$ 150
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration.....	\$ 33,247	\$ 42,054	\$ 42,947
Directed Commissions.....	1,118	1,176	1,290
(A) Health Insurance - Administration reimbursement.....	0	0	1,402
(A) Health Options - Administration Reimbursement.....	0	0	454
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL.....	\$ 34,365	\$ 43,230	\$ 46,093
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 8,276,851	\$ 8,559,284	\$ 8,468,785
SPECIAL FUNDS.....	18,565	12,017	10,692
FEDERAL FUNDS.....	1,227,291	1,602,842	1,630,579
AUGMENTATIONS.....	16,125	12,355	9,883
OTHER FUNDS.....	127,241	102,148	103,991
TOTAL ALL FUNDS.....	\$ 9,666,073	\$ 10,288,646	\$ 10,223,930

Footnotes to Summary by Fund and Appropriation

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- ^a 2001-02 Actual includes \$1.29 million actually appropriated as part of Technology Leadership Academy and 2002-03 Available includes \$1.29 million actually appropriated as part of Technology Leadership Academy.
- ^b Includes recommended supplemental appropriation of \$4.906 million.
- ^c Includes recommended supplemental appropriation of \$1.113 million.
- ^d Actually appropriated as \$14 million. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^e Actually appropriated as \$6.469 million. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^f Actually appropriated as School Library Catalog.
- ^g Includes recommended supplemental appropriation of \$9.351million.
- ^h Act 187 of 2002 changed Thaddeus Stevens College of Technology to a "State affiliated agency" therefore it now appears in Higher Education –Other Grants and Subsidies.
- ⁱ Due to change in agency status federal and augmenting funds will no longer be shown in the budget year.
- ^j Includes recommended supplemental appropriation of \$440,000.
- ^k Includes recommended supplemental appropriation of \$4.676 million.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 33,478	\$ 34,329	\$ 31,361	\$ 29,361	\$ 29,361	\$ 29,361	\$ 29,361
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	41,531	153,417	158,081	158,081	158,081	158,081	158,081
OTHER FUNDS.....	45,819	50,761	53,869	53,869	53,869	53,869	53,869
SUBCATEGORY TOTAL.....	\$ 120,828	\$ 238,507	\$ 243,311	\$ 241,311	\$ 241,311	\$ 241,311	\$ 241,311
BASIC EDUCATION							
GENERAL FUND.....	\$ 6,677,167	\$ 6,957,096	\$ 6,989,450	\$ 7,334,527	\$ 7,722,831	\$ 8,097,440	\$ 8,407,586
SPECIAL FUNDS.....	1,070	1,230	1,230	1,230	1,230	1,230	1,230
FEDERAL FUNDS.....	1,184,230	1,442,512	1,465,408	1,465,408	1,465,408	1,465,408	1,465,408
OTHER FUNDS.....	90,820	54,998	54,913	53,247	53,247	53,247	53,247
SUBCATEGORY TOTAL.....	\$ 7,953,287	\$ 8,455,836	\$ 8,511,001	\$ 8,854,412	\$ 9,242,716	\$ 9,617,325	\$ 9,927,471
LIBRARY SERVICES							
GENERAL FUND.....	\$ 93,956	\$ 94,090	\$ 56,002	\$ 56,002	\$ 56,002	\$ 56,002	\$ 56,002
SPECIAL FUNDS.....	2,991	4,894	1,238	2,024	2,148	2,249	2,347
FEDERAL FUNDS.....	1,303	1,447	1,650	1,650	1,650	1,650	1,650
OTHER FUNDS.....	4,221	6,194	5,092	5,092	5,092	5,092	5,092
SUBCATEGORY TOTAL.....	\$ 102,471	\$ 106,625	\$ 63,982	\$ 64,768	\$ 64,892	\$ 64,993	\$ 65,091
HIGHER EDUCATION							
GENERAL FUND.....	\$ 1,472,250	\$ 1,473,769	\$ 1,391,972	\$ 1,391,972	\$ 1,391,972	\$ 1,391,972	\$ 1,391,972
SPECIAL FUNDS.....	14,504	5,893	8,224	9,526	10,007	10,451	10,855
FEDERAL FUNDS.....	227	5,466	5,440	5,440	5,440	5,440	5,440
OTHER FUNDS.....	2,506	2,550	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,489,487	\$ 1,487,678	\$ 1,405,636	\$ 1,406,938	\$ 1,407,419	\$ 1,407,863	\$ 1,408,267
ALL PROGRAMS:							
GENERAL FUND.....	\$ 8,276,851	\$ 8,559,284	\$ 8,468,785	\$ 8,811,862	\$ 9,200,166	\$ 9,574,775	\$ 9,884,921
SPECIAL FUNDS.....	18,565	12,017	10,692	12,780	13,385	13,930	14,432
FEDERAL FUNDS.....	1,227,291	1,602,842	1,630,579	1,630,579	1,630,579	1,630,579	1,630,579
OTHER FUNDS.....	143,366	114,503	113,874	112,208	112,208	112,208	112,208
DEPARTMENT TOTAL.....	\$ 9,666,073	\$ 10,288,646	\$ 10,223,930	\$ 10,567,429	\$ 10,956,338	\$ 11,331,492	\$ 11,642,140



PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the agency can be achieved.

Program: Education Support Services

Education Support Services provides for the administrative and overhead systems that support the operation of programs necessary for the achievement of agency objectives. The success or failure of these supportive efforts can only be indirectly reflected by the effectiveness of the activities they support. A primary concern of the Commonwealth and each agency is to minimize these administrative costs in relation to the costs of services provided.

In addition to including the executive, budget, publication and legal offices of the agency, this program also provides staff support to the State Board of Education and other administrative boards and commissions. These include boards for private, academic, business, trade and correspondence schools, and the Professional Standards and Practices Commission. In order for the Department of Education to more efficiently operate and perform its administrative functions, the department has implemented a variety of technology initiatives. Fiscal year 2003-04 will

be the third year of a multi-year initiative of migrating from the legacy mainframe computer database to a relational database. This multi-year initiative will enable the Department of Education to consolidate and process educational data in a much shorter timeframe enabling more comprehensive analysis of current education issues within various program areas.

The funds from the School Employees' Retirement Fund used for administration of the School Employees' Retirement System are also included as Other Funds in this program. Administration of the School Employees' Retirement System is directed by the Pennsylvania School Employees' Retirement Board and includes provision of benefits for retired school employees and counseling and information services for active employees. The system currently provides benefits to over 139,500 retirees and beneficiaries. The School Employees' Retirement Fund is shown in the Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		Information and Technology Improvement
\$ -543	—nonrecurring 2002-03 budgetary freeze amount.	\$ -143	—nonrecurring 2002-03 budgetary freeze amount.
-409	—to continue current program.	-1,873	—program reduction.
<u>\$ -952</u>	<i>Appropriation Decrease</i>	<u>\$ -2,016</u>	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 26,320	\$ 27,171	\$ 26,219	\$ 26,219	\$ 26,219	\$ 26,219	\$ 26,219
Information and Technology Improvement	7,158	7,158	5,142	3,142	3,142	3,142	3,142
TOTAL GENERAL FUND	<u><u>\$ 33,478</u></u>	<u><u>\$ 34,329</u></u>	<u><u>\$ 31,361</u></u>	<u><u>\$ 29,361</u></u>	<u><u>\$ 29,361</u></u>	<u><u>\$ 29,361</u></u>	<u><u>\$ 29,361</u></u>

PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

Program: Basic Education

Program Element: Basic Education

The Commonwealth and local school districts share the financing of public elementary and secondary education in Pennsylvania. There are 501 local school districts in Pennsylvania. Each is governed by a locally elected school board that is responsible for the administration of the public schools in the district. Funding provided to the school districts by the Commonwealth supplements the funds raised locally.

The Basic Education Funding appropriation is the largest subsidy the Commonwealth provides to support local school districts. Funding is allocated to each district through a formula that is based on district enrollment and relative wealth. Act 88 of 2002 established the funding formula for the 2002-03 Basic Education Funding appropriation. In addition to providing each school district an amount equal to its 2001-02 allocation, the formula contains five components: a base (equity) supplement, growth supplements, a minimum increase guarantee; a small district assistance supplement and a supplement based upon school district personal income and relative wealth.

Program Element: Educational Support

The activities included in this element are those that support basic education programs but are not directly involved with their implementation. These programs include: payments to school districts to cover the State share of payroll costs for Social Security and retirement, authority rental and sinking fund payments for school infrastructure, pupil transportation, school food service subsidy and subsidy payments to intermediate units.

More than two-thirds of the school buildings in the Commonwealth were constructed prior to 1965. Since that time, needs have changed in terms of instructional programs, accessibility, educational philosophy and technology. Buildings have also experienced normal deterioration from use. These factors, as well as demographic changes and a favorable investment climate, have resulted in a continued increase in the number of school building and renovation projects reviewed annually. Of the 1,600 leases supported with Commonwealth funds, eighty percent of all projects involve renovation or expansion of existing facilities. Act 35 of 2001 also provides for reimbursable annual rental for leases of buildings or portions of buildings for charter schools.

Program Element: Basic Education-Nonpublic Schools

The Commonwealth provides aid to nonprofit, nonpublic schools through this element. Appropriations are for auxiliary services, textbooks, instructional materials and transportation to and from nonpublic schools.

Services provided include guidance counseling, testing, psychological services, speech and hearing services, remedial reading, remedial math and services for exceptional children. Textbooks are loaned to children in nonpublic schools under a program established by Act 195 of 1972. Act 90 of 1975 authorizes instructional materials to be loaned to nonpublic schools. Transportation is provided to and from school for nonpublic school students in accordance with the Public School Code.

Program Element: Basic Education — Adjudicated Youth

This element includes educational services for those in rehabilitative or correctional facilities. The Commonwealth's Youth Development Centers house minors adjudicated from the court system. These centers provide rehabilitation and education for incarcerated juveniles. The appropriation within this element is Youth Development Centers-Education.

Program Element: Special Education

Special education, in partnership with basic education, is serving approximately 327,000 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.

Funds are also provided under this element for the State-operated Scranton State School for the Deaf.

Program Element: Vocational Education

Vocational Education, also in partnership with basic education, is serving approximately 100,000 secondary students. The appropriation for vocational education is paid to area vocational-technical schools and school districts that provide vocational-technical instruction.

Program Element: Education Mentoring

This program element supports community-based organizations that partner with schools to provide senior/adult/older mentors to at-risk teens and younger students. Mentors are matched with those students most at-risk of dropping out, students with high absentee rates or truancy and poor academic performance. Funds are also distributed

Program: Basic Education (continued)

to school districts to enhance long-range comprehensive strategies for dropout prevention and dropout reduction. Grants are awarded on a competitive basis.

Program Element: Basic Education — Teen Parenting

Through this element, the Commonwealth offers program grants, training and technical assistance to schools to provide educational and support services necessary to help pregnant and parenting teens stay in school and graduate. Services include case management, parenting education, referral to pre- and post-natal health care, childcare services, transportation and other services.

Program Element: Charter Schools

This program element provides for grants to groups and schools interested in planning and starting charter schools. Charter schools are public schools, approved by local school districts. They are created and controlled by parents, community leaders and/or teachers. Charter schools operate free from educational mandates, except those concerning nondiscrimination, health and safety.

Program Element: Safe and Alternative Schools

Through the Center for Safe Schools, school districts receive grants to implement their localized innovative plans for safer schools. A portion of the funding is targeted to those school districts that have experienced the greatest problems with violence. This effort is intended to provide children with the opportunity to learn and teachers with the opportunity to teach in environments unhindered by violence and disciplinary problems.

This program element also provides for the development of alternative education programs for disruptive students. School districts receive formula-based grants to aid in offsetting the costs of operating these programs. Local participation is encouraged through the requirement of local matching support. School districts are further encouraged to work together to tailor the types of programs necessary to meet their needs, either through consortia or an intermediate unit.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Basic Education							
Public school enrollment (K-12)	1,821,627	1,817,200	1,811,760	1,803,200	1,793,960	1,780,340	1,764,320
Total expenditures per average daily membership	\$9,100	\$9,500	\$10,000	\$10,500	\$11,000	\$11,600	\$12,000
High school graduation rates (%)	84.1	84.2	84.3	84.4	84.4	84.5	84.6
Graduates enrolling in business, technical or college programs	86,310	88,550	90,990	91,770	93,430	94,450	97,230
Students taking PA Assessment	999,510	1,171,915	1,579,170	1,579,170	1,579,170	1,579,170	1,579,170
Total General Educational Development (GED) diplomas	16,802	19,000	19,000	19,000	19,000	19,000	19,000
Enrollment in adult basic education	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Adult education volunteers trained	2,259	2,300	2,300	2,300	2,300	2,300	2,300
Adult education students receiving adjunct services	39,725	40,000	41,000	41,000	41,000	41,000	41,000
Basic Education—Nonpublic Schools							
Nonpublic school enrollment	321,090	316,360	312,130	307,930	303,870	299,950	299,950
Basic Education—Adjudicated Youth							
Youth Development Centers							
Total youth served	2,325	2,325	2,325	2,325	2,325	2,325	2,325
Special Education							
Pupils with disabilities enrolled in programs ..	232,906	233,000	233,000	233,000	233,000	233,000	233,000
Pupils enrolled in programs for the gifted	75,423	75,500	75,500	75,500	75,500	75,500	75,500
Scranton School for the Deaf enrollment	115	120	120	120	120	120	120
Approved vocational education programs:							
Students enrolled	18,386	18,500	18,600	18,700	18,800	18,900	19,000
Students completing programs	3,667	3,800	3,820	3,840	3,860	3,880	3,900

Students taking PA Assessment test decreases in 2002-03 from the projection shown in last year's budget because standards for science were not finalized in time to operationalize a science test for grades 4, 7 and 10.

Special Education students completing approved vocational education programs increase from those shown in last years budget due to a change in the criteria used to define program completion.

Program: Basic Education (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Vocational Education							
Enrollment	92,325	93,200	94,000	94,800	95,600	96,000	96,800
Students placed in jobs	17,286	17,450	17,600	17,750	17,900	18,050	18,200
Basic Education—Education Mentoring							
Education mentoring/dropout prevention program enrollment	4,340	4,340	4,340	4,340	4,340	4,340	4,340
Basic Education—Teen Parenting							
Students served by teen parenting programs	5,150	5,150	5,150	5,150	5,150	5,150	5,150

Vocational Education students placed in jobs decrease from those shown in last year's budget based on actual activity.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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<p>GENERAL FUND</p> <p>Office of Safe Schools Advocate —program elimination. \$ -433</p> <p>PA Assessment —nonrecurring 2002-03 budgetary freeze amount. -100 — nonrecurring project. -200 \$ -300 <i>Appropriation Decrease</i></p> <p>Youth Development Centers — Education —nonrecurring 2002-03 budgetary freeze amount. -20 —to continue current program. 23 \$ 3 <i>Appropriation Increase</i></p> <p>Scranton State School for the Deaf —nonrecurring 2002-03 budgetary freeze amount. -30 —to continue current program. 191 \$ 161 <i>Appropriation Increase</i></p> <p>Performance Incentives —program elimination. \$ -25,000</p> <p>School Improvement Grants —program elimination. \$ -26,661</p> <p>Educational Support Services —program elimination. \$ -23,600</p> <p>School Readiness —program elimination. \$ -1,500</p> <p>Technology Initiative —nonrecurring 2002-03 budgetary freeze amount. -1,000 —nonrecurring project. -4,070 \$ -5,070 <i>Appropriation Decrease</i></p> <p>Science Education Program —nonrecurring project. \$ -2,000</p>	<p>Teacher Professional Development —program reduction. \$ -1,944</p> <p>Read to Succeed —program elimination. \$ -15,000</p> <p>Adult and Family Literacy —program reductions. \$ -1,173</p> <p>New Choices/New Options —nonrecurring project. \$ -2,000</p> <p>Authority Rentals and Sinking Fund Requirements —to continue current program. \$ 11,405</p> <p>Pupil Transportation —to continue current program. \$ 16,069</p> <p>Nonpublic and Charter School Pupil Transportation —to continue current program. \$ -1,275</p> <p>Early Intervention —to continue current program. \$ 5,386</p> <p>Homebound Instruction —to continue current program. \$ 10</p> <p>Tuition for Orphans and Children Placed in Private Homes —to continue current program. \$ 1,760</p> <p>Education of Migrant Laborer's Children —to continue current program. \$ 8</p> <p>School Food Services —to continue current program. \$ 742</p> <p>School Employees' Social Security —nonrecurring 2002-03 budgetary freeze amount. -8,000 —to continue current program. 16,159 \$ 8,159 <i>Appropriation Increase</i></p>
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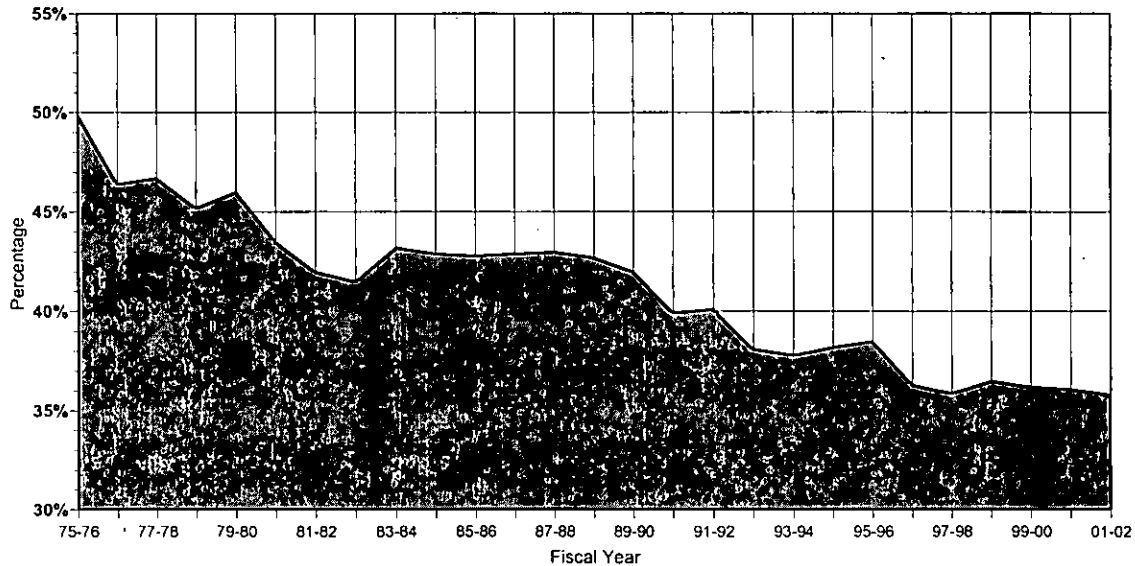
Program: Basic Education (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 123,181 School Employees' Retirement —to continue current program at the actuarially determined employer contribution rate.</p> <p>\$ -4,000 School District Demonstration Projects —nonrecurring projects.</p> <p>\$ -8,000 Technology for Nonpublic Schools —program elimination.</p> <p>\$ -5,100 Job Training Programs —program elimination.</p> <p>\$ -800 Charter Schools —program reduction.</p>	<p>\$ -500 Independent Schools —nonrecurring 2002-03 budgetary freeze amount. —program reduction.</p> <p>\$ -1,000 Appropriation Decrease</p> <p>\$ -1,000 Charter Schools - Nonpublic Transfers —program elimination.</p> <p>\$ -2,000 Charter Schools - Transitional Grants —program elimination.</p> <p>\$ -6,674 Safe and Alternative Schools —program reduction.</p>
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All other appropriations are recommended at the current year funding levels.

State Support for Basic Education



The Commonwealth's participation in funding basic education has declined from 50% in 1975-76 to under 36% in 2001-02.

Appropriations within this Program:

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Office of Safe Schools Advocate	\$ 980	\$ 783	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
PA Assessment	20,554	20,656	20,356	20,356	20,356	20,356	20,356
Youth Development Centers - Education ..	10,847	11,083	11,086	11,086	11,086	11,086	11,086
Scranton State School for the Deaf	5,896	6,041	6,202	6,202	6,202	6,202	6,202
Basic Education Funding	3,959,885	4,086,326	4,086,326	4,086,326	4,086,326	4,086,326	4,086,326
Philadelphia School District	0	25,000	25,000	25,000	25,000	0	0
Performance Incentives	0	25,000	0	0	0	0	0
School Improvement Grants	26,161	26,661	0	0	0	0	0
Education Support Services	23,600	23,600	0	0	0	0	0

Program: Basic Education (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
School Readiness	1,000	1,500	0	0	0	0	0
Technology Initiative	23,890	6,360	1,290	0	0	0	0
Science Education Program	2,000	2,000	0	0	0	0	0
Teacher Professional Development	7,117	5,811	3,867	3,867	3,867	3,867	3,867
Read to Succeed	25,000	15,000	0	0	0	0	0
Adult and Family Literacy	19,706	19,707	18,534	18,534	18,534	18,534	18,534
Vocational Education	55,028	55,378	55,378	55,378	55,378	55,378	55,378
Vocational Education Equipment Grants ..	2,956	0	0	0	0	0	0
New Choices / New Options	3,700	2,000	0	0	0	0	0
Authority Rentals and Sinking Fund							
Requirements	276,061	283,078	294,483	312,152	330,881	350,734	371,778
Pupil Transportation	415,744	438,882	454,951	477,699	501,584	526,663	552,996
Nonpublic and Charter School Pupil							
Transportation	56,055	75,339	74,064	74,064	74,064	74,064	74,064
Special Education	861,398	874,319	874,319	874,319	874,319	874,319	874,319
Early Intervention	102,435	107,725	113,111	113,111	113,111	113,111	113,111
Homebound Instruction	746	840	850	850	850	850	850
Tuition for Orphans and Children Placed							
in Private Homes	43,498	45,528	47,288	47,288	47,288	47,288	47,288
Payments in Lieu of Taxes	180	180	180	180	180	180	180
Education of Migrant Laborers' Children ..	751	751	759	759	759	759	759
PA Charter Schools for the Deaf and							
Blind	25,749	25,749	25,749	25,749	25,749	25,749	25,749
Special Education - Approved Private							
Schools	63,450	63,450	63,450	63,450	63,450	63,450	63,450
Intermediate Units	6,311	6,311	6,311	6,311	6,311	6,311	6,311
School Food Services	24,433	25,800	26,542	26,542	26,542	26,542	26,542
School Employees' Social Security	397,009	418,244	426,403	444,779	465,051	487,493	507,632
School Employees' Retirement	55,033	44,466	167,647	455,221	780,639	1,112,874	1,355,504
GENERAL FUND (continued):							
School District Demonstration Projects	\$ 3,335	\$ 4,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Education of Indigent Children	116	100	100	100	100	100	100
Education Mentoring	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Services to Nonpublic Schools	71,263	71,976	71,976	71,976	71,976	71,976	71,976
Textbooks, Materials and Equipment for							
Nonpublic Schools	21,812	22,030	22,030	22,030	22,030	22,030	22,030
Technology for Nonpublic Schools	8,000	8,000	0	0	0	0	0
Teen Pregnancy and Parenthood	1,405	1,725	1,725	1,725	1,725	1,725	1,725
Comprehensive Reading	300	300	300	300	300	300	300
Ethnic Heritage	165	165	165	165	165	165	165
Governor's Schools of Excellence	2,492	2,492	2,492	2,492	2,492	2,492	2,492
Job Training Programs	5,100	5,100	0	0	0	0	0
Charter Schools	1,800	1,800	1,000	1,000	1,000	1,000	1,000
Independent Schools	2,000	1,500	500	500	500	500	500
Charter Schools - Nonpublic Transfers ...	1,000	1,000	0	0	0	0	0
Charter Schools - Transitional Grants	2,000	2,000	0	0	0	0	0
Reimbursement of Charter Schools	0	52,940	52,940	52,940	52,940	52,940	52,940
Safe and Alternative Schools	35,526	30,000	23,326	23,326	23,326	23,326	23,326
Alternative Education Demonstration							
Grants	0	7,200	7,200	7,200	7,200	7,200	7,200
Administrative/Instructional Consolidation	875	0	0	0	0	0	0
School Defibrillators	1,605	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 6,677,167	\$ 6,957,096	\$ 6,989,450	\$ 7,334,527	\$ 7,722,831	\$ 8,097,440	\$ 8,407,586
MOTOR LICENSE FUND:							
Safe Driving Course	\$ 1,070	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230

PROGRAM OBJECTIVE: To provide and improve library services to citizens of the Commonwealth, special libraries, and government agencies and employees.

Program: Library Services

This program supports and improves State and local library services and ensures access to these services by citizens of the Commonwealth.

The State Library is the agency of the Commonwealth charged with developing, improving and coordinating library services and systems in the State. It provides Statewide leadership in the development of libraries as essential contributors to the cultural and economic well being of Pennsylvania communities.

The State Library, located in Harrisburg, is a major resource library serving State Government, as well as libraries and residents of the Commonwealth. It includes an extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers and Pennsylvania State and U.S. Government publications, computer search services to provide reference and research assistance to State Government personnel from more than 300 databases, and a computer-based catalog to give users more rapid access to information about the collection. Since 1998, the catalog has been available on the internet as part of the Access Pennsylvania library database.

The library development function provides leadership and advisory services to public, academic and special libraries; coordinates a Statewide system of public libraries; administers a program of State-aid to public libraries and promotes sharing of library resources through a variety of cooperative programs affecting libraries throughout the Commonwealth.

Improvement of Library Services assists local libraries to meet the information, education and recreation needs of the citizens they serve. The funds provided assist in supporting 28 district libraries by making their resources and services available to all residents within their respective areas. In addition, they support four Statewide library resource centers, libraries that are designated by State law to acquire research collections and make them available to

all residents. The State's support of public libraries is distributed based on a formula that includes seven different categories. In the past several years, amendments to the Library Code have revised four of the seven categories. The revisions to the formula have placed stronger emphasis on local funding support and new library standards.

Library Services for Visually Impaired and Disabled provides operating funds to Pennsylvania's regional libraries for direct mail services to Pennsylvania residents who are unable to utilize regular print materials. Seventy percent of the users of this program are elderly persons who are often homebound and isolated with no other access to the world of books. The service is provided in partnership with the Carnegie Library of Pittsburgh and the Free Library of Philadelphia.

The Library ACCESS Program has three components. First, the Statewide Library Card Program allows people to use any participating public library no matter where they live. Libraries are reimbursed for the cost of lending books to people living outside their service areas. Second, the Interlibrary Delivery Service provides cost-effective transportation and delivery of materials between libraries. Third, the Pennsylvania Online World of Electronic Resources (POWER) Library provides online periodical and reference databases covering a broad range of subjects for public and school library users.

The Electronic Library Catalog Program, known as Access Pennsylvania, is a web-based automated catalog of more than 2,700 Pennsylvania libraries and 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 held in Pennsylvania's libraries by facilitating interlibrary loan and resource sharing. The program improves the educational curriculum across the Commonwealth by providing access to information.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Items loaned (in thousands)	75,207	76,600	78,250	79,800	81,400	83,000	84,700
Titles in State Library collection listed in machine readable catalog database	963,554	973,200	981,300	990,750	999,750	1,008,700	1,017,825
Patron queries handled by State Library staff	115,425	117,500	121,000	123,000	124,560	126,500	128,500
Items loaned under the Statewide Library ACCESS program	11,917	12,075	12,225	12,400	12,550	12,725	12,975

Program: Library Services (continued)

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
	State Library	\$	-200
\$ -87	—nonrecurring 2002-03 budgetary freeze amount.		
-86	—to continue current program.		
\$ -173	<i>Appropriation Decrease</i>		
	Improvement of Library Services	\$	-3,656
\$ -37,645	—program reduction.		
	Library Services for the Visually Impaired and Disabled		
\$ -70	—nonrecurring project.		
			Electronic Library Catalog
			—program reduction.
			KEYSTONE RECREATION, PARK AND CONSERVATION FUND:
			Local Libraries Rehabilitation and Development (EA)
			—nonrecurring projects.

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

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
State Library	\$ 4,274	\$ 4,338	\$ 4,165	\$ 4,165	\$ 4,165	\$ 4,165	\$ 4,165
Improvement of Library Services	75,289	75,289	37,644	37,644	37,644	37,644	37,644
Library Services for the Visually Impaired and Disabled	2,965	2,965	2,965	2,965	2,965	2,965	2,965
Recording for the Blind and Dsylexic	0	70	0	0	0	0	0
Library Access	7,386	7,386	7,386	7,386	7,386	7,386	7,386
Electronic Library Catalog	4,042	4,042	3,842	3,842	3,842	3,842	3,842
TOTAL GENERAL FUND	\$ 93,956	\$ 94,090	\$ 56,002	\$ 56,002	\$ 56,002	\$ 56,002	\$ 56,002
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehabilitation and Development (EA)	\$ 2,991	\$ 4,894	\$ 1,238	\$ 2,024	\$ 2,148	\$ 2,249	\$ 2,347

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 264 degree-granting institutions, which include the State System of Higher Education, the community colleges, the four State-related universities, the Commonwealth's independent universities and colleges, the State affiliated Thaddeus Stevens College of Technology and other specialized associate degree-granting institutions.

Funding for these institutions is through direct grant appropriations and, for most of the independent sector, through the Institutional Assistance Grants and student support programs of the Pennsylvania Higher Education Assistance Agency.

Table 1
Full-Time Equivalent Enrollments at State-Supported Universities and Colleges, Actual and Projected

Institutional Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
State System of Higher Education	93,520	94,308	95,647	96,534	97,429	98,258	99,008
Community Colleges	75,088	78,416	81,612	83,682	85,491	86,980	88,512
State-Related Universities	136,581	138,853	139,456	139,797	140,156	140,474	140,755
Non-State Related Universities & Colleges	39,399	40,781	41,449	41,986	42,389	42,740	43,104
TOTAL	344,588	352,358	358,164	361,999	365,465	368,452	371,379

Program Element: State System of Higher Education

Funding for the 14 universities of the State System of Higher Education is distributed through the Chancellor's Office to the individual universities in accordance with a formula that considers the enrollment and programs of the school and the cost of operating and maintaining the individual campuses. While all the universities provide a broad liberal arts curriculum, each has a specific mission — health sciences, business, technologies, etc. All of the universities provide teacher preparation programs. Also, most offer the master's degree level in some of their programs.

Program Element: Community Colleges

Funding for the community colleges is shared by sponsoring counties or school districts, the students through tuition payments and the Commonwealth. Commonwealth appropriations are based on a formula that considers the number of students enrolled, the number of students in each of several technical programs for which additional stipends are paid to recognize the high cost of those programs and the capital costs of the colleges. The colleges offer two-year liberal arts curricula for transfer to other institutions and two-year programs in technologies or other vocational areas that culminate in an associate degree or certificate. They also offer non-credit programs such as public safety, or for the improvement of personal and professional skills.

Program Element: State-related Universities

Funding for the four State-related universities — Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University — provides basic support for their educational programs. The first three of these Commonwealth universities are major research universities; they provide programs to the doctoral level in the arts and sciences and professional schools in the medical and legal fields.

Program Element: Enrollment and Degree Programs

In 2001, over 75% percent of high school graduates planned to attend postsecondary institutions. Also, participation rates of older students and part-time students continue to increase. Full-time equivalent enrollment in State-supported universities and colleges is expected to increase by slightly more than one percent annually over the next five years, although the increase varies among institutional category.

The Pennsylvania Higher Education Assistance Agency and the Department of Education work with school districts to disseminate information to students and their parents about the importance of postsecondary education, the choices available to students, the financial aid available and the high school preparation required.

Program: Higher Education (continued)

Table 2
State-Supported Universities and Colleges FTE Enrollments by Subject Area

Subject Area	Number and Percent of Total	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Percent Change
		Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Agricultural and Natural Resources	#	3,616	3,632	3,642	3,654	3,662	3,668	3,673	1.58%
	%	1.05%	1.03%	1.02%	1.01%	1.00%	1.00%	0.99%	
Arts and Letters	#	63,535	65,844	67,390	68,437	69,394	70,259	71,207	12.08%
	%	18.44%	18.69%	18.82%	18.91%	18.99%	19.07%	19.17%	
Business, Management and Data Processing	#	57,925	58,938	59,692	60,292	60,845	61,345	61,798	6.69%
	%	16.81%	16.73%	16.67%	16.66%	16.65%	16.65%	16.64%	
Communications and Related Technologies	#	12,446	12,779	12,922	13,032	13,110	13,175	13,246	6.43%
	%	3.61%	3.63%	3.61%	3.60%	3.59%	3.58%	3.57%	
Computer and Information Sciences	#	14,349	14,786	15,199	15,525	15,783	15,995	16,222	13.05%
	%	4.16%	4.20%	4.24%	4.29%	4.32%	4.34%	4.37%	
Education	#	39,458	40,506	40,986	41,334	41,649	41,917	42,194	6.93%
	%	11.45%	11.50%	11.44%	11.42%	11.40%	11.38%	11.36%	
Engineering, Architecture and Environmental Design	#	17,342	17,502	17,645	17,743	17,831	17,919	18,002	3.81%
	%	5.03%	4.97%	4.93%	4.90%	4.88%	4.86%	4.85%	
Engineering Technologies and Related Technologies	#	6,057	6,218	6,317	6,417	6,507	6,584	6,660	9.96%
	%	1.76%	1.76%	1.76%	1.77%	1.78%	1.79%	1.79%	
Health Professions, Health Sciences and Biological Sciences	#	41,624	42,569	43,661	43,978	44,314	44,611	44,820	7.68%
	%	12.08%	12.08%	12.19%	12.15%	12.13%	12.11%	12.07%	
Home Economics, Human Services and Public Affairs	#	22,029	22,138	22,556	22,864	23,136	23,369	23,602	7.14%
	%	6.39%	6.28%	6.30%	6.32%	6.33%	6.34%	6.36%	
Industrial, Repair, Construction and Transport Technologies	#	3,563	3,597	3,723	3,779	3,840	3,891	3,941	10.61%
	%	1.03%	1.02%	1.04%	1.04%	1.05%	1.06%	1.06%	
Law	#	4,469	4,683	4,749	4,830	4,911	4,929	4,946	10.67%
	%	1.30%	1.33%	1.33%	1.33%	1.34%	1.34%	1.33%	
Physical Sciences, Mathematics and Related Technologies	#	13,876	14,018	14,114	14,198	14,289	14,358	14,418	3.91%
	%	4.03%	3.98%	3.94%	3.92%	3.91%	3.90%	3.88%	
Social Sciences, Psychology, Area Studies and Foreign Languages	#	38,734	39,603	40,000	40,316	40,559	40,768	40,958	5.74%
	%	11.24%	11.24%	11.17%	11.14%	11.10%	11.06%	11.03%	
Multi-Interdisciplinary Studies/Military Sciences	#	5,565	5,545	5,568	5,600	5,635	5,664	5,692	2.28%
	%	1.61%	1.57%	1.55%	1.55%	1.54%	1.54%	1.53%	
TOTAL		344,588	352,358	358,164	361,999	365,465	368,452	371,379	7.77%

Along with higher education enrollment size, the mix of enrollments by discipline will shape the future of higher education. Table 2 shows projections of enrollment by subject area in the State-supported universities and colleges from 2001-02 through 2007-08. A review of fields in which degrees are awarded shows the greatest number of degrees is in Business (including Marketing), Education, Engineering, the Health Sciences (including Medicine and

Nursing), the Social Sciences, and the Arts and Letters programs.

The State-supported universities and colleges in Pennsylvania graduate over 70,000 students annually with degrees ranging from the two-year associate degree to doctoral and professional degrees. Pennsylvania degree graduates from both State-supported and private universities and colleges total over 118,000 annually.

Program: Higher Education (continued)

Table 3
Higher Education Degrees Awarded by State-Supported
and Private Universities and Colleges,
Actual and Projected

Institutional Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
State System of Higher Education	18,345	18,549	18,774	18,997	19,215	19,394	19,591
Community Colleges	10,771	11,281	11,735	12,061	12,362	12,578	12,753
State-Related Universities	34,559	35,197	35,435	35,557	35,657	35,729	35,814
Non-State Related Universities & Colleges	10,677	11,134	11,424	11,782	11,944	12,103	12,264
Private Universities & Colleges	44,400	45,199	46,013	46,841	47,684	48,543	49,416
TOTAL	118,752	121,360	123,381	125,238	126,862	128,347	129,838

Program Element: Support for Educationally Disadvantaged and Minority Students

Under Act 101 of 1971, the Higher Education Equal Opportunity Program provides grants to colleges for tutorial and counseling services for economically and educationally disadvantaged students to aid them in succeeding in college.

In 1996, the Department of Education and the Federal Office of Civil Rights embarked on a joint venture designed to assess and address the challenges in providing higher education opportunities for African American students in Pennsylvania. Funding is included in this subcategory and in the capital budget to further help with the cost of recruiting and retaining minority students. Funds are also provided for an affirmative action program at the State System of Higher Education. In addition, funding for higher education scholarships for students of Cheyney and Lincoln Universities is made available through programs administered by the Pennsylvania Higher Education Assistance Agency.

Program Element: Research

An essential ingredient for a healthy economy and the creation of new jobs in any region is the existence of vigorous research universities. Regions with the most dynamic economies are those where research and development investments have been significant. The research university not only provides new ideas, technologies and products to industry, but also educates and motivates graduates to turn those ideas, technologies and products into industry and jobs.

While the University of Pittsburgh and Temple University are also major research universities, Pennsylvania State University (Penn State) is the primary recipient of direct research funds designated by the Commonwealth to support research in agriculture, engineering, biological and physical sciences, earth and mineral sciences, health and human services, and other areas. Penn State is the Commonwealth's Federally designated land-grant university and as such has received funds designated for agricultural research since 1901.

The continued State support for organized research is a means of promoting a responsive position on the ever-changing needs of the Commonwealth. In this regard, colleges and universities play a major role in the economic development of the Commonwealth through the creation of a climate that will attract new high technology industries to the State.

Program Element: Community Service

Public and community services are provided by all sectors of higher education and include short-term courses and workshops and programs in the arts. The bulk of Commonwealth funding in this area supports the Cooperative Extension Service of Penn State. The service offers consultation to any State resident on agricultural or environmental issues. It operates the Agricultural Extension Computer Network, which, with a computer in every county extension office, offers a Statewide network of information linked to the resources of the main campus.

Program Element: Support Services and Performance Indicators

The Department of Education provides leadership and support services to all sectors of higher education. Responsibilities include liaison with the national accrediting agencies, the State Board of Education and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the higher education master plan and the Commonwealth's plan for equal education opportunity. The department also provides certificates to those seeking teaching certification in Pennsylvania.

Pennsylvania has been a national leader in education reform by introducing concepts of quality performance and accountability in basic and secondary education. This budget will continue these efforts and introduce these concepts into post secondary education. The department will begin reviewing performance indicators to measure the quality, efficiency and effectiveness of our higher education system.

Program: Higher Education (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Thaddeus Stevens College of Technology enrollment	607	669	700	725	750	775	800
Office of Civil Rights reviews of institutional plans	7	7	7	7	7	7	7
Minority enrollments at public institutions ..	55,389	60,375	60,975	61,575	62,175	62,775	63,374
Disadvantaged students served by specialized programs	13,833	14,100	14,375	14,650	14,925	15,200	15,485
Programs evaluated	21	24	24	25	26	26	26
Teacher certifications	34,950	36,000	37,000	40,000	40,000	40,000	40,000

Office of Civil Rights reviews of institutional plans has decreased from those shown in last year's budget due to changes in annual reporting reviews.

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:		
\$ -550	Regional Community Colleges Services —nonrecurring project.	\$ -3,438	University of Pittsburgh —nonrecurring 2002-03 budgetary freeze amount.
		-5,158	—program reduction.
\$ -4,500	Higher Education Technology Grants —program elimination.	\$ -8,596	<i>Appropriation Decrease</i>
\$ -6,000	Higher Education Equipment —program elimination.	\$ -3,472	Temple University —nonrecurring 2002-03 budgetary freeze amount.
\$ -500	Enhanced Technology Initiative —nonrecurring project.	-5,208	—program reduction.
		\$ -8,680	<i>Appropriation Decrease</i>
\$ -1,000	Engineering Equipment Grants —program elimination.	\$ -256	Lincoln University —nonrecurring 2002-03 budgetary freeze amount.
\$ -3,000	Dormitory Sprinklers —to continue current program.	-384	—program reduction.
		\$ -640	<i>Appropriation Decrease</i>
\$ -625	Rural Initiatives —nonrecurring project.		Non-State-related Universities and Colleges —nonrecurring 2002-03 budgetary freeze amount.
\$ -1,750	Osteopathic Education —program elimination.	\$ -1,666	—nonrecurring projects.
		-2,588	—program reduction.
\$ -124	Thaddeus Stevens College of Technology —nonrecurring 2002-03 budgetary freeze amount.	-2,476	
211	—to continue current program.	\$ -6,730	<i>Appropriation Decrease</i>
\$ 87	<i>Appropriation Increase</i>	\$ -42	Non-State-related Institutions —nonrecurring 2002-03 budgetary freeze amount.
		-200	—nonrecurring project.
\$ -22,883	State System of Higher Education (SSHE) —program reduction.	-61	—program reduction.
		\$ -303	<i>Appropriation Decrease</i>
\$ -6,450	Pennsylvania State University —nonrecurring 2002-03 budgetary freeze amount.		KEYSTONE RECREATION, PARK AND CONSERVATION FUND:
-9,677	—program reduction.		State System of Higher Education - Deferred Maintenance (EA) —to continue current program.
\$ -16,127	<i>Appropriation Decrease</i>	\$ 2,331	

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

Program: Higher Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Community Colleges	\$ 195,011	\$ 210,277	\$ 210,277	\$ 210,277	\$ 210,277	\$ 210,277	\$ 210,277
Regional Community Colleges Services ...	1,075	550	0	0	0	0	0
Community Colleges - Workforce Development	2,000	0	0	0	0	0	0
Higher Education for the Disadvantaged	9,320	9,320	9,320	9,320	9,320	9,320	9,320
Higher Education of Blind or Deaf Students	54	54	54	54	54	54	54
Higher Education Technology Grants	4,500	4,500	0	0	0	0	0
Higher Education Equipment	3,998	6,000	0	0	0	0	0
Enhanced Technology Initiative	500	500	0	0	0	0	0
Engineering Equip Grants	1,000	1,000	0	0	0	0	0
Dormitory Sprinklers	3,000	6,000	3,000	3,000	3,000	3,000	3,000
Rural Initiatives	1,925	1,968	1,343	1,343	1,343	1,343	1,343
Osteopathic Education	1,697	1,750	0	0	0	0	0
Thaddeus Stevens College of Technology	8,238	7,861	7,948	7,948	7,948	7,948	7,948
State System of Higher Education	471,821	457,667	434,784	434,784	434,784	434,784	434,784
Pennsylvania State University	324,770	322,592	306,465	306,465	306,465	306,465	306,465
University of Pittsburgh	173,107	171,932	163,336	163,336	163,336	163,336	163,336
Temple University	174,765	173,621	164,941	164,941	164,941	164,941	164,941
Lincoln University	12,553	12,795	12,155	12,155	12,155	12,155	12,155
Non-State-related Universities and Colleges	80,853	83,355	76,625	76,625	76,625	76,625	76,625
Non-State-related Institutions	2,063	2,027	1,724	1,724	1,724	1,724	1,724
TOTAL GENERAL FUND	\$ 1,472,250	\$ 1,473,769	\$ 1,391,972	\$ 1,391,972	\$ 1,391,972	\$ 1,391,972	\$ 1,391,972
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education -- Deferred Maintenance (EA)	\$ 14,504	\$ 5,893	\$ 8,224	\$ 9,526	\$ 10,007	\$ 10,451	\$ 10,855



EMERGENCY MANAGEMENT AGENCY

The Pennsylvania Emergency Management Agency develops and maintains a comprehensive plan and program for the civil defense of the Commonwealth. Primarily the plan calls for the protection of life and property both prior to and in the event of natural and other disasters. The agency, through the Office of the State Fire Commissioner, provides loans to volunteer fire, ambulance and rescue companies, and coordinates State fire services. The Emergency Management Agency also administers post-disaster aid to affected localities and citizens.

Homeland Security

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

The possibility of further terrorist attacks against the United States remains strong. As a result, Governor Rendell has charged his Office of Homeland Security with coordinating homeland security activities that will increase the safety and security of Pennsylvania’s citizens. Because an effective homeland security strategy requires the cooperation of many Commonwealth agencies, this budget will enable the Governor’s Office of Homeland Security to bring together the Commonwealth’s homeland security activities and build upon Pennsylvania’s existing core capacity to respond effectively in the event of future emergencies.

- **Radio Communication Systems.**

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

This budget recommends funding for the Executive Offices for the second year of implementation of the Statewide Public Safety Radio System. In addition, funding is recommended for interoperable communications equipment for Emergency Medical Service organizations.

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

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

This budget recommends funding for the Emergency Management Agency to conduct training and emergency preparedness exercises for State and local emergency response organizations and emergency plan development for counties. In addition, funding is recommended for Emergency Operations Center enhancements, Urban Search and Rescue Team equipment, and Citizen Corps and Community Emergency Response Team training.

- **Public Health Readiness and Response.**

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

This budget recommends continued funding for the Departments of Health and Environmental Protection to more effectively monitor the public health for chemical, biological and nuclear incidents and to ensure that healthcare facilities are prepared for possible emergency situations. Funding is also recommended for the Department of Agriculture to continue emergency preparedness plans for the plant and animal health industries.

Listed below is a summary of 2003-04 homeland security initiatives, totaling approximately \$113.2 million.

	(amounts in thousands)	
	State Funds	Federal Funds
Executive Offices		
Statewide Public Safety Radio System.....	\$ 13,943	
Department of Agriculture		
Bio-Security.....	80	
Emergency Management Agency		
Training and Planning Assistance.....	5,364	
Emergency Preparedness and Response.....	594	
Urban Search and Rescue.....	210	
Emergency Management Planning and Assistance.....		\$ 11,760
Counterterrorism Grants.....		23,160
Department of Environmental Protection		
Environmental Health Surveillance.....	125	
Department of Health		
Grants to Increase State and Local Capacity.....		37,360
Hospital Preparedness.....		20,600
TOTAL.....	\$ 20,316	\$ 92,880



Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 7,354	\$ 7,598	\$ 7,459
(F)Civil Preparedness.....	2,604	3,424	3,424
(F)Flash Flood Project - Warning System.....	105	105	105
(F)Hazardous Materials Planning and Training.....	390	469	469
(F)Domestic Preparedness.....	1,953	7,400	0
(F)Domestic Preparedness - First Responders(F).....	0	10,512	23,160
(F)Homeland Security Activities (F).....	0	4,995	11,760
(A)Nuclear Facility.....	68	0	67
Information Systems Management.....	2,062	2,032	1,027
(A)Technology Projects.....	213	0	0
Subtotal.....	\$ 14,749	\$ 36,535	\$ 47,471
State Fire Commissioner.....	2,030	2,052	2,140
(F)Fire Prevention.....	83	250	250
(A)Fire Academy Fees.....	36	75	75
(A)Arson Fines.....	0	2	2
Subtotal.....	\$ 2,149	\$ 2,379	\$ 2,467
Security.....	4,521 ^a	10,027 ^a	6,212
Subtotal - State Funds.....	\$ 15,967	\$ 21,709	\$ 16,838
Subtotal - Federal Funds.....	5,135	27,155	39,168
Subtotal - Augmentations.....	317	77	144
Total - General Government.....	\$ 21,419	\$ 48,941	\$ 56,150
<i>Grants and Subsidies:</i>			
(F)Hazard Mitigation Grants 1994 Winter Disaster (EA).....	\$ 2,580	\$ 6,386	\$ 1,200
(F)1994 Winter Disaster - Public Assistance (EA).....	138	5	5
(F)January 1996 Flood Disaster (EA).....	2,925	6,479	500
(F)Hazard Mitigation Grants - January 1996 Flood (EA).....	2,663	7,103	1,100
(F)January 1996 Blizzard Disaster (EA).....	131	5	0
(F)June 1996 Storm Disaster (EA).....	200	434	5
(F)June 1996 Storm Disaster - Hazard Mitigation (EA).....	115	321	5
(F)July 1996 Storm Disaster - Public Assistance (EA).....	176	1,280	500
(F)July 1996 Storm Disaster - Hazard Mitigation (EA).....	830	1,156	50
(F)September 1996 Storm Disaster (EA).....	33	5	5
(F)September 1996 Storm Disaster - Hazard Mitigation (EA).....	184	494	5
(F)November 1996 Storm Disaster (EA).....	41	48	0
(F)November 1996 Floods - Hazard Mitigation (EA).....	0	76	0
May-June 1998 Storm Disaster - Hazard Mitigation.....	0	100	0
(F)May-June 1998 Storm Disaster - Public Assistance (EA).....	65	5	5
(F)May-June 1998 Storm Disaster - Hazard Mitigation (EA).....	290	256	5
1999 Disasters - Public Assistance & Hazard Mitigation(6/01).....	0	0	75
(F)August 1999 Flood Disaster - Hazard Mitigation (EA).....	799	379	95
(F)August 1999 Flood Disaster - Public Assistance (EA).....	106	765	20
(F)September 1999 Tropical Storm Disaster-Public Assistance(EA).....	1,697	3,617	1,500
September 1999 Tropical Storm Disaster-Hazard Mitigation(EA).....	0	0	500
(F)September 1999 Tropical Storm Disaster-Hazard Mitigation(EA).....	2,528	11,015	2,000
June 2001 Storm Disaster - Public Assistance.....	2,200	1,650	0
(F)June 2001 Storm Disaster - Public Assistance (EA).....	8,000	6,000	3,000
June 2001 Storm Disaster - Hazard Mitigation (6/04).....	470	0	750
(F)June 2001 Disaster - Hazard Mitigation (EA).....	399	1,250	3,000
September 2001 Disaster Relief.....	3,500	0	500
Drought and Water Shortage Disaster.....	250	0	0
Firefighters' Memorial Flag.....	0	10	10
Volunteer Company Grants.....	0	0	25,000
Red Cross Extended Care Program.....	993	500	500

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal - State Funds.....	\$ 7,413	\$ 2,260	\$ 27,335
Subtotal - Federal Funds.....	23,900	47,079	13,000
Total - Grants and Subsidies.....	\$ 31,313	\$ 49,339	\$ 40,335
STATE FUNDS.....	\$ 23,380	\$ 23,969	\$ 44,173
FEDERAL FUNDS.....	29,035	74,234	52,168
AUGMENTATIONS.....	317	77	144
GENERAL FUND TOTAL.....	\$ 52,732	\$ 98,280	\$ 96,485
OTHER FUNDS:			
GENERAL FUND:			
Emergency Management and Disaster Assistance.....	\$ 2,320	\$ 2,300	\$ 2,300
Radiological Emergency Response Planning.....	583	500	500
Radiation Emergency Response Fund.....	497	525	525
Radiation Transportation Emergency Response Fund.....	(4)	0	0
GENERAL FUND TOTAL.....	\$ 3,396	\$ 3,325	\$ 3,325
DISASTER RELIEF FUND:			
1996 Disaster Areas-Hazard Mitigation (EA).....	\$ 164	\$ 100	\$ 100
HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations.....	\$ 106	\$ 117	\$ 117
Hazardous Materials Response Team.....	97	117	417
Grants to Counties.....	824	824	824
Public and Facilities Owners Education.....	45	117	117
HAZARDOUS MATERIAL RESPONSE FUND TOTAL.....	\$ 1,072	\$ 1,175	\$ 1,475
VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans.....	\$ 19,609	\$ 17,400	\$ 16,300
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 23,380	\$ 23,969	\$ 44,173
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	29,035	74,234	52,168
AUGMENTATIONS.....	317	77	144
OTHER FUNDS.....	24,241	22,000	21,200
TOTAL ALL FUNDS.....	\$ 76,973	\$ 120,280	\$ 117,685



Emergency Management Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND.....	\$ 20,107	\$ 21,407	\$ 16,523	\$ 15,173	\$ 14,836	\$ 14,670	\$ 14,581
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	28,952	73,984	51,918	51,918	51,918	51,918	51,918
OTHER FUNDS.....	4,913	4,600	4,967	4,967	4,967	4,967	4,967
SUBCATEGORY TOTAL.....	\$ 53,972	\$ 99,991	\$ 73,408	\$ 72,058	\$ 71,721	\$ 71,555	\$ 71,466
FIRE PREVENTION AND SAFETY							
GENERAL FUND.....	\$ 3,273	\$ 2,562	\$ 27,650	\$ 2,650	\$ 2,650	\$ 2,650	\$ 2,650
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	83	250	250	250	250	250	250
OTHER FUNDS.....	19,645	17,477	16,377	16,377	16,377	16,377	16,377
SUBCATEGORY TOTAL.....	\$ 23,001	\$ 20,289	\$ 44,277	\$ 19,277	\$ 19,277	\$ 19,277	\$ 19,277
ALL PROGRAMS:							
GENERAL FUND.....	\$ 23,380	\$ 23,969	\$ 44,173	\$ 17,823	\$ 17,486	\$ 17,320	\$ 17,231
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	29,035	74,234	52,168	52,168	52,168	52,168	52,168
OTHER FUNDS.....	24,558	22,077	21,344	21,344	21,344	21,344	21,344
DEPARTMENT TOTAL.....	\$ 76,973	\$ 120,280	\$ 117,685	\$ 91,335	\$ 90,998	\$ 90,832	\$ 90,743

Emergency Management Agency

PROGRAM OBJECTIVE: To develop and maintain a Statewide emergency force capable of immediate and effective action in the event of natural, technological or other man-made disasters and rapid organizational expansion to assure civil preparedness for war or resource based emergencies.

Program: Emergency Management

The Pennsylvania Emergency Management Agency (PEMA) has developed an organization designed on the National Governors' Association model of comprehensive emergency management. A multi-agency training program develops and maintains a Statewide emergency force composed of State, county and local units jointly capable of: prompt and effective action to protect life and property; alleviating human suffering and hardship resulting from natural and man-made disasters; and deploying rapidly when required in the event of war or other resource based emergencies.

Act 1 of Special Session 2 of 1996 increased the amount of unused appropriated funds available for the Governor to transfer for disaster relief from \$5 million to \$10 million in any one year.

Act 64 of 1999, the Emergency Management Assistance Compact, allows PEMA to provide and coordinate emergency services to other states participating in a mutual assistance agreement. The Governor is authorized to transfer up to \$15 million in unused appropriated funds for these expenses, which may be reimbursed by other states.

The agency's mission includes programs concerning prison/community safety, 911-program implementation and maintenance, statewide chemical and nuclear power safety, and hazardous materials transportation.

The Commonwealth's civil preparedness and emergency response capability is provided through the maintenance of a Statewide system, 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. 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. The comprehensive exercise program is an extensive and integrated training and testing program that enhances and measures the ability of county and local forces to provide a comprehensive and coordinated first line of response to emergency conditions. The agency coordinates urban search and rescue capabilities for response to certain types of disasters. Regional rapid assessment teams are trained to provide assessment of needs in disaster areas. The agency coordinates regional counter-terrorism task forces and incident support teams. The agency is constructing a resource database and an online disaster information center so that information can be provided in a timely manner to State and county entities.

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.

Emergency Management Agency

Program: Emergency Management (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
County/Local Emergency plans developed	3,554	6,279	6,279	6,279	6,279	6,279	6,279
Emergency management training recipients	7,000	6,500	6,500	6,500	6,500	6,500	6,500
Emergency management grants	259	410	397	397	397	397	397
Emergency exercise participants	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Responses to Statewide emergency incidents	3,970	4,700	5,400	6,100	6,800	7,700	8,500
Federal disaster funds disbursed (in thousands)	\$23,900	\$42,079	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000

County/Local Emergency plans developed increased from the projections shown in last year's budget due to accelerated requirements for completing plans.

Emergency management training recipients increased from the projections shown in last year's budget due to Federal and State training mandates, and broader training opportunities for safety professionals.

Emergency management grants increased from the projections shown in last year's budget due to the introduction of new grant programs including state planning and first responder grants.

Emergency exercise participants increased from the projections shown in last year's budget due to increased levels of community participation and the introduction of funding to cover program costs.

Responses to Statewide emergency incidents increased from the projections shown in last year's budget due to increased awareness created by a new web-based reporting system. Future years reflect the expected effects of the new system.

Federal disaster funds disbursed increased from the projections shown in last year's budget based on actual data and disaster occurrences.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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<p>General Government Operations —to continue current program.</p> <p>Information Systems Management —nonrecurring technology upgrades.</p> <p>Security —nonrecurring training resources. —867 —nonrecurring technology projects. —707 —nonrecurring USAR grants. —350 —nonrecurring emergency alert system costs. —175 —nonrecurring maintenance expenses. —41 —nonrecurring projects.</p> <p>Appropriation Decrease</p>	<p>May-June 1998 Storm Disaster - Public Assistance and Hazard —State match for federally funded projects.</p> <p>September 1999 Tropical Storm Disaster - Hazard Mitigation (EA) —State match for federally funded projects.</p> <p>June 2001 Storm Disaster - Public Assistance —nonrecurring State matching funds for hazard mitigation.</p> <p>June 2001 Storm Disaster - Hazard Mitigation —State match for federally funded projects.</p> <p>September 2001 Disaster Relief —to continue National Guard presence at nuclear facilities.</p>
<p>\$ -139</p> <p>\$ -1,005</p> <p>\$ -1,675</p> <p style="padding-left: 20px;">-867</p> <p style="padding-left: 20px;">-707</p> <p style="padding-left: 20px;">-350</p> <p style="padding-left: 20px;">-175</p> <p style="padding-left: 20px;">-41</p> <p>\$ -3,815</p> <p>\$ -100</p>	<p>\$ 75</p> <p>\$ 500</p> <p>\$ -1,650</p> <p>\$ 750</p> <p>\$ 500</p>

Emergency Management Agency

Program: Emergency Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 7,354	\$ 7,598	\$ 7,459	\$ 7,459	\$ 7,459	\$ 7,459	\$ 7,459
Information Systems Management	2,062	2,032	1,027	1,027	1,027	1,027	1,027
Security	4,521	10,027	6,212	5,512	5,512	5,512	5,512
May-June 1998 Storm Disaster - Hazard Mitigation	0	100	0	0	0	0	0
1999 Disasters - Public Assistance & Hazard Mitigation(6/01)	0	0	75	50	25	15	5
September 1999 Tropical Storm Disaster- Hazard Mitigation(EA)	0	0	500	250	125	63	31
June 2001 Storm Disaster - Public Assistance	2,200	1,650	0	0	0	0	0
June 2001 Storm Disaster - Hazard Mitigation (6/04)	470	0	750	375	188	94	47
September 2001 Disaster Relief	3,500	0	500	500	500	500	500
TOTAL GENERAL FUND	\$ 20,107	\$ 21,407	\$ 16,523	\$ 15,173	\$ 14,836	\$ 14,670	\$ 14,581



Emergency Management Agency

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining Statewide municipal fire and emergency service capability.

Program: Fire Prevention and Safety

This program provides operating funds for the Fire Commissioner to coordinate and organize State-level fire safety functions, the administration and operation of the Volunteer Loan Assistance Program, and the administration and operation of the State Fire Academy that provides training classes to paid and volunteer fire personnel.

The State Fire Commissioner is responsible for coordinating Federal, State and private fire safety funds; assisting State agencies in the development of plans related to fire safety; reviewing existing or proposed rules and regulations affecting the safety of Commonwealth citizens; and providing a cost-effective fire-loss management system for the Commonwealth.

Through contacts with government agencies, the business community, consumers and the fire service, the Fire Commissioner's Office renders technical assistance; collects, reviews and disseminates pertinent information about fire death data and fire prevention and control techniques; and conducts statewide fire safety educational programs for the entire fire community.

The State Fire Academy at Lewistown is the foundation for fire training delivery. The academy provides advanced professional development for fire service officers, command personnel, instructors and other specialists engaged in fire prevention and suppression activities; offers a Firefighter Certification Program based on nationally accepted professional standards; acts as the educational hub for all other fire and emergency services training in Pennsylvania; and serves as the designated Commonwealth government center for hazardous chemical and radioactive material

training, providing training for both first responders and certified county hazardous materials response teams. Fire Academy personnel work closely with the community colleges for local level course development, community college and county fire school instructor certification and delivery of local level fire training courses to over 60,000 students a year.

Another area of assistance to the fire fighting, ambulance and rescue community is the Volunteer Company Loan Assistance Program. The purpose of the program is to improve the capabilities of volunteer fire companies, ambulance services and rescue squads by offering low-interest loans (two percent per annum) for establishing or modernizing facilities to house fire fighting apparatus, purchasing new apparatus or equipment for fire fighting, communications and accessory equipment. Priority is given to replacement of outmoded or unsafe equipment and the purchase of additional equipment to meet unusual demand. Under this program, loans of \$15,000 or less are limited to five years, loans between \$15,001 and \$99,000 are limited to 10 years, and loans between \$99,001 up to the maximum of \$200,000 are limited to 15 years. Funding for the loan program is reflected in the financial statement for the Volunteer Companies Loan Fund included in the Special Funds Appendix.

The Volunteer Fire and Emergency Services referendum, approved by the voters on November 5, 2002, allows incurring indebtedness up to \$100 million to support firefighting and emergency activities. Legislation would be required to establish a program.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Local fire training graduates	60,855	60,000	60,000	60,000	60,000	60,000	60,000
State Fire Academy graduates	3,185	4,500	4,500	4,500	4,500	4,500	4,500
Volunteer loans granted (in thousands) ...	\$19,063	\$17,400	\$16,300	\$14,700	\$14,600	\$14,500	\$14,500
Fire departments participating in Fire Information Reporting System*	NA	800	1,500	1,800	2,100	2,100	2,200

State Fire Academy graduates decreased from the projections shown in last year's budget based on the latest future year projections.

* New program measure. The Fire Information Reporting System facilitates the collection and exchange of information on the full range of the department activities to identify emerging trends to better manage operations.

Emergency Management Agency

Program: Fire Prevention and Safety (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 88 **State Fire Commissioner**
—to continue current program.

\$ 25,000 **Volunteer Company Grants**
—Initiative – Volunteer Company Grants. To provide one-time grants for health and safety-related projects, training or certification, equipment, building repair or construction, debt reduction, or public fire prevention education to volunteer fire and emergency medical service companies.

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

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
State Fire Commissioner	\$ 2,030	\$ 2,052	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140
Drought and Water Shortage Disaster	250	0	0	0	0	0	0
Firefighters' Memorial Flag	0	10	10	10	10	10	10
Volunteer Company Grants	0	0	25,000	0	0	0	0
Red Cross Extended Care Program	993	500	500	500	500	500	500
TOTAL GENERAL FUND	\$ 3,273	\$ 2,562	\$ 27,650	\$ 2,650	\$ 2,650	\$ 2,650	\$ 2,650





DEPARTMENT OF ENVIRONMENTAL PROTECTION

The mission of the Department of Environmental Protection is to protect Pennsylvania's air, land and water from pollution and to provide for the health and safety of its citizens through a cleaner environment. The department will work as partners with individuals, organizations, governments and businesses to prevent pollution and restore our natural resources.

Environmental Protection

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02
ACTUAL

2002-03
AVAILABLE

2003-04
BUDGET

GENERAL FUND:

General Government:

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
General Government Operations	\$ 18,833	\$ 20,669	\$ 22,171
(F)Surface Mine Conservation.....	94	413	413
(A)Reimbursement - Laboratory Services.....	9,197	9,360	9,548
(A)Reimbursement - EDP Services.....	6,744	7,758	7,900
(A)Department Services.....	58	75	75
(A)Purchasing Card Rebate.....	21	15	15
(A)Vehicle Sales.....	0	10	10
(A)Environmental Alliance Senior Involvement.....	3	0	0
Subtotal.....	\$ 34,950	\$ 38,300	\$ 40,132
Environmental Hearing Board	1,748	1,789	1,764
(A)Reimbursement for Services.....	16	25	25
Subtotal.....	\$ 1,764	\$ 1,814	\$ 1,789
Cleanup of Scrap Tires	2,000	2,000	0
Environmental Program Management	43,354	44,224	43,679
(F)Coastal Zone Management.....	1,742	2,500	3,700
(F)Construction Management Assistance Grants - Administration.....	1,050	1,400	1,400
(F)Storm Water Permitting Initiative.....	738	2,300	2,300
(F)Safe Drinking Water Act - Management.....	4,386	4,500	5,500
(F)Water Pollution Control Grants - Management.....	1,724	3,300	3,300
(F)Training Reimbursement for Small Systems.....	0	3,500	3,500
(F)Air Pollution Control Grants - Management.....	2,050	2,400	2,400
(F)Surface Mine Conservation.....	5,059	6,500	6,500
(F)Wetland Protection Fund.....	23	240	240
(F)Training and Education of Underground Coal Miners.....	625	750	750
(F)Diagnostic X-Ray Equipment Testing.....	251	340	340
(F)Water Quality Outreach Operator Training.....	68	200	200
(F)Water Quality Management Planning Grants.....	897	1,000	1,150
(F)Small Operators Assistance.....	1,560	2,000	2,000
(F)Wellhead Protection Fund.....	47	250	250
(F)Indoor Radon Abatement.....	425	500	500
(F)Non-Point Source Implementation.....	8,729	12,800	12,800
(F)Hydroelectric Power Conservation Fund.....	38	51	51
(F)Survey Studies.....	1,172	2,500	3,000
(F)National Dam Safety.....	76	100	150
(F)Great Lakes Restoration.....	3	1,700	1,700
(F)Abandoned Mine Reclamation (EA).....	22,397	34,000	34,000
(F)Quecreek Mine Disaster Relief.....	0	2,000	0
(F)Nuclear and Chemical Security (EA).....	0	3,225 ^a	3,225 ^a
(F)Homeland Security Initiative (EA).....	249	500	500
(A)Payments - Department Services.....	86	100	100
(A)Vehicle Sales.....	1	20	20
(A)Clean Air Fund.....	0	815	815
(A)Clean Water Fund.....	126	273	273
(A)Reimbursement from Water Pollution Control Revolving Fund.....	185	241	185
(A)Safe Drinking Water Account.....	0	185	185
(A)Solid Waste Abatement.....	0	535	535
(A)Reimbursement - PENNVEST.....	69	75	75
(A)Safe Drinking Water Revolving Fund Administration.....	0	187	127
(R)Sewage Facilities Program Administration (EA).....	1,274	1,500	925
(R)Used Tire Pile Remediation (EA).....	1,000	0	15
Subtotal.....	\$ 99,404	\$ 136,711	\$ 136,390
Chesapeake Bay Agricultural Source Abatement	2,823	3,330	3,105
(F)Chesapeake Bay Pollution Abatement.....	3,202	6,200	6,200
Subtotal.....	\$ 6,025	\$ 9,530	\$ 9,305
Office of Pollution Prevention and Compliance Assistance	3,352	3,751	3,569
(F)State Energy Program.....	3,078	4,951	4,951

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(F)Pollution Prevention.....	83	600	600
(F)Heavy Duty Vehicle Program.....	0	200	200
(F)Alternative Fuels.....	0	175	175
(F)National Industrial Competitiveness.....	700	933	933
(F)Energy & Environmental Opportunities.....	0	1,200	1,200
Subtotal.....	\$ 7,213	\$ 11,810	\$ 11,628
Environmental Protection Operations.....	75,074	76,323	76,393
(F)EPA Planning Grant - Administration.....	6,417	6,800	6,800
(F)Water Pollution Control Grants.....	4,106	4,500	4,500
(F)Air Pollution Control Grants.....	2,069	2,900	2,900
(F)Surface Mine Control and Reclamation.....	6,663	7,583	7,583
(F)Construction Management Assistance Grants.....	16	350	350
(F)Safe Drinking Water.....	2,350	2,700	2,700
(F)Oil Pollution Spills Removal.....	242	1,000	1,000
(F)Emergency Disaster Relief (EA).....	41	120	120
(F)Technical Assistance to Small Systems (EA).....	852	3,263	3,263
(F)Assistance to State Programs (EA).....	2,497	2,800	2,800
(F)Local Assistance and Source Water Protection (EA).....	5,518	7,000	10,000
(A)Clean Air Fund.....	750	1,758	1,955
(A)Clean Water Fund.....	187	2,008	2,005
(A)Vehicle Sale.....	93	80	90
(A)Reimbursement from Water Pollution Control Revolving Fund.....	520	807	520
(A)Safe Drinking Water Account.....	150	251	251
(A)Solid Waste Abatement.....	300	500	549
(A)Reimbursement - PENNVEST.....	80	127	80
(A)Reimbursement - Department Services.....	114	65	100
(A)PADOT ISTEPA Program.....	249	438	438
(A)Safe Drinking Water Revolving Fund.....	0	490	187
Subtotal.....	\$ 108,288	\$ 121,863	\$ 124,584
Safe Water.....	5,500	11,000	0
Black Fly Control and Research.....	4,801	4,703	4,419
(A)County Contributions.....	511	1,311	800
Subtotal.....	\$ 5,312	\$ 6,014	\$ 5,219
West Nile Virus Control.....	7,435	7,907	7,430
Subtotal - State Funds.....	\$ 164,920	\$ 175,696	\$ 162,530
Subtotal - Federal Funds.....	91,237	142,244	146,144
Subtotal - Augmentations.....	19,460	27,509	26,863
Subtotal - Restricted Revenues.....	2,274	1,500	940
Total - General Government.....	\$ 277,891	\$ 346,949	\$ 336,477
Grants and Subsidies:			
Flood Control Projects.....	\$ 2,644	\$ 2,793	\$ 2,793
Storm Water Management.....	1,200	1,200	1,200
Sewage Facilities Planning Grants.....	1,950	1,950	1,950
Sewage Facilities Enforcement Grants.....	5,000	5,000	5,000
Sewage Treatment Plant Operations Grants.....	50,666	52,122	0
Environmental Stewardship Fund.....	50,000	0	0
Delaware River Master.....	95	97	92
Ohio River Basin Commission.....	16	14	14
Susquehanna River Basin Commission.....	675	700	725
Interstate Commission on the Potomac River.....	42	44	46
Delaware River Basin Commission.....	1,089	1,133	1,132
Ohio River Valley Water Sanitation Commission.....	165	172	172
Chesapeake Bay Commission.....	340	265	265
Local Soil and Water District Assistance.....	3,100	3,100	3,100
(A)Soil and Water Assistance Augmentations.....	375	250	250
Interstate Mining Commission.....	27	32	38
Northeast-Midwest Institute.....	58	58	58

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Small Water System Regionalization.....	59	400	0
Full-Cost Bonding Transition.....	7,000	0	0
Sea Grant Program.....	250	250	250
Agricultural Consumptive Water Use Study (6/05).....	0	610	0
Great Lakes Commission Project.....	113	0	0
Subtotal - State Funds.....	\$ 124,489	\$ 69,940	\$ 16,835
Subtotal - Augmentations.....	375	250	250
Total - Grants and Subsidies.....	\$ 124,864	\$ 70,190	\$ 17,085
STATE FUNDS.....	\$ 289,409	\$ 245,636	\$ 179,365
FEDERAL FUNDS.....	91,237	142,244	146,144
AUGMENTATIONS.....	19,835	27,759	27,113
RESTRICTED REVENUES.....	2,274	1,500	940
GENERAL FUND TOTAL.....	\$ 402,755	\$ 417,139	\$ 353,562
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>General Government:</i>			
Oil and Gas Well Plugging (EA).....	\$ 1,808	\$ 772	\$ 2,097
Abandoned Mine Reclamation and Remediation (EA).....	9,987	2,316	6,290
Total - General Government.....	\$ 11,795	\$ 3,088	\$ 8,387
<i>Grants and Subsidies:</i>			
Watershed Protection and Restoration (EA).....	\$ 22,607	\$ 27,237	\$ 26,603
Sewage and Drinking Water Grants (EA).....	0	3,370	5,065
Total - Grants and Subsidies.....	\$ 22,607	\$ 30,607	\$ 31,668
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 34,402	\$ 33,695	\$ 40,055
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Dirt and Gravel Road.....	\$ 4,000	\$ 4,000	\$ 4,000
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Safe Drinking Water Account.....	\$ 624	\$ 700	\$ 687
Radiation Protection Fund.....	5,694	5,361	5,656
Clean Water Fund.....	3,646	4,000	4,080
Solid Waste Abatement Fund.....	2,091	4,000	4,000
Well Plugging Account.....	404	436	436
Abandoned Well Plugging.....	0	175	165
Orphan Well Plugging.....	25	600	600
Alternative Fuels Incentive Grants.....	907	7,800	6,000
Industrial Land Recycling.....	0	22	22
GENERAL FUND TOTAL.....	\$ 13,391	\$ 23,094	\$ 21,646
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F) (EA).....	\$ 777	\$ 2,964	\$ 2,964
CLEAN AIR FUND:			
Major Emission Facilities (EA).....	\$ 18,922	\$ 24,337	\$ 24,825
Mobile and Area Facilities (EA).....	7,748	7,119	7,259

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
CLEAN AIR FUND TOTAL	\$ 26,670	\$ 31,456	\$ 32,084
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA).....	\$ 1,999	\$ 2,941	\$ 2,941
Payment of Claims (EA).....	796	2,000	2,000
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL	\$ 2,795	\$ 4,941	\$ 4,941
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Energy Conservation.....	\$ 105	\$ 1,250	\$ 38
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 386	\$ 551	\$ 592
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA).....	\$ 17,369	\$ 18,681	\$ 19,056
Hazardous Sites Cleanup (EA).....	37,769	42,000	30,000
Host Municipality Grants (EA).....	400	750	750
Transfer to Industrial Sites Cleanup Fund (EA).....	0	8,000	8,000
Transfer-Industrial Sites Environmental Assessment Fund (EA).....	2,000	2,000	2,000
Transfer to Household Hazardous Waste Account.....	0	5,000	5,000
Small Business Pollution Prevention (EA).....	0	2,000	2,000
Transfer to Environmental Stewardship Fund (EA).....	5,000	5,000	5,000
HAZARDOUS SITES CLEANUP FUND TOTAL	\$ 62,538	\$ 83,431	\$ 71,806
LOW LEVEL WASTE FUND:			
General Operations (EA).....	\$ 761	\$ 657	\$ 350
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 43	\$ 800	\$ 800
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA).....	\$ 1,265	\$ 1,600	\$ 1,600
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA).....	\$ 900	\$ 1,200	\$ 1,300
Reimbursement for Municipal Inspection (EA).....	375	375	375
Reimburse-Host Municipality Permit Applications Review (EA).....	50	50	50
Administration of Recycling Program (EA).....	1,568	1,800	1,800
County Planning Grants (EA).....	601	750	750
Municipal Recycling Grants (EA).....	25,829	31,500	31,500
Municipal Recycling Performance Program (EA).....	18,966	20,000	20,000
Public Education/Technical Assistance (EA).....	11,842	11,000	10,000
Small Business Pollution Prevention (EA).....	1,654	0	0
Transfer to Solid Waste Abatement Fund.....	0	2,000	2,000
Waste Tire Pile Remediation (EA).....	736	0	0
Waste Tire Collection Grants.....	0	250	250
Forest Lands Beautification Act.....	1,500	1,500	0
Transfer to Environmental Stewardship Fund (EA).....	25,000	25,000	25,000
RECYCLING FUND TOTAL	\$ 89,021	\$ 95,425	\$ 93,025
REMINING ENVIRONMENTAL ENHANCEMENT FUND:			
Remining and Reclamation Incentives (EA).....	\$ 174	\$ 1,000	\$ 1,000
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA).....	\$ 0	\$ 25	\$ 25

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
STORAGE TANK FUND:			
General Operations (EA).....	\$ 8,848	\$ 8,914	\$ 8,914
Underground Storage Tanks (F) (EA).....	240	251	251
Leaking Underground Storage Tanks (F) (EA).....	2,093	2,500	2,700
Transfer to Storage Tank Loan Program.....	0 ^b	0 ^b	0 ^b
STORAGE TANK FUND TOTAL.....	\$ 11,181	\$ 11,665	\$ 11,865
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 1,390	\$ 2,705	\$ 2,705
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA).....	\$ 4,743	\$ 5,500	\$ 5,500
Pollution Prevention Program (EA).....	405	1,000	1,000
Catastrophic Release Program.....	0	5,500	5,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 5,148	\$ 12,000	\$ 12,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 289,409	\$ 245,636	\$ 179,365
SPECIAL FUNDS.....	38,402	37,695	44,055
FEDERAL FUNDS.....	91,237	142,244	146,144
AUGMENTATIONS.....	19,835	27,759	27,113
RESTRICTED.....	2,274	1,500	940
OTHER FUNDS.....	215,645	273,564	257,441
TOTAL ALL FUNDS.....	\$ 656,802	\$ 728,398	\$ 655,058

^a Recommended executive authorization from the Federal government's Emergency Response Fund. Additional revisions may occur as the Federal government provides more information on these funds.

^b Although authorized by legislation, no activity is anticipated during the year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND.....	\$ 20,581	\$ 22,458	\$ 23,935	\$ 23,779	\$ 23,779	\$ 23,779	\$ 23,779
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	94	413	413	413	413	413	413
OTHER FUNDS.....	16,039	17,243	17,573	17,922	18,277	18,640	19,011
SUBCATEGORY TOTAL.....	\$ 36,714	\$ 40,114	\$ 41,921	\$ 42,114	\$ 42,469	\$ 42,832	\$ 43,203
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND.....	\$ 268,828	\$ 223,178	\$ 155,430	\$ 155,434	\$ 155,439	\$ 155,443	\$ 155,447
SPECIAL FUNDS.....	38,402	37,695	44,055	40,096	47,307	47,307	47,307
FEDERAL FUNDS.....	91,143	141,831	145,731	142,006	142,006	142,006	142,006
OTHER FUNDS.....	221,715	285,580	267,921	222,106	216,734	212,116	207,142
SUBCATEGORY TOTAL.....	\$ 620,088	\$ 688,284	\$ 613,137	\$ 559,642	\$ 561,486	\$ 556,872	\$ 551,902
ALL PROGRAMS:							
GENERAL FUND.....	\$ 289,409	\$ 245,636	\$ 179,365	\$ 179,213	\$ 179,218	\$ 179,222	\$ 179,226
SPECIAL FUNDS.....	38,402	37,695	44,055	40,096	47,307	47,307	47,307
FEDERAL FUNDS.....	91,237	142,244	146,144	142,419	142,419	142,419	142,419
OTHER FUNDS.....	237,754	302,823	285,494	240,028	235,011	230,756	226,153
DEPARTMENT TOTAL.....	\$ 656,802	\$ 728,398	\$ 655,058	\$ 601,756	\$ 603,955	\$ 599,704	\$ 595,105

Environmental Protection

PROGRAM OBJECTIVE: To provide administrative and technical support for the Commonwealth's environmental protection programs.

Program: Environmental Support Services

This program provides the administrative and technical systems that direct and support the department's programs. It includes the executive and administrative offices, the Office of Chief Counsel, information and data processing systems, the Citizens Advisory Council, the Environmental Quality Board and the Bureau of Laboratories.

The Bureau of Laboratories provides analytical data that determines and identifies pollution levels in samples from any part of the environment. Samples from streams and lakes, solid wastes, drinking water, industrial wastes and fish are analyzed for toxic chemicals. Milk, food, water and air are examined for radiation. Water from supply systems,

beaches and sewage treatment plants is examined for bacteria; and homeowners' water is examined for potability. With the passage of the Environmental Laboratory Accreditation Act (Act 90 of 2002), an accreditation program for environmental laboratories within the department was established to assure the quality of compliance data in all program areas.

The Environmental Hearing Board's purpose is to safeguard the environmental rights of Pennsylvania's citizens through appeals of actions taken or instituted by the Department of Environmental Protection and/or the private sector. It is included here for presentation purposes.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Laboratory Analyses Supporting Programs							
Mining	340,683	340,000	340,000	340,000	340,000	340,000	340,000
Air	44,666	45,000	45,000	45,000	45,000	45,000	45,000
Water	139,689	140,000	140,000	140,000	140,000	140,000	140,000
Waste Management	239,051	240,000	240,000	240,000	240,000	240,000	240,000
Safe Drinking Water	54,641	55,000	55,000	55,000	55,000	55,000	55,000
Radiation Protection	13,497	13,000	13,000	13,000	13,000	13,000	13,000
Other	52,029	52,000	52,000	52,000	52,000	52,000	52,000
Total	884,256	885,000	885,000	885,000	885,000	885,000	885,000

Laboratory analyses supporting other programs decreased in 2001-02 from the projection shown in last year's budget. These analyses are conducted based on the need for laboratory testing. Therefore, it is difficult to project the number of tests that will be needed.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Environmental Hearing Board	
\$ -413	—nonrecurring 2002-03 budgetary freeze amount.	\$ -36	—nonrecurring 2002-03 budgetary freeze amount.
712	—Initiative — to provide computer system platform conversion and migration to the enterprise-wide DataPowerHouse Project.	11	—to continue current program.
675	—Initiative — to relocate the Bureau of Laboratories to a new facility scheduled to open in 2004.	\$ -25	<i>Appropriation Decrease</i>
528	—to continue current program.		
\$ 1,502	<i>Appropriation Increase</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,833	\$ 20,669	\$ 22,171	\$ 22,015	\$ 22,015	\$ 22,015	\$ 22,015
Environmental Hearing Board	1,748	1,789	1,764	1,764	1,764	1,764	1,764
TOTAL GENERAL FUND	\$ 20,581	\$ 22,458	\$ 23,935	\$ 23,779	\$ 23,779	\$ 23,779	\$ 23,779



PROGRAM OBJECTIVE: To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the Commonwealth, to protect the people from dangerous or unnecessary radiation from natural and man-made sources, including occupational and medical exposure and to manage water and mineral resources in a way which insures against their undue destruction and depletion while allowing economic benefits from their use.

Program: Environmental Protection and Management

This program encompasses the major program elements that protect the health and safety of the citizens of the Commonwealth as well as the quality of their environment. While protection of citizens and the environment is the highest priority, the Commonwealth's economic health and development are also major concerns.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" Program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. In the Department of Environmental Protection, a number of program elements are affected: Water Quality Protection, Water Supply Management, Regulation of Mining and Watershed Conservation. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds, and improvements to drinking water and sewer systems. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a new \$4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first \$50 million of revenue from the fee will be deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee in 2003-04 and thereafter. The act provides a specific, dedicated source of funding for the Growing Greener Program and extends the new \$4 tipping fee until 2012.

Program Element: Air Quality

Emissions of air contaminants from existing and future sources must be closely monitored and controlled by the Department of Environmental Protection in order to improve air quality as mandated by the Federal Clean Air Act. The goal of these activities is to achieve the best air quality and meet State implementation requirements while providing for industrial growth and environmentally sound energy utilization. Some pollutants of primary concern to the agency include suspended particulates, sulfur and nitrogen oxides, ground-level ozone, volatile organic compounds and toxic air pollutants.

Monitoring air quality occurs at two levels. Ambient (outside) monitoring measures overall air quality in an area. The Commonwealth maintains a network of 55 ambient

monitoring sites and 26 fine-particulate monitoring sites. Sites are chosen primarily for their proximity to populated areas in order to determine the air quality where the greatest number of people is affected. Source monitoring, by both operators and mobile teams from the department, is used to check individual sources of emissions. In addition, certain large facilities are required to have instruments installed that continuously monitor emissions, minimizing the risk of accidental release of large amounts of pollutants.

Permits and inspections are the primary regulatory means for ensuring that sources of emissions are designed, constructed and operated within air quality regulations. The department must approve plans for new construction or modification of existing facilities before enhancements are made. Inspections are conducted to assure the facility has conformed to approved designs before permits are issued. In addition, on-site inspections are conducted to investigate complaints, initiate enforcement actions and to provide assistance during emergencies. The department uses compliance agreements and abatement orders to correct violations of air emission standards.

A program governing the removal of asbestos from public buildings is also included in air quality. As required by Federal regulations, the department reviews plans for the management of asbestos in schools, regulates companies doing removal work and oversees the safe disposal of the asbestos.

Program Element: Water Quality Protection

The objective of the Water Quality Protection Program is to protect the health, safety and well-being of the public through the administration of environmental protection and pollution prevention programs focused on enhancing and maintaining the Commonwealth's water quality. Chronic surface and groundwater pollution problems in Pennsylvania originate from a variety of sources and are classified into two general categories: point and non-point sources. Point sources are those in which the polluting substances are conveyed into a body of water by a pipe or channel, most commonly sewage discharges, industrial waste discharges, and storm or combined sewage drainage. Non-point sources are generally diffused discharges, such as polluted groundwater, drainage from abandoned mines and agricultural runoff. Particular issues under this program include biosolids, wastewater management, erosion control,

Program: Environmental Protection and Management (continued)

nutrient management, the Chesapeake Bay, wetlands protection, water obstructions and encroachments, and conservation district support.

Through its planning, permitting, surveillance and monitoring, enforcement and grants administration activities, the department carries out its duties and responsibilities for regulating water pollution control facilities and maintaining a Statewide surface and groundwater quality monitoring program. In addition, the National Pollutant Discharge Elimination System (NPDES), a delegated Federal program under the Clean Water Act, has increased the responsibilities of the Commonwealth to permit and monitor beyond the requirements of State law including requirements for permitting stormwater discharges and combined sewer overflows. The program also reviews plans for facilities and assists local governments in accommodating growth and development. Pennsylvania's 66 county conservation districts have been delegated authority for local administration of several of the water quality protection programs such as erosion and sedimentation control, wetlands and stream encroachments, agricultural application of sewage sludge and dirt and gravel road maintenance. This program provides management, technical, administrative and financial support to the districts in these efforts.

Program Element: Water Supply Management

The major portion of Water Supply Management is concerned with providing the citizens of the Commonwealth with safe, clean drinking water by regulating approximately 10,400 public water systems. These systems provide drinking water to the majority of citizens of the Commonwealth. There are about 2,200 community water systems in the Commonwealth serving 10.4 million residents and 8,100 non-community water systems generally serving restaurants, industries, schools and motels, which must comply with standards. The department also provides some consultative services and inspections for the 700,000 domestic water supplies (residential wells) in Pennsylvania. Regulatory activities involve permitting and compliance, contaminant investigation and control, public education, and consultative services and inspections. The Small Water Systems Assistance Act, Act 5 of 1992, established technical and management assistance programs and grants to study regionalization alternatives for small systems. As a result of this act, the department has entered an agreement to provide \$2.6 million in grants to fund 42 small system regionalization studies. The department is also actively working to award grants to local sponsors in several additional study areas.

As a result of amendments to the Federal Safe Drinking Water Act in 1996, many of the activities of this program are receiving increased emphasis. These amendments also created the Safe Drinking Water State Revolving Fund, which

is being used to increase State technical assistance and regulation.

The Black Fly Control Program, by treating 1,600 stream miles of the Susquehanna, Delaware and Allegheny rivers and their major tributaries, reduces the black fly population and gives relief to the citizens and visitors of the Commonwealth. During the 2002 spray season, 32 counties participated in the black fly suppression effort with an impact on 3.5 million residents. Two additional counties have requested participation for the 2003 spray season and two counties have suspended their participation.

The department has been given the responsibility for West Nile Virus (WNV) surveillance and control in an interagency effort with the Departments of Health and Agriculture. Protecting the public from this virus requires an integrated pest management program. This program includes monitoring of mosquito populations, control activities for mosquitoes that may carry the virus, determination of virus distribution, and examination of unknown vectors and reservoirs involved in the transmission of this virus. This program also involves development and maintenance of a data sharing system, outreach, and a funding program to build a long-term infrastructure for county government. Coordinated communications play a key role in each phase of this effort. This program is not intended to be a general mosquito control program, but to reduce the public safety health threat.

When the department's Mosquito Surveillance Program began on April 3, 2000, there were no counties actively conducting WNV surveillance. West Nile has now spread Statewide. Human cases, horse cases as well as West Nile-positive birds and mosquitoes were found in nearly every county in 2002. All 67 counties are participating in the 2003 season. The program builds infrastructure at the State and county level through a working partnership by providing technical support and grant funds to counties for mosquito surveillance and control programs to reduce WNV exposure to citizens 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 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

Program: Environmental Protection and Management (continued)

that these are being operated in a proper manner. In addition, host communities receive money from a tipping fee to use in any way they wish. The department regulates new and existing landfills to ensure that they are designed, constructed and operated with minimal risk to nearby residents and to the environment. In 1998, Pennsylvania exceeded the goal set by Act 101 by recycling more than 25 percent of its municipal waste. As a result, the goal for recycling of its municipal waste has been raised to 35 percent by the year 2003.

Act 93 of 1988 requires the regulation and control of the disposal of infectious (hospital) wastes. To do this, a manifest system tracks this waste from generation until disposal and a system of inspections assures proper handling of infectious waste. Overall management is guided by regulations and a Statewide plan to address present and future needs for incineration and disposal.

Residual waste is non-hazardous material from industrial, mining, commercial and other similar operations with approximately 2.8 million tons being disposed of in the State's municipal waste landfills annually. A comprehensive set of new regulations for residual waste disposal sites was implemented in July 1992. These regulations required residual waste facilities to be permitted or re-permitted. Many have chosen to close, requiring the department to approve closure plans and inspections to assure that closures are done in an environmentally sound manner. In 1997, the regulations were amended to reduce reporting requirements by up to 50 percent, saving resources at the State and local government levels as well as for the private sector.

Program Element: Hazardous Waste

Hazardous waste management in Pennsylvania consists of regulating the ongoing generation, transportation, treatment, recycling and disposal of hazardous waste plus overseeing the cleanup of improper sites. Generators and transporters of hazardous waste are licensed and all treatment, recycling and disposal operations are permitted. Through a manifest system, the movement of waste is tracked from generation to ultimate treatment or disposal. A state-of-the-art optical imaging system enables the department to process manifest report data, store optical images of documents, identify discrepancies and develop reports. Approximately 250,000 manifests are processed each year. In 1998, the department began accepting various reports electronically to reduce the need to enter data and facilitate reporting by industry.

In May 1999, the department finalized comprehensive revisions to its hazardous waste regulations to make them consistent with the Federal requirements, thereby easing the regulatory burden on business by assuring one standard for compliance. EPA updated Pennsylvania's program authorization on November 27, 2000.

Program Element: Land Recycling Program

Pennsylvania's Land Recycling Program is designed to promote partnerships among local businesses, government, financial institutions, local communities and the Department of Environmental Protection to restore contaminated sites to safe and productive uses. Three statutes were passed in 1995 to make contaminated sites safe, return sites to productive use and preserve farmland and greenspace. Collectively, these statutes are referred to as the Land Recycling Program, and are comprised of: Act 2, the Land Recycling and Environmental Remediation Standards Act; Act 3, the Economic Development Agency, Fiduciary and Lender Environmental Liability Act; and Act 4, the Industrial Sites Environmental Assessment Act. Cleanup standards under Act 2 fall into three broad categories: Background, Statewide Health, and Site-Specific. A Cleanup Standards Science Advisory Board has been established to assist the department in publicizing science-based standards and cleanup regulations.

The Land Recycling Program identifies risk-based standards for cleanup, simplifying the approval process and limiting future liability when cleanup standards are achieved. Grants and loans are available to help finance environmental assessments and site cleanups that in turn provide economic and environmental benefits. This has helped move Pennsylvania away from the controversial and costly Federal Superfund Program and streamlined the State Hazardous Sites Cleanup Program. At present, the department is actively involved in over 94 Superfund sites and 73 State Hazardous Sites Cleanup Program sites.

To date, the Land Recycling Program has received nearly 1,500 notices of intent to remediate a site, while over 1,097 cleanups have been completed in seven years under the Land Recycling Program. Additionally, the department created the Brownfields Inventory Grant Program in 1999 to further encourage cleanups by providing grants to local government and economic development agencies to inventory brownfields properties in their areas.

Program Element: Regulation of Mining

Regulation of mining helps to ensure the wise use of Pennsylvania's mineral resources and prevent adverse impacts of mining on the public and the environment. This includes active mining for coal and other minerals, oil and gas well drilling, deep mine safety, mine subsidence and reclamation of abandoned mines.

Relating to the coal industry, regulatory activities are designed to ensure proper land reclamation, prevent water and air pollution and protect the health and safety of the public. On July 31, 1982, Pennsylvania was designated as the primary agent for administering the Federal Surface Mining Conservation and Reclamation Act (SMCRA). The SMCRA established a comprehensive set of performance standards for mining and reclamation of surface coal mines,

Program: Environmental Protection and Management (continued)

underground coal mines, coal refuse disposal, and coal preparation facilities, and for controlling mine subsidence and the use of explosives on surface coal mines. Pennsylvania is required to follow a mandatory enforcement and civil penalty program imposed by SMCRA, and inspect each mining operation violator monthly until reclamation is achieved.

The Small Operator Assistance Program (SOAP) collects information for use in mine permit applications filed by operators who mine 300,000 tons or less per year. Consultants collect the data and provide reports to the department and to the small operators. The operator in the permit application uses the report. The department pays for the report using Federal grant money. The Remining Operator Assistance Program (ROAP) is a State-funded program that provides assistance to coal operators who mine and reclaim abandoned mine lands by paying for the cost of data collected and analysis necessary for an operator to obtain permits for remining.

In addition to the environmental regulatory, inspection and compliance activities, the Regulation of Mining is concerned with the safety of mine operations and the safety training of miners. The Bureau of Deep Mine Safety conducts mine safety-training programs to minimize the number of accidents. The bureau also directs the certification requirements for underground mine workers thereby influencing the type and degree of expertise of personnel working underground.

The Bureau of Oil and Gas Management is responsible for administering laws and regulations covering the oil and gas industry in Pennsylvania. Through a permitting system for drilling activity, inspecting drilling and storage sites, and monitoring and enforcement actions, the bureau works toward protecting the environment and balancing conflicting interests of the oil, gas and coal industries.

Another aspect of the Regulation of Mining Program is to resolve environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. This includes the reclamation of abandoned mines, abatement and treatment of acid mine drainage, control of underground mine fires and refuse bank fires, and control of surface subsidence from abandoned deep mines.

The mining program also offers mine subsidence insurance to residential and small commercial owners of property and private structures. This insurance program is financially self-supporting and directed by the Coal and Clay Mine Subsidence Insurance Board. The board administers the Insurance Fund, with premium and investment income being deposited and from which insurance claims and costs are paid. The growth in the number and value of policies has steadily increased since the program's inception in 1961. With increasing property values and public awareness, this trend is expected to continue. A cash flow statement for this fund is included in the Special Funds Appendix.

Program Element: Radiation Protection

Radiation Protection utilizes several means to protect citizens from exposure to dangerous levels of radiation. One is the regulation, licensing and inspection of radiation source users. This involves registering radiation-producing equipment, licensing of users of radioactive materials and inspecting facilities to assure compliance with regulations. For example, the department is responsible for the inspection of over 11,000 users possessing approximately 30,000 x-ray units and over 460 users of naturally occurring and accelerator-produced radioactive material.

The department also monitors the environment for radiation. This is done primarily in the vicinity of major users of radioactive materials, such as nuclear power plants. Ambient air, milk produced on local farms, surface waters, vegetation, fish and silt samples are collected and tested at regular intervals. The Radon Surveillance and Action Program is also part of this activity, measuring levels in private dwellings, advising owners on remedial actions they can take, and conducting research for effective solutions. The department certifies radon testing and mitigation firms to protect the public from inaccurate test results and ineffective construction or remedial techniques.

Another protection activity is the routine inspection and oversight of nuclear power generating facilities in the Commonwealth. These are: Beaver Valley Power Station, Limerick Generating Station, Peach Bottom Atomic Power Station, Susquehanna Steam Electric Station and Three Mile Island Nuclear Station. An agreement with the U.S. Nuclear Regulatory Commission (NRC) allows State nuclear engineers to review and evaluate plant design and operations, participate in any NRC hearings and participate in routine NRC inspections.

Radiation Protection is also involved in protecting the citizens of Pennsylvania in the event of accidents involving radioactive materials at power plants and other facilities utilizing radioactive materials.

Safe disposal of low-level radioactive waste, including contaminated filters, gloves and clothing from hospitals, industries and university research centers, is also a part of the Radiation Protection Program. (Spent nuclear fuel and similar highly radioactive materials are not included.) The Appalachian Low-Level Radioactive Waste Compact, Act 120 of 1985, committed Pennsylvania to establish a low-level radioactive waste (LLRW) disposal site for the four states in the compact—Delaware, Maryland, West Virginia and Pennsylvania. The Low-Level Radioactive Waste Disposal Act, Act 12 of 1988, establishes the criteria for the selection of a site, operation of a facility and transportation of wastes to the site.

In 1998, the department suspended the siting process after discussing the issue with its Low-Level Waste Advisory Committee and the Appalachian Compact Commission. Suspension of the process was the result of the dramatic

Program: Environmental Protection and Management (continued)

reduction in the volume of LLRW being generated in the Appalachian Compact and the availability of out-of-state disposal capacity. The department has prepared a siting re-start plan and will monitor national LLRW disposal developments to insure disposal capacity will continue to be available to generators of LLRW in the Appalachian Compact. The department will also continue to promote LLRW volume reduction during the suspension period.

Program Element: Waterways Engineering

The objective of the Waterways Engineering Program is to investigate, determine feasibility, design and construct flood protection and stream improvement projects in Pennsylvania and to ensure the safety of major dams.

The Dam Safety and Encroachments Act, Act 325 of 1979, authorizes the department's regulation of dams and reservoirs to protect life, property and the environment. This involves the review of plans and specifications that accompany an application for a dam permit, the field inspection of construction of new dams, and inspection of existing dams to determine their general condition. There are approximately 3,000 dams under active permits in the Commonwealth. Of this total, there are 900 high-hazard dams and 2,100 additional dams that require inspection and monitoring. The high-hazard dams are inspected annually to assure proper operation and maintenance because of the significant threat posed by their possible failure. In addition, the department regulates the construction and maintenance of any obstructions, encroachments and changes to the course and current of streams, as well as the related flood plains.

This program, in existence for over 50 years, involves the tangible efforts of flood protection through the construction of physical structures such as dams, levees, walls, channels, culverts, etc. that eliminate imminent threats to habitable structures and rehabilitate flood damaged stream channels. The program provides long term relief through projects requiring extensive and permanent protective works and short term relief by the removal of channel blockage, bedload debris and streambank stabilization. To date, the Commonwealth has constructed 161 major flood protection projects at 85 locations.

Program Element: Watershed Conservation

The objective of Watershed Conservation is to maintain and enhance the quality of Pennsylvania's water resources through comprehensive watershed management so that public health and safety is protected and natural aquatic systems are sustained. Specific activities designed to achieve these objectives include: monitoring and assessing surface water quality; developing water quality standards; managing nonpoint pollution source problems; improving citizen volunteer monitoring programs; planning water resources use; regulating allocation of surface waters;

managing excess stormwater runoff; protecting coastal zone resources; and regulating above and below ground storage tanks.

Water quality assessments have been collected for 53,618 miles of streams in the Commonwealth. A total of 44,142 stream miles were assessed as supporting the Federal "fishable/swimmable" goal and the fish and aquatic life use designated in Pennsylvania's water quality standards. This represents 82% of the miles assessed.

The 2002 Water Quality Assessment prepared by the department reported that of the 52,889 miles of stream assessed for fish and aquatic life use, 16% or 8,385 miles were identified as impaired by either point sources or nonpoint sources. The major nonpoint source impacts were caused by abandoned mine drainage (3,129 miles) and agricultural runoff (3,116 miles).

Program Element: Pollution Prevention and Compliance Assistance

The Office of Pollution Prevention and Compliance Assistance (OPPCA) was established in 1996 to encourage firms, other State agencies and local governments to integrate environmental management practices and pollution prevention/energy efficiency strategies into their management decisions for the purpose of reducing costs and lessening environmental impacts. Combining energy efficiency with pollution prevention programs is a key component in enhancing Pennsylvania's new approach to "go beyond compliance" with environmental regulations and focus more on pollution abatement and energy conservation. This program also focuses on cultivating the use of green technologies in the Commonwealth and marketing these Pennsylvania technologies nationwide and abroad. Pennsylvania's environmental industry generates approximately \$7 billion in annual sales making it a leader in the United States' estimated \$134 billion environmental industry. One OPPCA function is the Small Business Ombudsman's Office, which provides free and confidential environmental services to the small business community. The Ombudsman and related staff also oversee a grant program that allows businesses to hire a consultant to assess pollution prevention opportunities, and a loan program that small businesses can use for equipment that prevents pollution.

Act 122 of 1986 established the Energy Conservation and Assistance Fund (ECAAF) as a repository for all oil overcharge settlements. The act, as amended in 1987, provides a framework for determining allowable expenditures from the fund in accordance with the requirements of the terms and conditions of oil overcharge settlement agreements.

The Pennsylvania Low-Income Energy Assistance Program offers energy assistance to low-income Pennsylvanians. The act states that at least 75 percent of

Environmental Protection

Program: Environmental Protection and Management (continued)

the total appropriations are to be spent for this type of supplemental program. The remaining 25 percent of the funds are used to supplement the Federal energy programs and other energy conservation and development projects.

The State Energy Program (SEP) is a Federal program that provides funding to promote energy efficiency and pollution prevention. The program specifically addresses issues related to transportation, industry/commercial, building/residential, and State and local government sectors. The SEP programs range from a Pollution Prevention/Energy Efficiency Conference that yields a wealth of technology transfer opportunities to the Governor's Green Government Council which commits the Commonwealth to set an example for the community in taking the lead in reducing operating costs in areas such as energy efficiency, cleaner fleet vehicles and recycling.

Act 166 of 1992 provided for an alternative fuels grant program to be funded by a portion of the Utilities Gross Receipts Tax. The grants to school districts, municipal authorities, political subdivisions and other nonprofit entities are to fund a portion of the expenses incurred to retrofit vehicles to operate using alternative fuels or the additional costs incurred in purchasing vehicles manufactured specifically to operate on fuels other than gasoline. In addition, grants are to partially fund the cost to install equipment necessary to refuel the modified vehicles.

OPPCA also houses the Grants Center. This center provides a single point of contact to obtain streamlined information about environmental grants available from the department and other agencies. The Center's purpose is to evaluate and improve effectiveness, prevent fraud and reduce waste.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Air Quality							
Air emission operating permits in effect ...	1,850	1,900	2,000	2,050	2,100	2,150	2,200
Air emission inspections performed	12,413	12,000	12,000	12,000	12,000	12,000	12,000
Air emission operating permits in effect decrease from the projections shown in last year's budget because permits were previously issued to a specific source or group of sources. Now these operating permits are being gradually merged into facility-wide operating permits, which relates to a lower number of permits issued.							
Water Quality Protection							
Sewage and industrial waste discharge inspections	4,690	4,500	4,500	4,500	4,500	4,500	4,500
Permits issued for water pollution control facilities	1,334	1,300	1,300	1,300	1,300	1,300	1,300
Enforcement actions	155	150	150	150	150	150	150
Stormwater construction permits issued ..	3,146	4,000	6,000	6,000	6,000	6,000	6,000
Sewage and industrial waste discharge inspections increased from the projections shown in last year's budget because of the new types of inspections that water quality specialists have to perform, such as Safety (Terrorist Security Checks), CSO (Combined Sewer Overflow), SSO (Separate Sewer Overflow) and Stormwater.							
Stormwater construction permits issued increased from the projections shown in last year's budget based on actual activity.							
Water Supply Management							
Residents of areas in Black Fly Suppression Program	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Inspections of public drinking water supplies	2,352	3,000	3,000	3,000	3,000	3,000	3,000
Community water systems complying with reporting requirements.	82%	80%	80%	80%	80%	80%	80%
Non-community water systems complying with reporting requirements.	85%	87%	87%	87%	87%	87%	87%
Waterways Engineering							
Dam inspections	1,324	1,324	1,324	1,324	1,324	1,324	1,324
Watershed Conservation							
Cumulative assessed stream miles attaining designated uses	44,142	48,897	53,832	58,677	63,522	68,367	69,107

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Municipal and Residual Waste							
Municipal and residual waste facilities receiving permit or closure action	378	500	500	450	450	450	450
Percent of municipal waste diverted from landfills	57%	58%	59%	60%	61%	62%	63%
Municipal and residual waste facilities receiving permit or closure action decreased in 2001-02 from the projection shown in last year's budget due to a backlog in reviewing and approving radiation protection action plans.							
Hazardous Waste							
Hazardous waste inspections performed	1,037	1,150	1,150	1,150	1,150	1,150	1,150
Hazardous waste sites permitted and licensed under Act 108	132	135	135	135	135	135	135
Hazardous waste inspections performed decreased in 2001-02 from the projection shown in last year's budget due to a continued emphasis on waste truck inspections and complaint inspections.							
Hazardous waste sites permitted and licensed under Act 108 increased from those shown in last year's budget due to an increase in the number of transporters and permit modifications.							
Land Recycling Program							
Approved industrial site cleanups	1,097	1,150	1,200	1,235	1,270	1,325	1,325
(Cumulative, beginning May 1995)							
Regulation of Mining							
Mine permit actions:							
Coal	2,241	1,500	1,500	1,500	1,500	1,500	1,500
Non-coal	600	500	500	500	500	500	500
Inspections:							
Total coal inspections*	23,987	22,000	22,000	22,000	22,000	22,000	22,000
Total non-coal inspections	5,355	6,500	6,500	6,500	6,500	6,500	6,500
Total oil and gas field inspections	9,068	9,500	9,500	9,500	9,500	9,500	9,500
Mining compliance orders issued	542	500	450	450	450	450	450
Mine subsidence insurance policies in effect	53,309	57,500	60,000	62,500	65,000	67,500	67,500
Employees trained in mine safety	8,008	9,000	9,000	9,000	9,000	9,000	9,000
Abandoned mine sites designated as potential safety problems	1,153	1,127	1,101	1,075	1,049	1,023	997
Acres of coal mining lands reclaimed	7,653	6,000	6,000	6,000	6,000	6,000	6,000
Acres of coal mining lands declared forfeited	9,772	4,000	4,000	4,000	4,000	4,000	4,000

Coal and non-coal mine permit actions increased in 2001-02 from the projections shown in last year's budget due to the conversion of permits from the Alternative Bonding System to the Conventional Bonding Program.

Mining compliance orders issued have decreased from the projections shown in last year's budget as a result of the program's 95% compliance rate.

Acres of coal mining lands reclaimed decreased from the projections shown in last year's budget primarily due to new reporting guidelines under the new Full Cost Bonding Program, which do not require the operator to file a completion report until the mining operation is finished.

Acres of coal mining lands declared forfeited increased from the projections shown in last year's budget, due to permit variability in the number of acres covered. However, the number of permits forfeited is relatively constant.

* New program measure. Total coal inspections is a new program measure not shown in last year's budget that combines two previous measures for complete and partial coal inspections, as well as other coal inspections not included in the previous measures.



Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Radiation Protection							
Radiation user inspections performed	3,600	4,000	4,000	4,000	4,000	4,000	4,000
Users brought into compliance through inspections	540	600	600	600	600	600	600
Nuclear plant off-site samples	3,600	3,600	3,300	3,300	3,300	3,300	3,300
Cubic feet of low-level radioactive waste generated in Pennsylvania	400,000	400,000	400,000	400,000	400,000	400,000	400,000

Users brought into compliance through inspections increased from those shown in last year's budget and was calculated at an average of 15% of inspections. Compliance through inspections is also expected to increase once Pennsylvania becomes a Nuclear Regulatory Commission Agreement State.

Cubic feet of low-level radioactive waste generated in Pennsylvania decreased from the projections shown in last year's budget due to variation in the economic condition of generators.

Alternative Fuels Incentive Grant Program

Vehicle conversions/new alternative fuel vehicles	62	100	150	200	250	300	350
People educated in energy efficiency, pollution prevention and green buildings*	418,260	450,000	450,000	450,000	450,000	450,000	450,000
Energy saved by pollution prevention and energy efficiency activities (mkwh)*	33.2	35.0	37.5	40.0	42.5	45.0	50.0

Vehicle conversions/new alternative fuel vehicles decrease from those shown in last year's budget due to the number of acceptable grant applications received.

People educated in energy efficiency, pollution prevention and green buildings is a new program measure not shown in last year's budget.

Energy saved by pollution prevention and energy efficiency activities is a new program measure not shown in last year's budget, with mkwh equaling million kilo watt hours.

* New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -2,000 Cleanup of Scrap Tires —program elimination.</p> <p>\$ -442 Environmental Program Management —nonrecurring 2002-03 budgetary freeze amount. -103 —to continue current program.</p> <p>\$ -545 <i>Appropriation Decrease</i></p> <p>\$ -67 Chesapeake Bay Agricultural Source Abatement —nonrecurring 2002-03 budgetary freeze amount. -158 —to continue current program.</p> <p>\$ -225 <i>Appropriation Decrease</i></p>	<p>\$ -75 Office of Pollution Protection and Compliance Assistance —nonrecurring 2002-03 budgetary freeze amount. -107 —to continue current program.</p> <p>\$ -182 <i>Appropriation Decrease</i></p> <p>\$ -763 Environmental Protection Operations —nonrecurring 2002-03 budgetary freeze amount. 833 —to continue current program.</p> <p>\$ 70 <i>Appropriation Increase</i></p> <p>\$ -11,000 Safe Water —nonrecurring safe water projects.</p>
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Environmental Protection

Program: Environmental Protection and Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -94	Black Fly Control and Research —nonrecurring 2002-03 budgetary freeze amount.	\$ 6	Interstate Mining Commission —to continue current level of participation.
-190	—to continue current program.		
\$ -284	<i>Appropriation Decrease</i>	\$ -400	Small Water System Regionalization —program elimination.
\$ -158	West Nile Virus Control —nonrecurring 2002-03 budgetary freeze amount.	\$ -610	Agricultural Consumptive Water Use Study —nonrecurring water use study.
-319	—to continue current program.		
\$ -477	<i>Appropriation Decrease</i>		
\$ -52,122	Sewage Treatment Plant Operations Grants —program elimination.	\$ 1,325	ENVIRONMENTAL STEWARDSHIP FUND Oil and Gas Well Plugging (EA) —for additional grants related to the Growing Greener Initiative.
\$ -5	Delaware River Master —to continue current level of participation.	\$ 3,974	Abandoned Mine Reclamation and Remediation (EA) —for additional grants related to the Growing Greener Initiative.
\$ 25	Susquehanna River Basin Commission —to continue current level of participation.		Watershed Protection and Restoration (EA) —nonrecurring grants related to the Growing Greener Initiative.
		\$ -634	
\$ 2	Interstate Commission on the Potomac River —to continue current level of participation.		
		\$ 1,695	Sewage and Drinking Water Grants (EA) —for additional grants related to the Growing Greener Initiative.
\$ -1	Delaware River Basin Commission —to continue current level of participation.		

This budget commits \$40,055,000 from the Environmental Stewardship Fund for environmental projects related to the Growing Greener Initiative.

In addition, this budget recommends a \$12,000,000 reduction to the Hazardous Sites Cleanup Program in the Hazardous Sites Cleanup Fund.

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

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Cleanup of Scrap Tires	\$ 2,000	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Environmental Program Management	43,354	44,224	43,679	43,679	43,679	43,679	43,679
Chesapeake Bay Agricultural Source Abatement	2,823	3,330	3,105	3,105	3,105	3,105	3,105
Office of Pollution Prevention and Compliance Assistance	3,352	3,751	3,569	3,569	3,569	3,569	3,569
Environmental Protection Operations	75,074	76,323	76,393	76,393	76,393	76,393	76,393
Safe Water	5,500	11,000	0	0	0	0	0
Black Fly Control and Research	4,801	4,703	4,419	4,419	4,419	4,419	4,419
West Nile Virus Control	7,435	7,907	7,430	7,430	7,430	7,430	7,430
Flood Control Projects	2,644	2,793	2,793	2,793	2,793	2,793	2,793
Storm Water Management	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Sewage Facilities Planning Grants	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Sewage Facilities Enforcement Grants ...	5,000	5,000	5,000	5,000	5,000	5,000	5,000



Environmental Protection

Program: Environmental Protection and Management (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND (continued):							
Sewage Treatment Plant Operations							
Grants	\$ 50,666	\$ 52,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Environmental Stewardship Fund	50,000	0	0	0	0	0	0
Delaware River Master	95	97	92	92	94	94	95
Ohio River Basin Commission	16	14	14	15	15	16	16
Susquehanna River Basin Commission ...	675	700	725	725	725	725	725
Interstate Commission on the Potomac River	42	44	46	47	48	49	50
Delaware River Basin Commission	1,089	1,133	1,132	1,132	1,132	1,132	1,132
Ohio River Valley Water Sanitation Commission	165	172	172	174	176	178	180
Chesapeake Bay Commission	340	265	265	265	265	265	265
Local Soil and Water District Assistance .	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Interstate Mining Commission	27	32	38	38	38	38	38
Northeast-Midwest Institute	58	58	58	58	58	58	58
Small Water System Regionalization	59	400	0	0	0	0	0
Full-Cost Bonding Transition	7,000	0	0	0	0	0	0
Sea Grant Program	250	250	250	250	250	250	250
Agricultural Consumptive Water Use Study (6/05)	0	610	0	0	0	0	0
Great Lakes Commission Project	113	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 268,828	\$ 223,178	\$ 155,430	\$ 155,434	\$ 155,439	\$ 155,443	\$ 155,447
ENVIRONMENTAL STEWARDSHIP FUND:							
Oil and Gas Well Plugging (EA)	\$ 1,808	\$ 772	\$ 2,097	\$ 2,097	\$ 2,097	\$ 2,097	\$ 2,097
Abandoned Mine Reclamation and Remediation (EA)	9,987	2,316	6,290	6,290	6,290	6,290	6,290
Watershed Protection and Restoration (EA)	22,607	27,237	26,603	22,644	29,855	29,855	29,855
Sewage and Drinking Water Grants (EA)	0	3,370	5,065	5,065	5,065	5,065	5,065
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	\$ 34,402	\$ 33,695	\$ 40,055	\$ 36,096	\$ 43,307	\$ 43,307	\$ 43,307
MOTOR LICENSE FUND:							
Dirt and Gravel Road	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000



FISH AND BOAT COMMISSION

The mission of the Fish and Boat Commission is to provide fishing and boating opportunities through the protection and management of aquatic resources.



Fish and Boat Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Atlantic States Marine Fisheries Commission.....	\$ 11	\$ 12	\$ 13
BOAT FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 8,840	\$ 8,629	\$ 8,793
(F)US Coast Guard Grant - Boating Safety.....	1,389	1,325	1,350
(F)Sport Fish Restoration.....	613	739	533
(F)Boating Infrastructure Grant (BIG) Program.....	0	400	100
(F)Land and Water Conservation Fund.....	0	75	0
(F)Clean Vessels.....	5	100	0
(F)Wildlife Conservation & Restoration - Non-Game.....	0	21	0
(A)Sale of Vehicles.....	30	40	20
Subtotal - State Funds.....	\$ 8,840	\$ 8,629	\$ 8,793
Subtotal - Federal Funds.....	2,007	2,660	1,983
Subtotal - Augmentations.....	30	40	20
Total - General Government.....	\$ 10,877	\$ 11,329	\$ 10,796
STATE FUNDS.....	\$ 8,840	\$ 8,629	\$ 8,793
FEDERAL FUNDS.....	2,007	2,660	1,983
AUGMENTATIONS.....	30	40	20
BOAT FUND TOTAL.....	\$ 10,877	\$ 11,329	\$ 10,796
FISH FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 26,718	\$ 24,776	\$ 26,127
(F)Sport Fish Restoration.....	5,526	5,296	5,063
(F)Wildlife Conservation and Restoration - Non-Game.....	0	415	313
(F)Surface Mine Regulation.....	40	40	40
(F)NOAA.....	270	680	272
(F)USFWS - Partner for Fish & Wildlife.....	0	10	10
(F)Land and Water Conservation Fund.....	0	75	0
(A)Sale of Vehicles.....	123	50	50
(A)Reimbursement for Services - Boat Fund.....	0 ^a	0	0
(A)Reimbursement - DEP/EPA Projects.....	167	72	72
(A)Reimbursement for Services - PennDOT.....	204	65	65
(A)Transportation - Endangered/Threatened Species.....	0	65	65
(A)Transportation - Environmental Assessment.....	0	80	30
(A)Purchasing Card Rebate.....	7	8	8
(A)Economic Angler Use Study - Delaware River.....	0	170	0
Subtotal - State Funds.....	\$ 26,718	\$ 24,776	\$ 26,127
Subtotal - Federal Funds.....	5,836	6,516	5,698
Subtotal - Augmentations.....	501	510	290
Total - General Government.....	\$ 33,055	\$ 31,802	\$ 32,115
STATE FUNDS.....	\$ 26,718	\$ 24,776	\$ 26,127
FEDERAL FUNDS.....	5,836	6,516	5,698
AUGMENTATIONS.....	501	510	290
FISH FUND TOTAL.....	\$ 33,055	\$ 31,802	\$ 32,115

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 11	\$ 12	\$ 13
SPECIAL FUNDS.....	35,558	33,405	34,920
FEDERAL FUNDS.....	7,843	9,176	7,681
AUGMENTATIONS.....	531	550	310
TOTAL ALL FUNDS.....	\$ 43,943	\$ 43,143	\$ 42,924

^a Not added to the total to avoid double counting: 2001-02 Actual is \$10,200,000. In 2002-03 Available and 2003-04 years, Commission expenditures will be made directly from the Boat Fund.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND.....	\$ 11	\$ 12	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
SPECIAL FUNDS.....	35,558	33,405	34,920	36,172	37,148	38,040	38,952
FEDERAL FUNDS.....	7,843	9,176	7,681	7,286	7,186	7,186	7,186
OTHER FUNDS.....	531	550	310	310	310	310	310
SUBCATEGORY TOTAL.....	\$ 43,943	\$ 43,143	\$ 42,924	\$ 43,781	\$ 44,657	\$ 45,549	\$ 46,461
ALL PROGRAMS:							
GENERAL FUND.....	\$ 11	\$ 12	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
SPECIAL FUNDS.....	35,558	33,405	34,920	36,172	37,148	38,040	38,952
FEDERAL FUNDS.....	7,843	9,176	7,681	7,286	7,186	7,186	7,186
OTHER FUNDS.....	531	550	310	310	310	310	310
DEPARTMENT TOTAL.....	\$ 43,943	\$ 43,143	\$ 42,924	\$ 43,781	\$ 44,657	\$ 45,549	\$ 46,461

Fish and Boat Commission

PROGRAM OBJECTIVE: To conserve aquatic resources including fish and wildlife populations, to provide recreational opportunities for fishing and boating on Commonwealth waters, and to promote safe recreational use of these aquatic resources.

Program: Recreational Fishing and Boating

The Fish and Boat Commission is responsible for the enforcement of the fishing and boating laws and regulations, registration of boats, the State boating and water safety education programs, and the management and promotion of recreational boating. The Boating Advisory Board, a group of knowledgeable boaters appointed by the Governor, advises the commission on boating matters.

In addition to recreational boating, the commission is responsible for recreational fishing in the Commonwealth.

This includes fish propagation, stocking, fisheries, environmental services, the cooperative nurseries program, research and fish management. The commission also provides for the development, improvement and maintenance of facilities for lake and access areas. As water quality is a major factor in aquatic recreation, the commission's goals are to protect, conserve and enhance aquatic resources by monitoring the water quality of many streams, lakes and rivers in the Commonwealth.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Fishing licenses sold	935,845	953,555	945,559	945,559	945,559	945,559	945,559
Pounds of fish stocked in Commonwealth streams and lakes	3,065,647	2,046,456	2,046,456	2,046,456	2,046,456	2,046,456	2,046,456
Boats registered	362,000	367,000	374,000	380,000	386,000	393,000	400,000
Warnings issued for violations of fishing and boating laws	39,360	37,000	37,000	37,000	37,000	37,000	37,000
Convictions for violations of fishing and boating laws	8,398	9,000	9,000	9,000	9,000	9,000	9,000

The reduction from 2001-02 to 2002-03 represents the number of pounds of fish stocked after closing the Big Spring Fish Culture Station and reducing the number of trout raised at the other fish culture stations due to the wastewater/effluent treatment problems.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			BOAT FUND
	Atlantic States Marine Fisheries Commission			General Operations (EA)
\$ 1	—membership cost.		\$ 709	—to continue current program.
			—93	—nonrecurring costs.
			—80	—nonrecurring waterways conservation officer training class.
	FISH FUND		—372	—nonrecurring projects on commission land and buildings.
\$ 1,021	General Operations (EA)			
2,161	—to continue current program.			
	—for projects on marinas and other commission land and buildings.		\$ 164	<i>Executive Authorization Increase</i>
—120	—nonrecurring waterways conservation officer training class.			
—1,711	—nonrecurring projects on commission land and buildings.			
\$ 1,351	<i>Executive Authorization Increase</i>			



Fish and Boat Commission

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries Commission	\$ 11	\$ 12	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
BOAT FUND:							
General Operations (EA)	\$ 8,840	\$ 8,629	\$ 8,793	\$ 9,008	\$ 9,329	\$ 9,553	\$ 9,783
FISH FUND:							
General Operations (EA)	\$ 26,718	\$ 24,776	\$ 26,127	\$ 27,164	\$ 27,819	\$ 28,487	\$ 29,169



GAME COMMISSION

The mission of the Game Commission is to protect, conserve and manage the diversity of wildlife and their habitats, provide wildlife related education and recreational opportunities for both consumptive and non-consumptive uses of wildlife, and maintain and promote Pennsylvania's hunting and trapping heritage.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GAME FUND:			
General Government:			
General Operations(EA).....	\$ 48,686	\$ 48,957	\$ 50,557
(F)Pittman-Robinson Act Reimbursements.....	7,998	7,900	7,900
(F)Wildlife Conservation Reinvestment Act.....	0	609	300
(F)Endangered Species.....	46	21	21
(F)Surface Mine Regulatory Program.....	54	54	54
(F)Harvest Information Program.....	0	20	10
(A)Sale of Vehicles.....	161	250	250
(A)Pennsylvania Conservation Corps.....	223	168	168
(A)Donations.....	96	100	100
(A)Becoming an Outdoors Woman.....	20	20	20
(A)Wildlife Management Institute.....	4	5	5
(A)Transportation Reimbursement - Elk Lick Project.....	0	145	100
(A)Transportation Reimbursement - Animal Removal.....	99	0	0
(A)Purchasing Card Rebate.....	20	20	20
(R)Resident License Fee-Natural Propagation of Wildlife.....	1,829	2,095	2,095
(R)Antlerless Deer License-Natural Propagation of Wildlife.....	1,939	2,404	2,365
(R)Resident/Nonresident License Fees-Natl Propagation of Game.....	3,392	3,605	3,605
Subtotal.....	\$ 64,567	\$ 66,373	\$ 67,570
Land Acquisition and Development(EA).....	2,923	2,000	1,000
(F)Pittman-Robinson Act Reimbursements.....	0	82	0
(A)Land Acquisition Donations.....	30	30	30
Subtotal.....	\$ 2,953	\$ 2,112	\$ 1,030
Subtotal - State Funds.....	\$ 51,609	\$ 50,957	\$ 51,557
Subtotal - Federal Funds.....	8,098	8,686	8,285
Subtotal - Augmentations.....	653	738	693
Subtotal - Restricted Revenues.....	7,160	8,104	8,065
Total - General Government.....	\$ 67,520	\$ 68,485	\$ 68,600
STATE FUNDS.....	\$ 51,609	\$ 50,957	\$ 51,557
FEDERAL FUNDS.....	8,098	8,686	8,285
AUGMENTATIONS.....	653	738	693
RESTRICTED REVENUES.....	7,160	8,104	8,065
GAME FUND TOTAL.....	\$ 67,520	\$ 68,485	\$ 68,600
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
General Government:			
Land Acquisition and Development - Bond Proceeds(EA).....	\$ 13	\$ 0	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	51,622	50,957	51,557
FEDERAL FUNDS.....	8,098	8,686	8,285
AUGMENTATIONS.....	653	738	693
RESTRICTED.....	7,160	8,104	8,065
TOTAL ALL FUNDS.....	\$ 67,533	\$ 68,485	\$ 68,600

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	51,622	50,957	51,557	52,557	52,557	52,557	52,557
FEDERAL FUNDS.....	8,098	8,686	8,285	8,285	8,285	8,285	8,285
OTHER FUNDS.....	7,813	8,842	8,758	8,758	8,758	8,758	8,758
SUBCATEGORY TOTAL.....	\$ 67,533	\$ 68,485	\$ 68,600	\$ 69,600	\$ 69,600	\$ 69,600	\$ 69,600
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	51,622	50,957	51,557	52,557	52,557	52,557	52,557
FEDERAL FUNDS.....	8,098	8,686	8,285	8,285	8,285	8,285	8,285
OTHER FUNDS.....	7,813	8,842	8,758	8,758	8,758	8,758	8,758
DEPARTMENT TOTAL.....	\$ 67,533	\$ 68,485	\$ 68,600	\$ 69,600	\$ 69,600	\$ 69,600	\$ 69,600

PROGRAM OBJECTIVE: To establish habitats and environments which will sustain wildlife populations for recreational uses and for the perpetuation of species.

Program: Wildlife Management

The main responsibility of the Game Commission is the perpetuation of the species of wildlife found in Pennsylvania. The commission achieves its mission through wildlife research, management of game habitat, operation of programs for endangered and threatened species, and enforcement of the Game and Wildlife Code.

The primary means of ensuring the propagation and preservation of wildlife is properly managed land and game habitat. The commission currently administers over 1.41 million acres of State Game Lands and is judiciously acquiring additional lands, including critically important wetlands. The commission also administers cooperative programs to encourage good land use management and habitat improvement by private landowners. Wildlife habitat assessment techniques are used to develop management plans. These assessments apply to all Pennsylvania State Game Lands, Farm Game Projects and other areas actively managed by the Game Commission.

All species receive mandated protection. However, those species considered game animals, such as deer, turkey and bear, receive the most attention. The number of antlerless deer licenses available for sale is based on the deer population projections. The optimal number of deer is based on acres of forested land in the Commonwealth. Hunting, while recreational in nature, is a management tool as well. Future year projection numbers indicate the number of deer needed to be harvested to sustain the population. Also protected by the commission are endangered and threatened species such as river otters, osprey, peregrine falcons, and bald and golden eagles. The expanded ten hour comprehensive Hunter-Trapper Education Program is annually presented to over 38,000 first-time hunters and trappers.

Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the Commonwealth's wildlife population.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Hunting licenses sold.....	1,047,820	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Deer taken	486,014	500,000	500,000	500,000	500,000	500,000	500,000
Arrests for violation of game laws	8,156	7,750	7,750	7,750	7,750	7,750	7,750

Deer taken increased in 2001-02 from the projection shown in last year's budget because of a higher deer population and more hunting opportunities.

Program Recommendations:		This budget recommends the following changes: (Dollar Amounts in Thousands)	
	GAME FUND		Land Acquisition and Development (EA)
	General Operations (EA)	\$ -1,000	—nonrecurring land acquisition and development costs.
\$ 1,172	—to continue current program.		
265	—for Hunter Education program and wildlife management grants.		
163	—for fixed asset acquisitions.		
\$ 1,600	<i>Executive Authorization Increase</i>		

Appropriations within this Program:		(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	
GAME FUND:								
General Operations(EA)	\$ 48,686	\$ 48,957	\$ 50,557	\$ 50,557	\$ 50,557	\$ 50,557	\$ 50,557	
Land Acquisition and Development(EA) ...	2,923	2,000	1,000	2,000	2,000	2,000	2,000	
TOTAL GAME FUND	\$ 51,609	\$ 50,957	\$ 51,557	\$ 52,557	\$ 52,557	\$ 52,557	\$ 52,557	
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:								
Land Acquisition and Development —								
Bond Proceeds (EA)	\$ 13	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	



DEPARTMENT OF GENERAL SERVICES

The mission of the Department of General Services is to provide the highest quality services, support, commodities, and facilities based on customer needs to get the best value for the taxpayers' money. The department strives to improve operational efficiency, reduce costs and burdens of doing business, and expand government contracting opportunities, while ensuring integrity and accountability in operations and activities.

The Department of General Services administers the leasing, purchasing, transportation, construction, repair and maintenance services for all agencies of the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 64,303	\$ 66,816	\$ 64,166
(A)Federal Surplus Property.....	612	1,298	1,328
(A)State Buildings Use.....	859	536	536
(A)Sound Equipment.....	37	38	38
(A)Employee Liability Self Insurance Program.....	111	104	108
(A)Newsroom Services.....	8	15	15
(A)Computer Services.....	0	100	100
(A)Plans Forefeiture.....	43	57	57
(A)Media Center Reimbursements.....	1,991	2,400	2,400
(A)Recycling Program.....	575	575	575
(A)Services Provided Other Agencies.....	12	0	0
(A)PA Drug Reduction Property Program.....	93	0	0
(A)Purchasing Seminar.....	165	0	172
Information Systems Acquisition.....	1,000	0	0
Subtotal.....	\$ 69,809	\$ 71,939	\$ 69,495
Capitol Police Operations.....	9,235	12,091	11,212
(A)Capitol Police Services.....	66	52	52
Harristown Rental Charges.....	6,667	6,945	6,666
Utility Costs.....	15,041	14,593	13,979
Harristown Utility and Municipal Charges.....	10,208	10,485	10,463
Printing the Pennsylvania Manual.....	0	201	0
Asbestos Response.....	436	427	318
Excess Insurance Coverage.....	1,766	3,227	3,802
Capital Project Leasing.....	91	91	92
Subtotal - State Funds.....	\$ 108,747	\$ 114,876	\$ 110,698
Subtotal - Augmentations.....	4,572	5,175	5,381
Total - General Government.....	\$ 113,319	\$ 120,051	\$ 116,079
<i>Grants and Subsidies:</i>			
Capitol Fire Protection.....	\$ 1,020	\$ 1,020	\$ 1,020
STATE FUNDS.....	\$ 109,767	\$ 115,896	\$ 111,718
AUGMENTATIONS.....	4,572	5,175	5,381
GENERAL FUND TOTAL.....	\$ 114,339	\$ 121,071	\$ 117,099
BANKING DEPARTMENT FUND:			
<i>General Government:</i>			
Harristown Rental Charges.....	\$ 139	\$ 145	\$ 139
Harristown Utility and Municipal Charges.....	201	197	199
Total - General Government.....	\$ 340	\$ 342	\$ 338
BANKING DEPARTMENT FUND TOTAL.....	\$ 340	\$ 342	\$ 338
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Harristown Rental Charges (EA).....	\$ 91	\$ 95	\$ 91
Harristown Utility and Municipal Charges (EA).....	149	158	153
Total - General Government.....	\$ 240	\$ 253	\$ 244
<i>Grants and Subsidies:</i>			
Tort Claims Payments.....	\$ 20,000	\$ 20,000	\$ 20,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
MOTOR LICENSE FUND TOTAL	<u>\$ 20,240</u>	<u>\$ 20,253</u>	<u>\$ 20,244</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 109,767	\$ 115,896	\$ 111,718
SPECIAL FUNDS.....	20,580	20,595	20,582
AUGMENTATIONS.....	4,572	5,175	5,381
TOTAL ALL FUNDS	<u>\$ 134,919</u>	<u>\$ 141,666</u>	<u>\$ 137,681</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND.....	\$ 109,767	\$ 115,896	\$ 111,718	\$ 111,919	\$ 111,626	\$ 111,827	\$ 111,626
SPECIAL FUNDS.....	20,580	20,595	20,582	20,586	20,590	20,594	20,598
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,572	5,175	5,381	5,381	5,381	5,381	5,381
SUBCATEGORY TOTAL.....	\$ 134,919	\$ 141,666	\$ 137,681	\$ 137,886	\$ 137,597	\$ 137,802	\$ 137,605
ALL PROGRAMS:							
GENERAL FUND.....	\$ 109,767	\$ 115,896	\$ 111,718	\$ 111,919	\$ 111,626	\$ 111,827	\$ 111,626
SPECIAL FUNDS.....	20,580	20,595	20,582	20,586	20,590	20,594	20,598
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,572	5,175	5,381	5,381	5,381	5,381	5,381
DEPARTMENT TOTAL.....	\$ 134,919	\$ 141,666	\$ 137,681	\$ 137,886	\$ 137,597	\$ 137,802	\$ 137,605

PROGRAM OBJECTIVE: To maintain the Commonwealth's real property and facilities; to provide Commonwealth agencies with quality commodities in a timely manner; and to settle tort claims in an equitable manner while reducing risks.

Program: Facility, Property and Commodity Management

This program provides for management of the 26 State-owned buildings of the Capitol complex and Harestown; five regional State office buildings in Pittsburgh, Philadelphia, Scranton, Hazleton and Reading and two executive residences. These facilities contain nearly 6.7 million square feet of office space, with 117 acres of related grounds, parking areas and roadways. The department also manages the acquisition and utilization of space and facilities by State agencies totaling 10.5 million square feet for 1,344 leases, with annual rental costs exceeding \$112 million and provides agencies with commodities that conform to accepted standards of quality. This program is responsible for preparing plans, designs, surveys and specifications for all State construction projects. All projects are closely monitored to ensure compliance with State laws and building codes.

Police and security services are provided within the Capitol Complex and related buildings as well as for the regional State office buildings.

Act 57 of 1998 amended Title 62, the Procurement Code, by codifying Commonwealth procurement policies and practices into a single, all-inclusive Commonwealth Procurement Code. The Procurement Code centralizes the policy-making and procurement activities for supplies, goods, commodities and services within the Department of General Services. Through this program the department establishes and administers 268 statewide contracts and processes purchase requests for items not covered under statewide contracts.

The department handles tort claims, in conjunction with the Attorney General's Office, brought against the Commonwealth, its officials and employees. Act 151 of 1986 reaffirmed the Commonwealth's use of sovereign immunity as a defense against tort claims, but established criteria for limited amounts of liability in nine specific areas: vehicle liability; medical professional liability; personal property; Commonwealth real estate; potholes and other dangerous conditions; care, custody and control of domestic animals; liquor store sales; National Guard activities; and toxoids and vaccines. The department investigates claims in the pre-litigation stage, while the Office of Attorney General defends those claims in litigation. This program is responsible for the Commonwealth's Liability Self-Insurance Programs.

Claims are a result of damages incurred because of a willful act or an act of negligence by employees of departments, boards or commissions. Coverage is provided for 25,658 Commonwealth vehicles (including construction trucks and trailers) that travel 290 million miles annually. Excess liability coverage is extended for employees using personal vehicles on Commonwealth business.

This program funds the ongoing assessment of the asbestos danger in Commonwealth-owned buildings. In locations where asbestos is present, the assessment allows the hazard potential to be calculated and abatement costs estimated.

This program provides funding to purchase catastrophic property insurance on Commonwealth-owned buildings.

The Cooperative Purchasing Program assists 2,771 local municipalities to utilize more than 160 State contracts.

The Commonwealth Agency Recycling Office assists agencies in collecting more than 3,750 tons of paper, generating \$70,245 in revenue and saving \$187,500 in disposal costs during 2002-03. Collection of other types of recyclable materials generated additional income of \$218,158.

Commonwealth Media Services provides high quality, cost-effective, creative audio-video, photographic and media services required by State agencies. Services are available on a continuous basis in the event of emergencies. News conferencing facilities are maintained for more than 150 events at the Capitol Media Center. In addition, a full range of creative audio-video services are incorporated into the production of 200 documentary, educational, promotional, training and public service programs.

This program administers the Federal and State surplus property programs. The property is sold to State agencies, local municipalities, not-for-profit organizations and law enforcement entities for a nominal service charge. During 2002-03, property originally valued at \$22 million was distributed to eligible organizations. Through the Shelter Share Program, the bureau donated \$400,000 in clothing, beds, blankets, and medical equipment and supplies to needy citizens. Disposal of unneeded items generated nearly \$4.7 million in revenue in 2002-03.



Program: Facility, Property and Commodity Management (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Surplus property distributed (in thousands):	\$29,700	\$25,800	\$24,660	\$23,250	\$22,440	\$20,930	\$20,930
Capital facilities projects in design and/or construction	367	382	375	375	375	375	375
Value (in thousands)	\$1,748,456	\$1,918,685	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
Tort claims filed	6,981	7,452	7,225	7,103	7,156	7,298	7,225
Tort claims closed (includes settlements, judgements and denials)	7,288	7,652	7,576	7,507	7,619	7,734	7,696
Tort claims pending	9,954	9,754	9,403	9,000	8,536	8,100	7,629
Amount of claims pending (in thousands)	\$226,455	\$241,741	\$234,947	\$230,418	\$232,918	\$239,971	\$236,087

Program Recommendation:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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\$	-1,336	General Government Operations —nonrecurring 2002-03 budgetary freeze amount.	\$	575	Excess Insurance Coverage —anticipated increase in the cost of coverage.
	-1,314	—program reduction.			
\$	-2,650	<i>Appropriation Decrease</i>	\$	1	Capital Project Leasing —to continue current program.
\$	-879	Capitol Police Operations —program reduction.	\$	-6	BANKING DEPARTMENT FUND Harristown Rental Charges —reduction in pro rata share of charges.
\$	-279	Harristown Rental Charges —decrease in debt service schedule.	\$	2	Harristown Utility and Municipal Charges —to provide pro rata share of charges.
\$	-614	Utility Costs —to reflect reduced consumption and energy costs.	\$	-4	MOTOR LICENSE FUND Harristown Utility and Municipal Charges —reduction in pro rata share of charges.
\$	-22	Harristown Utility and Municipal Charges —reduction in pro rata share of charges.	\$	5	Harristown Utility and Municipal Charges —to provide pro rata share of charges.
\$	-201	Printing the Pennsylvania Manual —biennial cost not scheduled for budget year.	\$		
\$	-109	Asbestos Response —program reduction.	\$		

Capitol Fire Protection is recommended at the current year funding level.

Program: Facility, Property and Commodity Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 64,303	\$ 66,816	\$ 64,166	\$ 64,166	\$ 64,166	\$ 64,166	\$ 64,166
Information Systems Acquisition	1,000	0	0	0	0	0	0
Capitol Police Operations	9,235	12,091	11,212	11,212	11,212	11,212	11,212
Harristown Rental Charges	6,667	6,945	6,666	6,666	6,666	6,666	6,666
Utility Costs	15,041	14,593	13,979	13,979	13,979	13,979	13,979
Harristown Utility and Municipal Charges	10,208	10,485	10,463	10,463	10,463	10,463	10,463
Printing the Pennsylvania Manual	0	201	0	201	0	201	0
Asbestos Response	436	427	318	318	318	318	318
Excess Insurance Coverage	1,766	3,227	3,802	3,802	3,802	3,802	3,802
Capital Project Leasing	91	91	92	92	0	0	0
Capitol Fire Protection	1,020	1,020	1,020	1,020	1,020	1,020	1,020
TOTAL GENERAL FUND	\$ 109,767	\$ 115,896	\$ 111,718	\$ 111,919	\$ 111,626	\$ 111,827	\$ 111,626
BANKING DEPARTMENT FUND:							
Harristown Rental Charges	\$ 139	\$ 145	\$ 139	\$ 139	\$ 139	\$ 139	\$ 139
Harristown Utility and Municipal Charges	201	197	199	203	207	211	215
TOTAL BANKING DEPARTMENT FUND	\$ 340	\$ 342	\$ 338	\$ 342	\$ 346	\$ 350	\$ 354
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	\$ 91	\$ 95	\$ 91	\$ 91	\$ 91	\$ 91	\$ 91
Harristown Utility and Municipal Charges (EA)	149	158	153	153	153	153	153
Tort Claims Payments	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL MOTOR LICENSE FUND	\$ 20,240	\$ 20,253	\$ 20,244	\$ 20,244	\$ 20,244	\$ 20,244	\$ 20,244



DEPARTMENT OF HEALTH

The mission of the Department of Health is identified through its slogan, "...in pursuit of good health," and all of its activities are defined by its core functions: health needs assessment, resource development, assuring access to health care, promoting health and disease prevention, assuring quality, and providing leadership in the area of health planning and policy development.

The department works in active partnership with providers and consumers of health care services to assess, analyze, and report on health threats; promote healthy behavior; reduce illness, injury, disability, and premature death; support research; and assure the quality and availability of health care services.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 ACTUAL 2002-03 AVAILABLE 2003-04 BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 28,766	\$ 30,114	\$ 27,271
(F)WIC Administration and Operation.....	9,047	9,092	12,143
(F)Health Assessment.....	334	487	494
(F)PHHSBG - Administration and Operation.....	2,600	3,167	3,167
(F)SABG - Administration and Operation.....	5,341	5,980	6,254
(F)MCHSBG - Administration and Operation.....	13,218	16,368	16,549
(F)Adult Blood Lead Epidemiology.....	7	43	43
(F)Pediatric Prehospital Emergency Care.....	137	338	231
(F)TB - Administration and Operation.....	543	708	699
(F)Lead - Administration and Operation.....	921	1,133	1,404
(F)AIDS Health Education - Administration and Operation.....	1,908	2,042	3,769
(F)Community Migrant Health.....	231	326	319
(F)Tobacco Control.....	1,081	1,350	0
(F)Breast and Cervical Cancer - Administration and Operation.....	542	1,056	0
(F)HIV / AIDS Surveillance.....	454	1,162	1,233
(F)HIV Care - Administration and Operation.....	402	1,160	1,038
(F)Crash Outcomes Data Evaluation.....	120	190	190
(F)State Incentive Grant - Administration and Operation.....	0	250	572
(F)Smoke Alarm Intervention Program.....	50	0	0
(F)Environmental Public Health Tracking.....	0	596 ^a	842
(F)Cancer Prevention and Control.....	0	0	5,569
(F)Rural Access to Emergency Devices.....	0	450	880
(F)Public Health Emergency Preparedness and Response (EA).....	2,441	34,509 ^b	76,287
(A)Data Center Services.....	17	17	15
(A)Departmental Services.....	13	0	0
Subtotal.....	\$ 68,173	\$ 110,538	\$ 158,969
Organ Donation.....	118	116	109
Diabetes Programs.....	452	443	426
(F)Diabetes Control.....	310	443	1,000
Subtotal.....	\$ 762	\$ 886	\$ 1,426
Quality Assurance.....	14,679	15,971	15,367
(F)Medicare - Health Service Agency Certification.....	6,474	6,579 ^c	9,913
(F)Medicaid Certification.....	4,677	4,715 ^d	5,573
(A)Publication Fees.....	19	20	21
Subtotal.....	\$ 25,849	\$ 27,285	\$ 30,874
Vital Statistics.....	9,238	7,034	6,469
(F)Cooperative Health Statistics.....	1,097	1,399	1,418
(F)Health Statistics.....	427	893	292
(F)Traumatic Brain Injury.....	169	188	200
(A)Reimbursement for Microfilming.....	82	82	82
(A)Vital-Chek Surcharge.....	260	360	260
Subtotal.....	\$ 11,273	\$ 9,956	\$ 8,721
State Laboratory.....	4,129	4,192	4,202
(F)Clinical Laboratory Improvement.....	596	765	748
(F)Epidemiology and Laboratory Surveillance and Response.....	1,168	1,500	1,482
(F)Bio-Terrorism Preparedness.....	400	84 ^e	0
(F)Environmental Biomonitoring.....	28	941	368
(A)Blood Lead Testing.....	13	13	13
(A)Blood Lead Specimen Testing.....	6	6	6
(A)Erythrocyte Protoporphyrin Testing.....	7	7	7
(A)Reproduction and Search Fees.....	1	0	0
(A)Alcohol Proficiency Testing.....	62	62	62
(A)Drug Abuse Proficiency.....	140	140	140
(A)Licensure for Clinical Laboratories.....	268	268	268
(A)Low Volume Proficiency Testing.....	99	99	99
(A)Training Course Fees.....	1	1	1

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(A)Bio-Terrorism Testing.....	67	0	0
Subtotal.....	\$ 6,985	\$ 8,078	\$ 7,396
State Health Care Centers.....	19,921	21,416	21,290
(F)Disease Control Immunization.....	6,559	8,100	9,280
(F)PHHSBG - Block Program Services.....	3,121	3,679	3,679
(F)Preventive Health Special Projects.....	299	1,400	2,598
(F)Lake Erie Beach Monitoring.....	0	211	152
(F)Black Lung Clinic.....	398	0	0
Subtotal.....	\$ 30,298	\$ 34,806	\$ 36,999
Sexually Transmitted Disease Screening and Treatment.....	1,971	2,310	2,000
(F)Survey and Follow-Up - Sexually Transmitted Diseases.....	2,778	3,607	3,607
Subtotal.....	\$ 4,749	\$ 5,917	\$ 5,607
Subtotal - State Funds.....	\$ 79,274	\$ 81,596	\$ 77,134
Subtotal - Federal Funds.....	67,878	114,911	171,993
Subtotal - Augmentations.....	1,055	1,075	974
Total - General Government.....	\$ 148,207	\$ 197,582	\$ 250,101
Grants and Subsidies:			
Newborn Screening.....	\$ 4,000	\$ 4,000	\$ 4,000
Primary Health Care Practitioner.....	4,685	4,710	4,630
(F)Loan Repayment Program.....	225	312	312
(F)Rural Hospital Flexibility Program.....	639	597	523
Subtotal.....	\$ 5,549	\$ 5,619	\$ 5,465
Cancer Programs.....	3,890	3,595	2,085
(F)Breast and Cervical Cancer Program.....	1,828	3,155	0
Subtotal.....	\$ 5,718	\$ 6,750	\$ 2,085
AIDS Programs.....	7,110	7,159	6,159
(F)AIDS Health Education.....	3,346	3,495	2,020
(F)HIV Care.....	10,408	11,437	13,607
(F)Housing Opportunities for People with AIDS.....	1,420	1,575	1,655
Subtotal.....	\$ 22,284	\$ 23,666	\$ 23,441
Regional Cancer Institutes.....	2,000	2,000	899
Rural Cancer Outreach.....	0	200	0
School District Health Services.....	38,964	39,000	38,700
Local Health Departments.....	27,171	28,642	28,901
Local Health - Environmental.....	7,262	7,568	7,568
Maternal and Child Health.....	3,905	3,905	3,975
(F)MCH Lead Poisoning Prevention and Abatement.....	3,579	2,903	1,657
(F)MCHSBG - Program Services.....	16,395	17,232	17,665
(F)Women, Infants and Children (WIC).....	144,015	144,638	150,970
(F)Abstinence Education.....	3,640	3,640	4,277
(F)TANFBG - Abstinence Education.....	500	750	0
(F)Environmental Assessment - Child Lead Poisoning.....	213	234	234
(F)Family Health Special Projects.....	19	200	200
(F)Screening Newborns.....	121	121	219
(F)Newborn Hearing Screening & Intervention.....	0	250	420
(F)TANFBG - I Am Your Child Program.....	0	4,008	0
(F)Medicaid Outreach (EA).....	9	10	10
(F)Children's Health Insurance Program (CHIP)(EA).....	9	10	10
(F)ESEA - Title VI - Administration/State (EA).....	200	0	0
(F)ESEA Title I - Administration (EA).....	100	0	0
(F)Individuals with Disabilities Education (EA).....	250	0	0
(F)TANFBG - I Am Your Child (EA).....	993	0	0
(A)Departmental Services.....	15	1	1



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal.....	\$ 173,963	\$ 177,902	\$ 179,638
Assistance to Drug and Alcohol Programs.....	40,578	40,360	40,498
(F)SABG - Drug and Alcohol Services.....	52,390	54,862	56,510
(F)Substance Abuse Special Project Grants.....	1,068	5,220 ⁱ	5,220
(F)DFSC - Special Programs for Student Assistance (EA).....	1,125	1,125	1,125
(F)Substance Abuse - Terrorism Disaster Response (EA).....	1,363	1,363 ^j	1,383
(F)DCSI - Adult Offender Treatment (EA).....	735	357	108
(A)State Stores Fund Transfer.....	1,758	1,716	1,716
(A)Intergovernmental Transfer.....	828	0	0
Subtotal.....	\$ 99,845	\$ 105,003	\$ 106,560
Tuberculosis Screening and Treatment.....	1,009	1,009	959
(F)Tuberculosis Control Program.....	140	165	165
Subtotal.....	\$ 1,149	\$ 1,174	\$ 1,124
Renal Dialysis.....	7,755	8,555^k	8,895
Services for Children with Special Needs.....	1,732	1,732	1,645
Adult Cystic Fibrosis.....	721	721	685
Cooley's Anemia.....	198	198	188
Arthritis Outreach and Education.....	250	250	145
Hemophilia.....	1,672	1,672	1,428
Lupus.....	100	200	58
Sickle Cell.....	1,703	1,903	1,808
Hepatitis Screening and Prevention.....	300	300	174
Regional Poison Control Centers.....	1,250	1,250	725
Trauma Programs Coordination.....	350	300	174
Trauma Systems.....	400	0	0
Rural Trauma Preparedness and Outreach.....	0	200	0
Epilepsy Support Services.....	500	500	290
Keystone State Games.....	220	220	220
Bio-Technology Research.....	4,100	4,000	0
Tourette Syndrome.....	100	100	58
Emergency Care Research.....	1,750	1,500	0
Newborn Hearing Screening Demonstration.....	1,000	750	435
Osteoporosis Prevention and Education.....	100	100	58
Health Research and Services.....	21,465	5,250	0
Fox Chase Institute for Cancer Research.....	834	817	776
The Wistar Institute - Research: Operation and Maintenance.....	230	225	214
The Wistar Institute - Research: AIDS Research.....	99	97	92
Central Penn Oncology Group.....	139	136	130
Cardiovascular Studies - St. Francis Hospital.....	128	125	0
Lancaster - Cleft Palate Clinic.....	54	53	49
Pittsburgh - Cleft Palate Clinic.....	54	53	49
Tay Sachs Disease - Jefferson Medical College.....	54	53	49
Burn Foundation.....	448	439	418
The Children's Institute, Pittsburgh.....	941	927	781
Children's Hospital of Philadelphia.....	485	475	451
Phila. Health & Educ Corp-Pediatric Outpatient & Inpatient.....	767	751	712
Phila. Health & Educ Corp -Med-Handicapped Children's Clinic.....	161	158	149
Subtotal - State Funds.....	\$ 190,634	\$ 176,158	\$ 159,230
Subtotal - Federal Funds.....	244,730	257,659	258,290
Subtotal - Augmentations.....	2,601	1,717	1,717
Total - Grants and Subsidies.....	\$ 437,965	\$ 435,534	\$ 419,237
STATE FUNDS.....	\$ 269,908	\$ 257,754	\$ 236,364
FEDERAL FUNDS.....	312,608	372,570	430,283
AUGMENTATIONS.....	3,656	2,792	2,691
GENERAL FUND TOTAL.....	\$ 586,172	\$ 633,116	\$ 669,338

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Tobacco Use Prevention and Cessation (EA).....	\$ 14,876	\$ 52,023	\$ 51,640
Health Research - Health Priorities (EA).....	62,017	78,035	77,461
Health Research - National Cancer Institute (EA).....	3,408	4,335	4,303
Medical and Surgical Equipment Grants.....	20,000	0	0
Community-Based Health Care Assistance.....	25,000	0	0
Total - Grants and Subsidies.....	<u>\$ 125,301</u>	<u>\$ 134,393</u>	<u>\$ 133,404</u>
TOBACCO SETTLEMENT FUND TOTAL.....	<u>\$ 125,301</u>	<u>\$ 134,393</u>	<u>\$ 133,404</u>
OTHER FUNDS:			
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services.....	\$ 10,410	\$ 10,457	\$ 11,102
Catastrophic Medical and Rehabilitation.....	3,000	3,000	3,000
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL.....	<u>\$ 13,410</u>	<u>\$ 13,457</u>	<u>\$ 14,102</u>
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA).....	\$ 5	\$ 5	\$ 5
Hospital and Other Medical Costs (EA).....	84	60	60
Grants to Certified Procurement Organizations (EA).....	259	300	300
Project Make-A-Choice (EA).....	99	90	90
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL.....	<u>\$ 447</u>	<u>\$ 455</u>	<u>\$ 455</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 269,908	\$ 257,754	\$ 236,364
SPECIAL FUNDS.....	125,301	134,393	133,404
FEDERAL FUNDS.....	312,608	372,570	430,283
AUGMENTATIONS.....	3,656	2,792	2,691
OTHER FUNDS.....	13,857	13,912	14,557
TOTAL ALL FUNDS.....	<u>\$ 725,330</u>	<u>\$ 781,421</u>	<u>\$ 817,299</u>

^a Includes recommended supplemental appropriation of \$596,000.

^b Actually appropriated as \$46,775,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^c Actually appropriated as \$8,864,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^d Actually appropriated as \$6,237,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^e Actually appropriated as \$2,000,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^f Includes recommended supplemental appropriation of \$152,000.

^g Actually appropriated as \$590,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

Footnotes To Summary by Fund and Appropriation

^h Includes recommended supplemental appropriation of \$300,000.

ⁱ Actually appropriated as \$6,594,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^j Actually appropriated as \$2,600,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^k Includes recommended supplemental appropriation of \$1,300,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND.....	\$ 47,574	\$ 50,277	\$ 46,840	\$ 46,840	\$ 46,840	\$ 46,840	\$ 46,840
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	52,720	94,991	149,767	149,767	149,767	149,767	149,767
OTHER FUNDS.....	713	633	632	632	632	632	632
SUBCATEGORY TOTAL.....	\$ 101,007	\$ 145,901	\$ 197,239	\$ 197,239	\$ 197,239	\$ 197,239	\$ 197,239
HEALTH RESEARCH							
GENERAL FUND.....	\$ 40,435	\$ 21,627	\$ 9,006	\$ 9,006	\$ 9,006	\$ 9,006	\$ 9,006
SPECIAL FUNDS.....	65,425	82,370	81,764	68,500	67,938	67,388	66,771
FEDERAL FUNDS.....	2,003	2,923	2,910	2,910	2,910	2,910	2,910
OTHER FUNDS.....	342	442	342	342	342	342	342
SUBCATEGORY TOTAL.....	\$ 108,205	\$ 107,362	\$ 94,022	\$ 80,758	\$ 80,196	\$ 79,646	\$ 79,029
PREVENTIVE HEALTH							
GENERAL FUND.....	\$ 122,312	\$ 125,887	\$ 121,638	\$ 121,638	\$ 121,638	\$ 121,638	\$ 121,638
SPECIAL FUNDS.....	39,876	52,023	51,640	43,263	42,908	42,561	42,173
FEDERAL FUNDS.....	201,204	211,729	213,260	213,260	213,260	213,260	213,260
OTHER FUNDS.....	15	1	1	1	1	1	1
SUBCATEGORY TOTAL.....	\$ 363,407	\$ 389,640	\$ 386,539	\$ 378,162	\$ 377,807	\$ 377,460	\$ 377,072
HEALTH TREATMENT SERVICES							
GENERAL FUND.....	\$ 19,009	\$ 19,603	\$ 18,382	\$ 18,382	\$ 18,382	\$ 18,382	\$ 18,382
SPECIAL FUNDS.....	20,000	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	13,857	13,912	14,557	14,557	14,557	14,557	14,557
SUBCATEGORY TOTAL.....	\$ 52,866	\$ 33,515	\$ 32,939	\$ 32,939	\$ 32,939	\$ 32,939	\$ 32,939
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND.....	\$ 40,578	\$ 40,360	\$ 40,498	\$ 40,498	\$ 40,498	\$ 40,498	\$ 40,498
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	56,681	62,927	64,346	64,346	64,346	64,346	64,346
OTHER FUNDS.....	2,586	1,716	1,716	1,665	1,656	1,643	1,628
SUBCATEGORY TOTAL.....	\$ 99,845	\$ 105,003	\$ 106,560	\$ 106,509	\$ 106,500	\$ 106,487	\$ 106,472
ALL PROGRAMS:							
GENERAL FUND.....	\$ 269,908	\$ 257,754	\$ 236,364	\$ 236,364	\$ 236,364	\$ 236,364	\$ 236,364
SPECIAL FUNDS.....	125,301	134,393	133,404	111,763	110,846	109,949	108,944
FEDERAL FUNDS.....	312,608	372,570	430,283	430,283	430,283	430,283	430,283
OTHER FUNDS.....	17,513	16,704	17,248	17,197	17,188	17,175	17,160
DEPARTMENT TOTAL.....	\$ 725,330	\$ 781,421	\$ 817,299	\$ 795,607	\$ 794,681	\$ 793,771	\$ 792,751

PROGRAM OBJECTIVE: To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.

Program: Health Support Services

Health Support Services provides administrative and technical systems which support disease prevention and treatment. Also included in this program are quality assurance activities and State Laboratory facilities.

The Bureau of Health Statistics and Research is the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. The bureau collects statistical information on the health status of the population including leading causes of death, life expectancy and infant mortality. The bureau responds to about 3,500 requests for services each year and conducts an annual survey of all hospitals, nursing homes and ambulatory surgery centers in Pennsylvania to obtain information on health resources and health services availability, utilization, staffing and patient characteristics. The Bureau operates several statewide data collection systems/registries, such as the Behavioral Risk Factor Surveillance System, the Statewide Immunization Registry, and the Pennsylvania Cancer Registry. Many of the bureau's publications and statistics are available through the department's website.

The Bureau of Epidemiology administers studies related to the etiology, distribution and trends of major diseases. The department provides epidemiologic assessment of health problems that include environmental occupational hazards, health risk behaviors and life styles of the general public or selected populations. The department also provides professional consultation and technical support for other agencies, county health departments and local municipalities.

The Quality Assurance program conducts surveys and inspections of health care facilities, drug and alcohol programs, and intermediate care facilities to determine compliance with State and Federal standards and regulations and as a condition of receiving Federal Medicare and Medicaid financial support. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. If deficiencies are noted, a plan for correction is required and may be submitted via a web-based system. Facilities unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties. The public web component displays completed surveys for public access.

The frequency of inspections varies by type of facility as required by either State or Federal law or regulations. Initial inspections are conducted prior to issuances of licenses. Acute care hospitals are surveyed and licensed on a two-

year cycle, or a three-year cycle if the hospital participates in the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) linkage program. Nursing homes are subject to annual inspections. Home health agencies are inspected on a flexible 12 to 36 month schedule, the frequency of inspections is based on the facility's history of compliance. Hospice agencies are inspected on-site every other year. Currently, ten percent of other outpatient facilities providing physical therapy, occupational therapy and speech therapy and rural health clinic services are inspected annually. Birth centers and pediatric extended care centers are also inspected annually. More frequent inspections are made in response to complaints or life-threatening situations.

The Bureau of Managed Care is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (PPOs) and point of service (POS) products. It licenses new plans, ensures availability and accessibility of health services in plan "service areas" and monitors quality of care through periodic inspections and external quality reviews. It reviews and approves provider contracts and reimbursement methods. It also establishes rules and monitors delegation of essential managed care functions. It licenses and oversees capitated dental plans (dental HMOs), traditional PPOs, nonprofit medical-surgical, vision, and dental plans (including Pennsylvania Blue Shield). Under Act 68 of 1998, the bureau certifies managed care utilization review organizations and monitors compliance with utilization review standards. The bureau also reviews complaints under Act 68 and coordinates third level grievance reviews conducted by certified external review entities.

The department operates the State Laboratory, which maintains a state of readiness to support the investigation of disease outbreaks or threats to the public health. The laboratory performs approximately 180,000 tests each year for diseases including HIV, rabies, hypothyroidism, blood lead, phenylketonuria, tuberculosis and maple syrup, urine disease. The laboratory supports disease prevention through the provision of investigatory, diagnostic and confirmatory testing for both infectious and non-infectious diseases including the isolation of West Nile Virus (WNV) from mosquitoes and birds, and the provision for diagnosis of arbovirus infection (including WNV), in humans. The State Laboratory is the designated primary laboratory for the detection and identification of bioterrorism agents. It establishes and monitors the performance standards for 8,000 clinical and physician office laboratories in the

Program: Health Support Services (continued)

Commonwealth and recommends certification of clinical laboratories under the requirements of the Federal Clinical Laboratory Improvement Amendments.

The Federal Centers for Disease Control and Prevention (CDC) and the Health Resources and Services Administration (HRSA) have made funding available to the Department of Health to strengthen the public health infrastructure and enhance the ability to respond to a biological attack. The department has developed a statewide plan for preparedness and response for a bioterrorist event, infectious disease outbreak, or other public health emergency. Public health preparedness activities across the Commonwealth include upgrading infectious disease surveillance/investigation, expanding public health laboratory capacity, enhancing

communications systems, and facilitating state and regional hospital preparedness planning and response efforts. The Office of Public Health Preparedness also acts as liaison for the Pennsylvania Emergency Management Agency (PEMA), the state Office of Homeland Security, and field emergency preparedness specialists. The Public Health Preparedness Office works to strengthen public health emergency preparedness and response capabilities, professional training and public education.

The Office of Health Care Reform (OHCR) aims at improving access, affordability and quality by rejuvenating Pennsylvania state government's approach to healthcare. The OHCR is responsible for the coordination of the health care reform agenda for Pennsylvania.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Health care facilities in Pennsylvania with required surveys completed:							
Hospitals (biennially)	100%	100%	100%	100%	100%	100%	100%
Skilled and intermediate care nursing homes	100%	100%	100%	100%	100%	100%	100%
Intermediate care facilities/MR	100%	100%	100%	100%	100%	100%	100%
Home health agencies	100%	100%	100%	100%	100%	100%	100%

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -602 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-2,241 —program reduction.</p> <hr/> <p>\$ -2,843 <i>Appropriation Decrease</i></p>	<p>State Laboratory</p> <p>\$ -84 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>94 —to continue current program.</p> <hr/> <p>\$ 10 <i>Appropriation Increase</i></p>
<p>Quality Assurance</p> <p>\$ -319 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-1,100 —nonrecurring Long-Term Care Consumer Information initiative.</p> <p>815 —to continue current program.</p> <hr/> <p>\$ -604 <i>Appropriation Decrease</i></p>	

The budget also recommends \$57,960,000 in Federal funds to strengthen public health emergency preparedness and response capabilities through increased infrastructure and program capacity, improved scientific and technical capabilities and enhanced professional training and public education.

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 28,766	\$ 30,114	\$ 27,271	\$ 27,271	\$ 27,271	\$ 27,271	\$ 27,271
Quality Assurance	14,679	15,971	15,367	15,367	15,367	15,367	15,367
State Laboratory	4,129	4,192	4,202	4,202	4,202	4,202	4,202
TOTAL GENERAL FUND	\$ 47,574	\$ 50,277	\$ 46,840	\$ 46,840	\$ 46,840	\$ 46,840	\$ 46,840

PROGRAM OBJECTIVE: To develop better basic scientific knowledge of the nature of disease, illness and the environment which will improve the use of existing and new health resources.

Program: Health Research

The Division of Vital Records in the Bureau of Health Statistics and Research is the central repository for over 31 million records of births, deaths, fetal deaths, marriages and divorces which occur in the Commonwealth. Through automation of this operation, all Pennsylvania birth records from 1923 to the present are available through the department's computer system at all branch offices. The system processes more than 600,000 requests annually for certified copies of birth and death records for proof of age, citizenship, litigation and genealogy. This system assists in the detection of fraudulent record usage, child support and the report of missing children. Birth and death records are also available on microfilm for preservation and retrieval if required.

The bureau also operates the Commonwealth Universal Research Enhancement (CURE) program which was established under the Tobacco Settlement Act, Act 77 of 2001. The program provides funds to various research institutions across the State to support basic biomedical, clinical, health service, and other health research services to improve the health of all Pennsylvania citizens. Act 77 provided that funds will be used to focus on the health research priorities established by the department in conjunction with the Health Research Advisory Committee. The Health Research Program provides health research grants to Pennsylvania-based researchers, universities, medical schools, and other institutions.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Vital events (births, deaths, fetal deaths, marriages and divorces):							
Registered and processed	328,033	274,800	274,300	272,750	272,750	270,200	270,200
Percent registered and processed within 30 days	87%	89%	90%	92%	92%	94%	94%
Applications for certified copies of birth and death records filled	633,780	636,600	640,000	644,000	650,000	655,000	660,000

Vital events registered and processed decreases from the projections shown in last year's budget due to Act 82 of 2001 which eliminated some of the requirements on the department to process marriage and divorce records.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND:</p> <p>Vital Statistics</p> <p>\$ -406 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-159 —program reduction.</p> <p>\$ -565 Appropriation Decrease</p> <p>Regional Cancer Institutes</p> <p>\$ -1,101 —program reduction.</p> <p>Bio-Technology Research</p> <p>\$ -4,000 —nonrecurring project.</p> <p>Emergency Care Research</p> <p>\$ -1,500 —nonrecurring project.</p> <p>Health Research and Services</p> <p>\$ -5,250 —nonrecurring project.</p>	<p>Fox Chase Institute for Cancer Research</p> <p>\$ -41 —program reduction.</p> <p>The Wistar Institute - Research: Operation and Maintenance</p> <p>\$ -11 —program reduction.</p> <p>The Wistar Institute - Research: AIDS Research</p> <p>\$ -5 —program reduction.</p> <p>Central Penn Oncology Group</p> <p>\$ -6 —program reduction.</p> <p>Cardiovascular Studies - St. Francis Hospital</p> <p>\$ -125 —facility closure.</p>
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The Diabetes appropriation is recommended at the current year funding level.

Program: Health Research (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -574	TOBACCO SETTLEMENT FUND: Health Research - Health Priorities —for medical research to address significant public health needs in biomedical, biological, behavioral and environmental health sciences and health services research decreasing based on revised estimated payments.	\$ -32	Health Research - National Cancer Institute —for medical research to address significant public health needs in biomedical, biological, behavioral and environmental health sciences and health services research decreasing based on revised estimated payments.
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Diabetes Programs	\$ 452	\$ 443	\$ 426	\$ 426	\$ 426	\$ 426	\$ 426
Vital Statistics	9,238	7,034	6,469	6,469	6,469	6,469	6,469
Regional Cancer Institutes	2,000	2,000	899	899	899	899	899
Bio-Technology Research	4,100	4,000	0	0	0	0	0
Emergency Care Research	1,750	1,500	0	0	0	0	0
Health Research and Services	21,465	5,250	0	0	0	0	0
Fox Chase Institute for Cancer Research	834	817	776	776	776	776	776
The Wistar Institute - Research:							
Operation and Maintenance	230	225	214	214	214	214	214
The Wistar Institute - Research:							
AIDS Research	99	97	92	92	92	92	92
Central Penn Oncology Group	139	136	130	130	130	130	130
Cardiovascular Studies - St. Francis Hospital	128	125	0	0	0	0	0
TOTAL GENERAL FUND	\$ 40,435	\$ 21,627	\$ 9,006	\$ 9,006	\$ 9,006	\$ 9,006	\$ 9,006
 TOBACCO SETTLEMENT FUND:							
Health Research - Health Priorities (EA) ..	\$ 62,017	\$ 78,035	\$ 77,461	\$ 64,895	\$ 64,362	\$ 63,841	\$ 63,257
Health Research - National Cancer Institute (EA)	3,408	4,335	4,303	3,605	3,576	3,547	3,514
TOTAL TOBACCO SETTLEMENT FUND	\$ 65,425	\$ 82,370	\$ 81,764	\$ 68,500	\$ 67,938	\$ 67,388	\$ 66,771

PROGRAM OBJECTIVE: To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.

Program: Preventive Health

A key to the promotion of sound health practices is insuring that all Pennsylvanians are able to access a range of preventive health and early disease detection services. Outreach and education services facilitated by the Department of Health make people aware of the importance of sound health practices and the availability of services to meet their needs.

The department, through its network of six district offices, 57 State health centers, other public health clinical providers and 10 county and municipal health departments, provides a limited range of public health services. These programs include communicable disease tracking, investigation, intervention and control services, family health and chronic disease prevention, assessment and intervention services, and special environmental health services. The six county and four city health departments also provide a range of individual and environmental public health services within their jurisdictions and are funded through grants and contracts awarded by the department.

To improve the availability of health care in underserved rural and urban areas, the department has established grant programs which enhance the recruitment and retention of primary health care physicians, dentists, and other health professionals. Programs include grant awards to establish medical and dental clinics (which require matching funds), awards to increase the supply of dentists' student intern programs to provide clinic services, educational loan repayment and visa waivers for healthcare professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Woman and Infant Programs

The department funds initiatives in selected high prevalence areas to reduce the incidence of unintended pregnancy among teens. This includes a comprehensive, Statewide plan to promote community-based, abstinence education programs to postpone sexual activity and avoid pregnancy among young adolescents. The Abstinence Education and Related Services initiative is part of the Governor's Project for Community Building. Additionally, the department also intends to address the disparities in birth and pregnancy rates experienced by Hispanic and African Americans who are at high-risk for teen pregnancy as well as the unique concerns of children with special health care needs. Pennsylvania's abstinence education programs are

based on the youth developmental model and promote adult and peer mentoring, counseling, youth leadership and adult supervision.

The department has developed a maternal and child health outreach program called "Love 'em with a Checkup" to address the problems of infant mortality and low birth weight. This outreach campaign alerts women to the importance of early prenatal care and primary care for children. It also provides information on access and appropriate use of health services including the Children's Health Insurance Program (CHIP) and Adult Basic Health Insurance.

The Genetics Program ensures access to genetic screening, education and counseling services for families. It encourages the assessment of patient genetic risks through primary health care providers and pays directly for testing and counseling services for eligible low-income patients. The program targets education and services to underserved populations and areas of the State.

The Women, Infants, and Children (WIC) Program is a Federally-funded program administered by the department. It serves pregnant, breast-feeding, and postpartum women, infants, and children up to five years of age who are at risk due to inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of the target population. The program ensures that WIC participants receive routine health care, and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health and social services. Program benefits promote optimal pregnancy outcome, improve participant use of pediatric and obstetrical services and enhance early interventions into potential health problems.

In order to minimize severe health risks to infants, the department conducts a Newborn Screening Program that includes testing for Phenylketonuria (PKU), Hypothyroidism, Sickle Cell Disease, Maple Syrup Urine Disease (MSUD), Congenital Adrenal Hyperplasia (CAH), and Galactosemia. The department assures appropriate follow-up services for all newborns with abnormal or inconclusive test results. In addition, these newborns and their families are linked with treatment specialists who conduct diagnostic testing and coordinate the required care. The department also distributes specialized metabolic products Statewide for children and pregnant women with PKU or MSUD to lessen the adverse effects of those conditions.

The Sudden Infant Death Syndrome (SIDS) Program provides supportive services to families following a sudden

Program: Preventive Health: (continued)

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 include 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.

The department supports a special smoking cessation program for pregnant women. This includes a promotional campaign advising health care and child care providers of the availability of self-help materials and training opportunities to help women quit smoking.

Program Element: Children's Programs

The department's Immunization Program provides immunizations to infants, children and adolescents to reduce the incidence of vaccine preventable diseases in the Commonwealth. While vaccinations are encouraged for all ages, special emphasis is placed on reaching children less than two years old. The program also coordinates the surveillance of vaccine preventable diseases, provides consultation during disease outbreaks, assesses immunization levels, conducts professional and public education programs, and initiates, processes, and evaluates the child care and school immunization reporting system. In addition, the program provides vaccine and guidance to school districts for the provision of hepatitis B, measles/mumps/rubella and varicella immunizations for school students. The department also promotes appropriate adult immunization services. These services include assuring that older citizens and others with chronic illnesses have access to annual influenza and pneumococcal immunizations to providing information to fire companies, school districts, ambulance corps, correction officials, State Police and other public organizations with regard to the purchase of hepatitis B vaccine at reduced rates.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention Program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation and reduction of lead hazards in order to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational, medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health Program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 501 school districts and ten vocational technical schools for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease and Injury Prevention Programs

The department ensures that all residents of the Commonwealth are served through an infectious disease epidemiological surveillance, investigation and control system. Reported cases of infectious diseases are investigated by the department to determine the infection source, transmission mode and control measures to prevent additional cases. The agency also provides a secure, confidential Statewide disease surveillance system. This computerized system compares incidence and prevalence rates and identifies risk factors. Disease trends are determined and corrective action recommended to abate or ameliorate public health risks. Diseases investigated range from giardiasis, hepatitis, salmonellosis, shigellosis, rabies and Lyme disease, to tuberculosis, AIDS, and the other prevalent sexually transmitted diseases.

Chronic disease control and injury prevention programs are increasing in light of the fact that chronic diseases and injuries and their associated risk factors are the leading causes of preventable morbidity and premature mortality within the Commonwealth.

The Cardiovascular Health Program promotes healthy active lifestyles through systems, policy, and environmental changes. These changes support the development of positive individual behaviors to reduce and control diabetes, hypertension and prevent heart disease and stroke. The Cancer Prevention and Control Program focuses on encouraging lifestyle changes to prevent the development of cancer and to support research, routine testing, screening, and early interventions to improve the chance of survival for those who have cancer.

The Injury Prevention Program is designed to reduce the incidence of unintentional injuries, violence, and injury-related fatalities through the development of surveillance systems, education programs for at-risk populations and training of health professionals. The department provides funding to ten county and municipal health departments and other providers to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children, and provide prevention programs on fire safety, poisoning, bicycle safety, falls, firearms storage, drowning, and violence prevention.

The Asthma Program provides education and information to persons with asthma, caregivers and health professionals that support the identification of triggers and self-management of asthma.

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



Program: Preventive Health: (continued)

processes and targeting activities to local needs through seven regional planning coalitions, county/municipal health departments, and other providers. The program includes on-site training, both print and electronic public information services, community intervention projects for at-risk populations, and the provision of care, case management and supportive services for persons infected and affected by HIV/AIDS. Confidential and anonymous HIV testing and partner notification services are also provided at over 500 sites Statewide.

The goal of the Sexually Transmitted Disease (STD) Program is to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD Program supports a Statewide network of clinical service sites that offer testing, treatment and risk-reduction information, and conduct contact elicitation interviews and related investigative services. Special attention and follow-up is accorded to those age 15 and under who have an STD or who are sexual partners of persons who have an STD, and, in order to prevent medical complications among newborns, to pregnant women who have an STD or who are a sexual partner of persons who have an STD.

The Tuberculosis Control Program provides outpatient examination, diagnosis and appropriate treatment for persons with tuberculosis disease and infection. Key to preventing the spread of the disease is contact examination and treatment of latent tuberculosis infection in close contacts of infectious cases or other high-risk people.

The Oral Health Program assesses the status of the oral health of Pennsylvanians, and plans and implements strategies and programs to improve oral health. The program provides oral and dental health educational material primarily in schools and county health offices that are designed to encourage the prevention of tooth decay, periodontal (gum) disease and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The department maintains a Statewide cancer registry

to provide important information to better understand and address the cancer burden within the Commonwealth. Data describing the occurrence of cancer, types of cancer, extent of disease at the time of diagnosis, treatment and demographics are included in the registry database. Information derived through the cancer registry is used for planning and evaluating cancer control programs including cancer prevention and early detection, cancer research, surveillance, and special studies.

The department seeks to control the epidemic of disease, disability, and death related to the use of tobacco products by Pennsylvania residents. The goals of the agency are to change community norms through State-advised, community-driven systems that create environments where it is uncommon to see, use, and be negatively impacted by tobacco products and tobacco smoke pollution; and to reduce the consumption of tobacco to less than 12% by the year 2010.

Act 77 of 2001 established the Tobacco Settlement Fund and programs to improve the health of Pennsylvanians through research, and tobacco prevention and cessation programs. Grants are used to establish a Statewide comprehensive tobacco use prevention and cessation program consistent with best practices as defined by the Federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. These include community programs to reduce tobacco use, chronic disease programs to reduce the burden of tobacco related diseases, school programs, enforcement, Statewide programs, counter marketing, cessation programs, surveillance and evaluation, and administration and management. Those contractors also survey establishments to determine compliance with the Clean Indoor Air Law and encourage them to become smoke free. Seventy percent of the funds go to "primary contractors" (lead agencies) at the local level to develop, implement and monitor programs in all 67 counties. Thirty percent of the funds go towards programs administered at the State level.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Women and children's programs:							
Percent low birth weight live births	7.7%	7.7%	7.8%	7.8%	7.8%	7.9%	7.9%
Average number of persons participating in women, infants and children (WIC) programs each month	223,336	235,000	235,000	235,000	235,000	235,000	235,000
Other communicable disease programs:							
HIV tests at publicly-funded sites	41,833	42,500	43,000	43,500	44,000	44,500	45,000
Percentage of persons screened found with gonorrhea	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Communicable disease incidences reported:							
Gonorrhea	11,167	14,000	13,500	13,250	13,000	13,000	12,500
Infectious Syphilis	121	98	80	70	68	66	64
AIDS	1,204	1,083	974	876	788	709	709

Incidents of gonorrhea reported decreased in 2001-02 from the projection shown in last year's budget based on actual data.

Incidents of infectious syphilis reported increased in 2001-02 from the projection shown in last year's budget due to an outbreak of the disease. Some residual effects of that outbreak are anticipated through 2003-04.

Program: Preventive Health: (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Primary care physicians receiving loan repayment forgiveness	99	100	100	100	100	100	100
Cancer abstracts received	103,000	105,000	110,000	115,000	120,000	120,000	120,000
Tobacco Prevention and Cessation contacts to the Statewide tobacco cessation and prevention counseling information line	103	350	350	350	350	350	350
Percentage of adults who smoke	24.5%	20.0%	19.0%	18.0%	17.0%	16.0%	15.0%
Percentage of high school seniors who smoke	27%	20%	19%	18%	17%	16%	15%

Contacts to the Statewide tobacco cessation and prevention counseling information line decreased in 2001-02 from the projection shown in last year's budget based on actual data. For 2002-03 and beyond, anticipated contacts increase due to increased public awareness efforts.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND:				Maternal and Child Health
	State Health Care Centers		\$	70	—increased screening costs.
\$	-100	—nonrecurring 2002-03 budgetary freeze amount.			
	-26	—to continue current program.	\$	-50	Tuberculosis Screening and Treatment
\$	-126	<i>Appropriation Decrease</i>			—program reduction.
			\$	-105	Arthritis Outreach and Education
		Sexually Transmitted Disease Screening and Treatment			—program reduction.
\$	-310	—program reduction.	\$	-126	Hepatitis Screening and Prevention
					—program reduction.
\$	-80	Primary Health Care Practitioner	\$	-200	Rural Trauma Preparedness and Outreach
		—nonrecurring 2002-03 budgetary freeze amount.			—nonrecurring project.
\$	-483	Cancer Programs	\$	-210	Epilepsy Support Services
		—nonrecurring 2002-03 budgetary freeze amount.			—program reduction.
	-1,027	—program reduction.	\$	-315	Newborn Hearing Screening Demonstration
\$	-1,510	<i>Appropriation Decrease</i>			—program reduction.
\$	-1,000	AIDS Programs	\$	-42	Osteoporosis Prevention and Education
		—program reduction.			—program reduction.
\$	-200	Rural Cancer Outreach	\$	-4	Tay Sachs Disease - Jefferson Medical College
		—nonrecurring project.			—program reduction.
\$	-300	School District Health Services	\$	-383	TOBACCO SETTLEMENT FUND:
		—nonrecurring 2002-03 budgetary freeze amount.			Tobacco Use Prevention and Cessation
\$	259	Local Health Departments			—to continue the program to encourage prevention and cessation of tobacco use based on estimated payments.
		—increased costs based on current population and local budget projections.			

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



Program: Preventive Health: (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
State Health Care Centers	\$ 19,921	\$ 21,416	\$ 21,290	\$ 21,290	\$ 21,290	\$ 21,290	\$ 21,290
Sexually Transmitted Disease							
Screening and Treatment	1,971	2,310	2,000	2,000	2,000	2,000	2,000
Newborn Screening	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Primary Health Care Practitioner	4,685	4,710	4,630	4,630	4,630	4,630	4,630
Cancer Programs	3,890	3,595	2,085	2,085	2,085	2,085	2,085
AIDS Programs	7,110	7,159	6,159	6,159	6,159	6,159	6,159
Rural Cancer Outreach	0	200	0	0	0	0	0
School District Health Services	38,964	39,000	38,700	38,700	38,700	38,700	38,700
Local Health Departments	27,171	28,642	28,901	28,901	28,901	28,901	28,901
Local Health - Environmental	7,262	7,568	7,568	7,568	7,568	7,568	7,568
Maternal and Child Health	3,905	3,905	3,975	3,975	3,975	3,975	3,975
Tuberculosis Screening and Treatment	1,009	1,009	959	959	959	959	959
Arthritis Outreach and Education	250	250	145	145	145	145	145
Hepatitis Screening and Prevention	300	300	174	174	174	174	174
Rural Trauma Preparedness and							
Outreach	0	200	0	0	0	0	0
Epilepsy Support Services	500	500	290	290	290	290	290
Keystone State Games	220	220	220	220	220	220	220
Newborn Hearing Screening							
Demonstration	1,000	750	435	435	435	435	435
Osteoporosis Prevention and Education ..	100	100	58	58	58	58	58
Tay Sachs Disease - Jefferson Medical							
College	54	53	49	49	49	49	49
TOTAL GENERAL FUND	\$ 122,312	\$ 125,887	\$ 121,638	\$ 121,638	\$ 121,638	\$ 121,638	\$ 121,638
TOBACCO SETTLEMENT FUND:							
Tobacco Use Prevention and							
Cessation (EA)	\$ 14,876	\$ 52,023	\$ 51,640	\$ 43,263	\$ 42,908	\$ 42,561	\$ 42,173
Community-Based Health Care							
Assistance	25,000	0	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT							
FUND	\$ 39,876	\$ 52,023	\$ 51,640	\$ 43,263	\$ 42,908	\$ 42,561	\$ 42,173

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Health Treatment Services

The department has the responsibility of coordinating a variety of specialized medical services for Commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance and the Children's Health Insurance Program (CHIP), have been utilized.

Program Element: Inpatient Services

One of the principal concerns of patient management is to provide treatment services at the least expensive level of care while remaining consistent with standards of good medical practice. Inpatient hospital and nursing care is provided for only the most acute medical conditions that require the facilities and services available in an inpatient setting. Because inpatient care is very expensive, programs providing this type of care have imposed strict controls on admissions and, where possible, are using outpatient services in lieu of hospital admissions. Inpatient care is provided for the treatment of tuberculosis, cleft palate, cystic fibrosis, spina bifida, children's cardiac conditions, speech and hearing problems, and orthopedic conditions.

Program Element: Outpatient Services

Outpatient treatment services are more economical and cost-effective than inpatient care and are utilized whenever possible to provide needed treatment services for chronic diseases (including respiratory), physical rehabilitation and reconstruction, catastrophic blood disorders and acute conditions.

Clinical services are offered in a variety of settings, including State and community health centers, family planning clinics and practicing physicians' offices. Minors may seek and receive care under the treatment of minors provisions of the Disease Prevention and Control Law.

The Division of Community Systems Development and Outreach facilitates connections to service for children with special needs through its Special Kids Network (SKN). SKN provides families and health care providers with information about more than 9,000 local, regional, and Statewide resources that serve these children. The network is coordinated by a Statewide contractor and implemented by six regional contractors located in the department's six health districts. A family consultant is located in each of Pennsylvania's four tertiary children's hospitals to assist and advocate for families as they access services. This consultant links families to the SKN for information and referral to local services.

The Comprehensive Specialty Care programs provide children and adults with a variety of services including

diagnosis, direct medical care, case management, comprehensive evaluations, rehabilitative services including, pharmaceuticals, and blood products for certain health conditions. In a joint effort to improve utilization of State funds, individuals who appear to be eligible for Medical Assistance and CHIP are referred to the appropriate program.

Medical payment services are available for the following conditions: cardiac, child rehabilitation, cleft palate, hearing and speech impairment, orthopedic, ventilator dependency, cystic fibrosis, spina bifida and hemophilia.

The home ventilator program provides Statewide case management and support services to children with chronic respiratory failure who are ventilator dependent, allowing them to receive life-support equipment and nursing care in their homes.

The Hemophilia Program utilizes nine specialized centers to provide comprehensive evaluation, rehabilitation services and blood products for outpatient or home use. Patients must be registered with a center to receive these benefits and must ensure that third party resources are used before State program funds are expended.

Sickle Cell disease (SCD) is a genetically determined red blood cell disorder which occurs most frequently in the African-American population. Comprehensive medical and psychosocial services are available to patients at different service sites.

The Adult Cystic Fibrosis Program provides comprehensive treatment and care coordination to an increasing number of adults who survive this chronic childhood condition.

The Chronic Renal Disease Program provides dialysis, kidney transplant, drugs, certain physician fees, medical supplies and transportation services to persons with chronic renal failure. The department's Health Promotion Program conducts a public information and education program to encourage organ and tissue donation as one means of managing this disease and increasing the quality of life.

The department is the lead agency for the Commonwealth emergency medical services system as defined in Act 45 of 1985 known as the Emergency Medical Services Act. This includes planning, developing, implementing and evaluating the system (including emergency preparedness and response) through sixteen regional councils and a Statewide advisory council. This program is responsible for licensure of ambulances, medical command facility accreditation, medical command physician recognition, training institute accreditation, certification of prehospital practitioners and distribution of



Program: Health Treatment Services (continued)

funding. With the passage of prehospital "Do Not Resuscitate" (DNR) legislation, regulations and implementation of the DNR program are managed through the program as well.

The Head Injury Program provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injury. Services are

provided through contractual agreements with regional case managers and head injury rehabilitation providers in the Commonwealth. Funding is made available through the Emergency Medical Services Operating Fund included in the Special Fund Appendix.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Minimum number of children and adults receiving outpatient treatment through department supported programs:							
Hemophilia	1,171	1,106	1,084	1,084	1,084	1,084	1,084
Phenylketonuria, Maple Syrup Urine Disease, Galactosemia *	725	735	798	838	880	924	970
Renal disease	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Cooley's Anemia	43	43	42	42	42	42	42
Sickle Cell Disease	1,888	1,800	1,764	1,764	1,764	1,764	1,764
Spina Bifida	1,455	1,455	1,426	1,426	1,426	1,426	1,426
Home Ventilators	196	196	192	192	192	192	192
Children's rehabilitative services	2,310	2,310	2,310	2,310	2,310	2,310	2,310

The number of patients receiving services for Hemophilia, Cooley's Anemia, Sickle Cell Disease, Spina Bifida, and Home Ventilators all decrease compared to last year's budget based on reduced funding levels.

* The measure for Phenylketonuria is expanded to include Maple Syrup Urine Disease and Galactosemia to better reflect actual tests and services.

Children's rehabilitative services (CRS) decrease from the projections shown in last year's budget because the Department of Public Welfare's Medical Assistance (MA) Program was enhanced to include enrollment applications for many children with special health care needs previously enrolled in CRS. Additional children have also enrolled into the Department of Insurance's expanded Children's Health Insurance Program (CHIP).

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -2	Organ Donation —nonrecurring 2002-03 budgetary freeze amount.	\$ -168	Hemophilia —nonrecurring 2002-03 budgetary freeze amount.
-5	—program reduction.	-76	—program reduction.
\$ -7	Appropriation Decrease	\$ -244	Appropriation Decrease
\$ 340	Renal Dialysis —increased drug and transportation costs.	\$ -142	Lupus —program reduction.
\$ -87	Services for Children with Special Needs —program reduction.	\$ -95	Sickle Cell —program reduction.
\$ -36	Adult Cystic Fibrosis —program reduction.	\$ -525	Regional Poison Control Centers —program reduction.
\$ -10	Cooley's Anemia —program reduction.	\$ -126	Trauma Programs Coordination —program reduction.
		\$ -42	Tourette Syndrome —program reduction.

Program: Health Treatment Services (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -4 Lancaster - Cleft Palate Clinic —program reduction.</p> <p>\$ -4 Pittsburgh - Cleft Palate Clinic —program reduction.</p> <p>\$ -21 Burn Foundation —program reduction.</p> <p>\$ -100 The Children's Institute, Pittsburgh —nonrecurring project.</p> <p style="padding-left: 20px;">-46 —program reduction.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ -146 Appropriation Decrease</p>	<p>\$ -24 Children's Hospital of Philadelphia —program reduction.</p> <p>\$ -39 Philadelphia Health & Education Corp - Pediatric Outpatient & Inpatient —program reduction.</p> <p>Philadelphia Health & Education Corp - Med-Handicapped Children's Clinic —program reduction.</p> <p>\$ -9</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Organ Donation	\$ 118	\$ 116	\$ 109	\$ 109	\$ 109	\$ 109	\$ 109
Renal Dialysis	7,755	8,555	8,895	8,895	8,895	8,895	8,895
Services for Children with Special Needs	1,732	1,732	1,645	1,645	1,645	1,645	1,645
Adult Cystic Fibrosis	721	721	685	685	685	685	685
Cooley's Anemia	198	198	188	188	188	188	188
Hemophilia	1,672	1,672	1,428	1,428	1,428	1,428	1,428
Lupus	100	200	58	58	58	58	58
Sickle Cell	1,703	1,903	1,808	1,808	1,808	1,808	1,808
Regional Poison Control Centers	1,250	1,250	725	725	725	725	725
Trauma Programs Coordination	350	300	174	174	174	174	174
Trauma Systems	400	0	0	0	0	0	0
Tourette Syndrome	100	100	58	58	58	58	58
Lancaster - Cleft Palate Clinic	54	53	49	49	49	49	49
Pittsburgh - Cleft Palate Clinic	54	53	49	49	49	49	49
Burn Foundation	448	439	418	418	418	418	418
The Children's Institute, Pittsburgh	941	927	781	781	781	781	781
Children's Hospital of Philadelphia	485	475	451	451	451	451	451
Philadelphia Health & Education Corp-Pediatric Outpatient & Inpatient	767	751	712	712	712	712	712
Philadelphia Health & Education Corp - Med-Handicapped Children's Clinic	161	158	149	149	149	149	149
TOTAL GENERAL FUND	\$ 19,009	\$ 19,603	\$ 18,382	\$ 18,382	\$ 18,382	\$ 18,382	\$ 18,382
TOBACCO SETTLEMENT FUND:							
Medical and Surgical Equipment Grants ...	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

PROGRAM OBJECTIVE: To provide education, intervention and treatment programs to reduce drug and alcohol abuse and dependency.

Program: Drug and Alcohol Abuse Prevention and Treatment

This program provides counties with funding to provide drug and alcohol services for Pennsylvanians who do not have insurance or resources to pay for treatment. Single County Authorities (SCA) prepare prevention, intervention and treatment plans tailored to the needs of their respective geographic areas. The department approves these plans and formulates a Statewide plan based on those findings.

Statewide prevention programs provide current information on the effects of drugs and alcohol and assists individuals in developing or improving skills that will enable them to choose a lifestyle free of substance abuse. This is done through educational sessions, workshops, media presentations and an information clearinghouse operated by the department. Primary emphasis has been given to youth, and a special curriculum is now used in all school districts to address drug and alcohol problems.

Intervention services provide support to those individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and employee assistance programs. The Student Assistance Program (SAP), which encompasses all 501 Commonwealth school districts, provides school personnel with the knowledge and skills needed to identify students

using alcohol or drugs. Students are referred to professional evaluators and, if needed, receive treatment services. Special services are designed to divert certain criminal offenders into rehabilitation programs.

Treatment services are funded in hospitals, prisons, shelters, residential units and outpatient programs. Treatment often consists of short-term detoxification followed by a longer term rehabilitation. Most inpatient services are rendered in a nonhospital setting. Outpatient services may follow discharge from a residential program; however, many persons receive their initial treatment in an outpatient setting. Typically, admissions to treatment are approximately 57 percent drug related and 43 percent alcohol related. Males represent 70 percent of all treatment admissions. After alcohol, the second most predominant drug abuse problem is heroin use. Multiple drug use is also a significant problem.

Drug and alcohol education and training programs are provided for substance abuse and human services professionals. Issues such as prevention, intervention and treatment are addressed through a variety of educational initiatives. This program is accompanied by Federal Drug and Alcohol programs totaling over \$64 million.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Prevention Services:							
School personnel trained by Student Assistance Program	11,100	11,100	11,100	11,100	11,100	11,100	11,100
Students referred for assistance by Student Assistance Program	15,543	15,698	15,854	16,012	16,172	16,333	16,496
Treatment Services:							
Residential programs licensed/approved ..	315	318	321	324	327	330	333
Outpatient programs licensed/approved ...	700	707	714	721	728	735	742
Patients enrolled in treatment:							
Male	47,191	47,663	48,140	48,621	49,107	49,598	50,094
Female	20,456	20,660	20,866	21,074	21,284	21,496	21,710
Admissions with primary diagnosis:							
Drug abuse	38,329	38,712	39,099	39,489	39,883	40,281	40,683
Alcohol abuse	29,318	29,611	29,907	30,206	30,508	30,813	31,121
Percent of admissions completing treatment	33%	34%	35%	36%	37%	38%	39%

The percent of admissions completing treatment decreases from the projections shown in last year's budget based on actual data.

Program: Drug and Alcohol Abuse Prevention and Treatment (continued)

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

Assistance to Drug and Alcohol Programs
 \$ 138 —to match Federal funds for a Drug Control and System Improvement (DCSI) project.

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Assistance to Drug and Alcohol Programs	\$ 40,578	\$ 40,360	\$ 40,498	\$ 40,498	\$ 40,498	\$ 40,498	\$ 40,498





HIGHER EDUCATION ASSISTANCE AGENCY

The mission of the Higher Education Assistance Agency is to provide financial aid to higher education students in the form of grants, loans and employment opportunities through the coordination of State and Federal aid programs. In addition, the agency provides Institutional Assistance Grants to private institutions enrolling students who participate in the State Grant Program.



Higher Education Assistance Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Grants to Students.....	\$ 336,089	\$ 347,911	\$ 347,911
(F) Byrd Scholarships (EA).....	0	1,664	1,664
(F)TANFBG - Education Opportunities.....	1,500	1,500	1,500
Matching Payments for Student Aid Funds.....	12,827	14,472	14,472
Institutional Assistance Grants.....	42,589	40,460	38,437
Horace Mann Bond-Leslie Pinckney Hill Scholarship.....	750	750	750
Agricultural Loan Forgiveness.....	284	284	210
Child Care Loan Forgiveness.....	100	0	0
SciTech and Technology Scholarships.....	8,200	6,200	3,100
SciTech and Technology Scholarships - Administration.....	661	661	661
Cheyne University Keystone Academy.....	1,575	2,100	2,100
Subtotal - State Funds.....	\$ 403,075	\$ 412,838	\$ 407,641
Subtotal - Federal Funds.....	1,500	3,164	3,164
Total - Grants and Subsidies.....	\$ 404,575	\$ 416,002	\$ 410,805
STATE FUNDS.....	\$ 403,075	\$ 412,838	\$ 407,641
FEDERAL FUNDS.....	1,500	3,164	3,164
GENERAL FUND TOTAL.....	\$ 404,575	\$ 416,002	\$ 410,805
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Biomedicine and Life Sciences Student Loans.....	\$ 5,000	\$ 0	\$ 0
Nursing School Student Loans.....	3,000	0	0
Total - Grants and Subsidies.....	\$ 8,000	\$ 0	\$ 0
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 8,000	\$ 0	\$ 0
OTHER FUNDS:			
HIGHER EDUCATION ASSISTANCE FUND:			
Guaranteed Agency Operating Fund.....	\$ 84,294	\$ 88,397	\$ 91,727
Default Reduction Account.....	4,510	1,060	1,060
Contract Servicing.....	108,813	109,482	112,767
State Student Incentive Grant.....	2,712	4,241	4,241
Transfers Augmenting Appropriations.....	3,933	638	445
Primary Health Care.....	1,030	1,109	1,220
Tobacco Settlement Funds.....	77	83	0
Temporary Aid to Needy Families (TANF).....	1,547	1,500	1,500
Administration Augmentations.....	2,105	1,980	2,040
Miscellaneous.....	(13,414) ^a	715	2,400
Christa McAuliffe Scholarship.....	41	40	40
HIGHER EDUCATION ASSISTANCE FUND TOTAL.....	\$ 195,648	\$ 209,245	\$ 217,440
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 403,075	\$ 412,838	\$ 407,641
SPECIAL FUNDS.....	8,000	0	0
FEDERAL FUNDS.....	1,500	3,164	3,164
OTHER FUNDS.....	195,648	209,245	217,440
TOTAL ALL FUNDS.....	\$ 608,223	\$ 625,247	\$ 628,245

^a Agency reported adjustment.

Higher Education Assistance Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND.....	\$ 360,486	\$ 372,378	\$ 369,204	\$ 368,873	\$ 368,873	\$ 368,873	\$ 368,873
SPECIAL FUNDS.....	8,000	0	0	0	0	0	0
FEDERAL FUNDS.....	1,500	3,164	3,164	3,164	3,164	3,164	3,164
OTHER FUNDS.....	195,648	209,245	217,440	217,440	217,440	217,440	217,440
SUBCATEGORY TOTAL.....	\$ 565,634	\$ 584,787	\$ 589,808	\$ 589,477	\$ 589,477	\$ 589,477	\$ 589,477
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND.....	\$ 42,589	\$ 40,460	\$ 38,437	\$ 38,437	\$ 38,437	\$ 38,437	\$ 38,437
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.....	\$ 42,589	\$ 40,460	\$ 38,437	\$ 38,437	\$ 38,437	\$ 38,437	\$ 38,437
ALL PROGRAMS:							
GENERAL FUND.....	\$ 403,075	\$ 412,838	\$ 407,641	\$ 407,310	\$ 407,310	\$ 407,310	\$ 407,310
SPECIAL FUNDS.....	8,000	0	0	0	0	0	0
FEDERAL FUNDS.....	1,500	3,164	3,164	3,164	3,164	3,164	3,164
OTHER FUNDS.....	195,648	209,245	217,440	217,440	217,440	217,440	217,440
DEPARTMENT TOTAL.....	\$ 608,223	\$ 625,247	\$ 628,245	\$ 627,914	\$ 627,914	\$ 627,914	\$ 627,914

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To provide financial assistance to Commonwealth residents in order to promote access to institutions of higher education.

Program: Financial Assistance to Students

The Pennsylvania Higher Education Assistance Agency (PHEAA) offers three financial assistance programs to students in the form of grants, work study awards and guaranteed student loans. Funds for the various financial assistance programs flow through the Higher Education Assistance Fund. The Higher Education Assistance Fund is shown in the Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund, interest earnings from the deposit of that appropriation in the Higher Education Assistance Fund and Federal Leveraging Educational Assistance Partnership (LEAP) Grant funds. The PHEAA Board annually determines by regulation the distribution of funds to applicants on criteria including family income, family size and the cost of the institution the student will be attending.

The objective of the program is to reduce financial barriers and thereby provide access to higher education for all Commonwealth residents and, within the limits of the resources available, help to provide freedom of choice between public colleges and universities and private universities, colleges and postsecondary schools.

The Federal Family Education Loan Program (FFELP), established by the Federal Government and administered by PHEAA, enables students to secure long-term loans from lending institutions. PHEAA includes in this program funds for parents to obtain loans for the education of their children.

The SciTech and Technology Scholarships Program provides grants to eligible Pennsylvania students who are enrolled in an approved postsecondary science or technology curriculum. Students participating in this program must maintain the grade point average required and must also meet the post-graduation work requirement.

The Matching Funds Program provides funds to match Federal and other funds for Perkins Loans, Match Grants and Work-Study awards which students earn through several on-campus and off-campus job opportunities and for activities related to the professional development of financial aid personnel. The On-Campus Jobs Program generally provides employment in campus services; off-campus jobs place students in career and course of study related work in local communities.

The Horace Mann Bond-Leslie Pinckney Hill Scholarship Program (formerly the Equal Opportunity Professional Education Program) provides grants to graduates of Lincoln University and Cheyney University of Pennsylvania who enter the professional programs of law, medicine, or dentistry at Temple University, the Pennsylvania State University or the University of Pittsburgh.

Act 83 of 2001 included two one-time appropriations from the Tobacco Settlement Act to PHEAA implementing the Pennsylvania Medical Education Loan Assistance Program and the Loan Forgiveness Program for nurses.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Grants to Students:							
Applications for grants	416,180	445,590	476,780	510,160	545,870	584,080	624,970
Applications complete and needs tested for eligibility	244,020	262,080	280,430	300,060	321,060	343,530	367,580
Eligible applicants—meeting qualifications	165,185	170,100	182,010	194,750	208,380	222,970	238,580
Eligible applicants not enrolled at a college/university	15,035	16,180	17,320	18,530	19,820	21,210	22,700
Eligible applicants enrolled and accepting grants	150,150	153,920	153,500	153,500	153,500	153,500	153,500
Grant amount as percent of applicants total educational cost.....	14.2%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Students Receiving SciTech Scholarships	3,542	4,121	4,121	2,000	2,000	2,000	2,000
Work Study:							
Students assisted by Federal, State and private funds	67,300	64,900	64,900	64,900	64,900	64,900	64,900
Student work study earnings (in millions)	\$66.9	\$65.0	\$65.0	\$65.0	\$65.0	\$65.0	\$65.0

Students receiving SciTech Scholarships are in addition to the students in the Grants to Students program.

Higher Education Assistance Agency

Program: Financial Assistance to Students (continued)

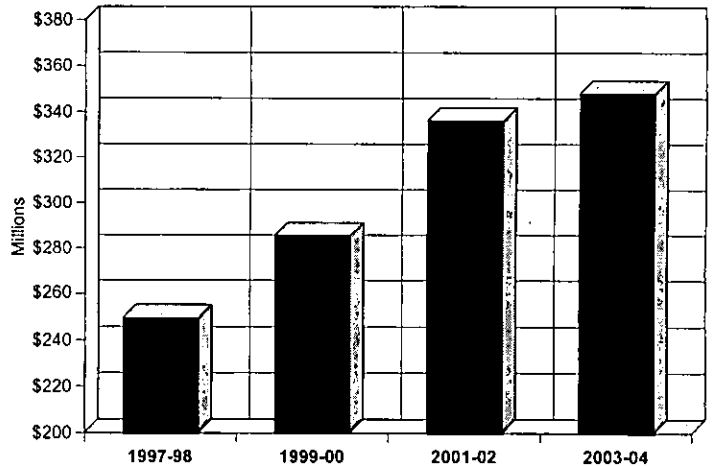
Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Student Loans:							
Federally guaranteed loans	645,763	665,261	683,685	713,236	732,973	748,512	755,748

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND	
\$ -74	Agricultural Loan Forgiveness —to continue current program.
\$ -3,100	SciTech and Technology Scholarships —program reduction.

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

Grants to Students



Funding for grants to students has increased from \$249.4 million in 1997-98 to \$347.9 million in 2003-04 - an increase of \$98.5 million.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Grants to Students	\$ 336,089	\$ 347,911	\$ 347,911	\$ 347,911	\$ 347,911	\$ 347,911	\$ 347,911
Matching Payments for Student Aid Funds	12,827	14,472	14,472	14,472	14,472	14,472	14,472
Horace Mann Bond-Leslie Pinckney							
Hill Scholarship	750	750	750	750	750	750	750
Agricultural Loan Forgiveness	284	284	210	210	210	210	210
Child Care Loan Forgiveness	100	0	0	0	0	0	0
SciTech and Technology Scholarships	8,200	6,200	3,100	3,100	3,100	3,100	3,100
SciTech and Technology Scholarships - Administration	661	661	661	330	330	330	330
Cheyney University Keystone Academy ..	1,575	2,100	2,100	2,100	2,100	2,100	2,100
TOTAL GENERAL FUND	\$ 360,486	\$ 372,378	\$ 369,204	\$ 368,873	\$ 368,873	\$ 368,873	\$ 368,873
TOBACCO SETTLEMENT FUND:							
Biomedicine and Life Sciences Student Loans	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Nursing School Student Loans	3,000	0	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND	\$ 8,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To assist independent post-secondary institutions to maintain enrollments and stabilize their educational costs thereby promoting access to institutions in all sectors for Pennsylvania students.

Program: Financial Aid to Institutions

The Institutional Assistance Grants Program, which began in 1974, provides grants to assist independent post-secondary institutions that are nonprofit, nondenominational and non-recipients of direct State appropriations.

The appropriated funds provide equal per capita grants to the schools based on the number of student grant recipients enrolled during the academic year. Eighty-four institutions are expected to participate in the 2003-04 program.

The program helps to preserve and develop the diverse system of higher education in Pennsylvania by allowing private colleges and universities to stabilize their educational costs and maintain enrollments. It recognizes the desirability of helping independent institutions remain fiscally sound and serves to promote full student access to institutions in all sectors by assisting student attendance at Pennsylvania's independent colleges and universities.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Eligible grant recipients enrolled at eligible independent institutions	38,960	39,585	39,528	39,600	39,600	39,600	39,600
Per capita grant	\$1,101	\$1,026	\$976	\$976	\$976	\$976	\$976

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Institutional Assistance Grants
 \$ -2,023 program reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Institutional Assistance Grants	\$ 42,589	\$ 40,460	\$ 38,437	\$ 38,437	\$ 38,437	\$ 38,437	\$ 38,437



HISTORICAL AND MUSEUM COMMISSION

The mission of the Historical and Museum Commission is to preserve the Commonwealth's past through leadership, stewardship and service. The commission believes that future generations will be strengthened and inspired by the ideals and traditions of Pennsylvania's heritage.

Historical and Museum Commission

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 23,630	\$ 24,319	\$ 23,682
(F)Historic Preservation.....	1,043	1,260	1,260
(F)National Historic Publications and Records.....	299	150	0
(F)Delaware & Lehigh Canal Partnership Program.....	0	0	250
(F)Save Our Treasures.....	0	200	0
(F)Save Our Treasures - Archives.....	0	53	0
(F)Surface Mining Review (EA).....	89	0	0
(F)Surface Mining Review.....	0	175	125
(F)Bitzer Barn Rehabilitation.....	0	750	0
(F)Environmental Review (EA).....	111	0	0
(F)Environmental Review.....	0	245 ^a	150
(F)Sept 1999 Tropical Storm Disaster-Public Assistance (EA).....	4	0	0
(F)Intermodal Surface Transportation Safety Act (EA).....	14	0	0
(F)Railroad Museum Improvement (EA).....	860	289	524
(F)Pennsylvania Archaeology (EA).....	5	176	0
(F)Explore PA History (EA).....	200	50	60
(F)Graeme Park Storm Damage (EA).....	3	0	0
(A)Historic Preservation Fund.....	215	550	420
(A)PA Turnpike Commission.....	7	10	10
(A)Architectural Services.....	3	5	5
(A)Keystone Recreation, Park & Conservation Fund.....	330	300	200
Subtotal.....	\$ 26,813	\$ 28,532	\$ 26,686
Maintenance Program.....	1,940	1,940	1,000
Subtotal - State Funds.....	\$ 25,570	\$ 26,259	\$ 24,682
Subtotal - Federal Funds.....	2,628	3,348	2,369
Subtotal - Augmentations.....	555	865	635
Total - General Government.....	\$ 28,753	\$ 30,472	\$ 27,686
<i>Grants and Subsidies:</i>			
Museum Assistance Grants.....	\$ 4,450	\$ 4,450	\$ 4,600
Regional History Centers.....	525	200	0
University of Pennsylvania Museum.....	241	236	225
Carnegie Museum of Natural History.....	241	236	225
Carnegie Science Center.....	241	236	225
Franklin Institute Science Museum.....	727	713	500
Academy of Natural Sciences.....	446	437	416
Academy of Natural Sciences Outreach & Education.....	97	0	0
African American Museum in Philadelphia.....	340	333	317
Everhart Museum.....	44	43	42
Mercer Museum.....	185	181	172
Whitaker Center for Science and the Arts.....	133	130	124
Total - Grants and Subsidies.....	\$ 7,670	\$ 7,195	\$ 6,846
STATE FUNDS.....	\$ 33,240	\$ 33,454	\$ 31,528
FEDERAL FUNDS.....	2,628	3,348	2,369
AUGMENTATIONS.....	555	865	635
GENERAL FUND TOTAL.....	\$ 36,423	\$ 37,667	\$ 34,532
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Historic Site Development - Realty Transfer Tax (EA).....	\$ 9,883	\$ 14,256	\$ 4,021

Historical and Museum Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Historical Preservation Act of 1966 (F).....	\$ 107	\$ 110	\$ 110
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund.....	\$ 3,636 ^b	\$ 4,070 ^b	\$ 4,200 ^b
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 33,240	\$ 33,454	\$ 31,528
SPECIAL FUNDS.....	9,883	14,256	4,021
FEDERAL FUNDS.....	2,628	3,348	2,369
AUGMENTATIONS.....	555	865	635
OTHER FUNDS.....	3,743	4,180	4,310
TOTAL ALL FUNDS.....	\$ 50,049	\$ 56,103	\$ 42,863

^a Includes recommended supplemental appropriation of \$100,000.

^b Not added to the total to avoid double counting: 2001-02 Actual is \$215,000, 2002-03 Available is \$550,000, and 2003-04 Budget is \$420,000.

Historical and Museum Commission

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND.....	\$ 25,570	\$ 26,259	\$ 24,682	\$ 24,682	\$ 24,032	\$ 24,032	\$ 24,032
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,628	3,348	2,369	2,369	2,369	2,369	2,369
OTHER FUNDS.....	4,298	5,045	4,945	4,945	4,945	4,945	4,945
SUBCATEGORY TOTAL.....	\$ 32,496	\$ 34,652	\$ 31,996	\$ 31,996	\$ 31,346	\$ 31,346	\$ 31,346
MUSEUM ASSISTANCE							
GENERAL FUND.....	\$ 7,670	\$ 7,195	\$ 6,846	\$ 6,846	\$ 6,846	\$ 6,846	\$ 6,846
SPECIAL FUNDS.....	9,883	14,256	4,021	6,579	6,980	7,310	7,628
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 17,553	\$ 21,451	\$ 10,867	\$ 13,425	\$ 13,826	\$ 14,156	\$ 14,474
ALL PROGRAMS:							
GENERAL FUND.....	\$ 33,240	\$ 33,454	\$ 31,528	\$ 31,528	\$ 30,878	\$ 30,878	\$ 30,878
SPECIAL FUNDS.....	9,883	14,256	4,021	6,579	6,980	7,310	7,628
FEDERAL FUNDS.....	2,628	3,348	2,369	2,369	2,369	2,369	2,369
OTHER FUNDS.....	4,298	5,045	4,945	4,945	4,945	4,945	4,945
DEPARTMENT TOTAL.....	\$ 50,049	\$ 56,103	\$ 42,863	\$ 45,421	\$ 45,172	\$ 45,502	\$ 45,820

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate, interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

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

Program Element: State and Local Records

This element supports the operation of the State Archives, the State Records Center and the Document Image Services Center. The State Archives is responsible for identifying, acquiring, preserving and providing continuing public access to the permanently valuable and historical records created by government. This mandate extends to electronic records and to the use of electronic and web technology to facilitate public access. The Archives maintains and preserves program files, maps, correspondence, reports, photographs, minutes, case files and various records that document the significant activities of Pennsylvania's proprietary, revolutionary and State governments including the records of the land office and hundreds of existing and defunct governmental agencies. The Document Image Service Center provides storage services on electronic media and microfiche to governmental agencies. The Center's activities are funded through revenues received for provision of these services.

This element also administers State executive branch and local government records management programs and provides other services to state and local government offices. These services include preparation of records retention schedules; processing of records disposal requests; promulgation of standards for retention of records in different storage media; and training and technical assistance to records custodians.

An electronic document records and retention system to be utilized by all State agencies is currently under development.

Program Element: Historic Site and Museum Operations

This element supports the operation of 26 historic sites and museums throughout the Commonwealth which are open to the public on a regular schedule, including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs; provides living history and other types of tours to interpret Pennsylvania history; and utilizes cooperative initiatives with associate organizations to further provide for educational and public programs. This program element includes facility development and architectural and design activities as part of a preservation maintenance program funded through the Keystone Recreation, Park and Conservation Fund Grant Program; collections management; and conservation of historical artifacts, papers, and paintings.

In addition, this element supports a Property Management and Lease Program through cooperative agreements with management groups, for profit and nonprofit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Element: Historic Preservation

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

Historical and Museum Commission

Program: State Historic Preservation (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	180,000	185,000	190,000	200,000	205,000	210,000	210,000
Service request responses (History, Archives and State Records) (in thousands)	164	165	165	166	167	168	169
Historic Site and Museum Operations							
Annual visits to commission historical sites and museums (in thousands)	1,406	1,400	1,450	1,450	1,500	1,500	1,500
Historic markers	2,054	2,100	2,200	2,300	2,400	2,500	2,600
Historic Preservation							
Evaluations for the National Register of Historic Properties	3,320	3,400	3,600	3,800	4,000	4,200	4,400
Professional History and Museum Support Services							
Objects maintained and conserved (in thousands)	2,204	2,230	2,230	2,230	2,230	2,230	2,230
Commission buildings undergoing improvement	120	115	75	75	75	75	75

Commission buildings undergoing improvement decreases beginning in 2003-04 from the projections shown in last year's budget due to a reduction in funding levels.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Maintenance Program
	General Government Operations		\$	-76
\$ -449	—nonrecurring 2002-03 budgetary freeze amount.			—nonrecurring 2002-03 budgetary freeze amount.
-389	—nonrecurring projects.		-864	—program reduction.
201	—to continue current program.		\$ -940	<i>Appropriation Decrease</i>
<u>\$ -637</u>	<i>Appropriation Decrease</i>			

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 23,630	\$ 24,319	\$ 23,682	\$ 23,682	\$ 23,032	\$ 23,032	\$ 23,032
Maintenance Program	1,940	1,940	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	<u>\$ 25,570</u>	<u>\$ 26,259</u>	<u>\$ 24,682</u>	<u>\$ 24,682</u>	<u>\$ 24,032</u>	<u>\$ 24,032</u>	<u>\$ 24,032</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 and Local History Grant Program, Museum Assistance General Operating Support and the Keystone Recreation, Park and Conservation Fund. The three programs provide financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Museum Assistance and Local History Grant Program, established in 1985, is a competitive financial assistance process available to all qualified history related institutions within Pennsylvania. Organizations may apply to the Historical and Museum Commission for projects in various grant categories ranging from the research of an historic event to a comprehensive exhibit plan and program having significant Statewide impact. Special Project Support Grants and Local History General Operating Grants, the largest of the financial award categories, require the successful grantee to provide dollar-for-dollar matching funds.

All other categories are non-matching, but grantees are encouraged to provide in-kind support where possible.

The Museum Assistance General Operating Program provides support to qualified history and cultural related institutions in the Commonwealth. Financial assistance to these institutions supports a portion of their general operating budgets.

The Keystone Recreation, Park and Conservation Fund Grant Program is a competitive grants process created by Act 50 of 1993. Funding is available to Pennsylvania non-profit organizations and public agencies that operate a publicly accessible historic property listed in, or eligible for, the National Register of Historic Places, or that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in the areas of redevelopment, preservation, rehabilitation, restoration and other related projects.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Museum assistance competitive grants awarded	208	210	260	260	260	260	260
Museum assistance general operating support grants	153	149	150	150	150	150	150

Museum assistance competitive grants awarded decreased in 2002-03 from the projection in last year's budget due to spending freeze.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			KEYSTONE RECREATION, PARK AND CONSERVATION FUND
	Museum Assistance Grants			Historic Site Development - Realty Transfer Tax (EA)
\$	-77	—nonrecurring 2002-03 budgetary freeze amount.		—nonrecurring projects.
	227	—to continue current program.	\$ -10,235	
\$	150	<i>Appropriation Increase</i>		
	Regional History Centers			
\$	-200	—nonrecurring project.		
	State-Aided Museums			
\$	-47	—nonrecurring 2002-03 budgetary freeze amount.		
	-252	—to continue current program.		
\$	-299	<i>Appropriation Decrease</i>		



Historical and Museum Commission

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Museum Assistance Grants	\$ 4,450	\$ 4,450	\$ 4,600	\$ 4,600	\$ 4,600	\$ 4,600	\$ 4,600
Regional History Centers	525	200	0	0	0	0	0
University of Pennsylvania Museum	241	236	225	225	225	225	225
Carnegie Museum of Natural History	241	236	225	225	225	225	225
Carnegie Science Center	241	236	225	225	225	225	225
Franklin Institute Science Museum	727	713	500	500	500	500	500
Academy of Natural Sciences	446	437	416	416	416	416	416
Academy of Natural Sciences Outreach & Education	97	0	0	0	0	0	0
African American Museum in Philadelphia	340	333	317	317	317	317	317
Everhart Museum	44	43	42	42	42	42	42
Mercer Museum	185	181	172	172	172	172	172
Whitaker Center for Science and the Arts	133	130	124	124	124	124	124
TOTAL GENERAL FUND	\$ 7,670	\$ 7,195	\$ 6,846	\$ 6,846	\$ 6,846	\$ 6,846	\$ 6,846
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development —							
Realty Transfer Tax (EA)	\$ 9,883	\$ 14,256	\$ 4,021	\$ 6,579	\$ 6,980	\$ 7,310	\$ 7,628



INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority (PENNVEST) is to improve Pennsylvania's water and foster job creation opportunities through the provision of low interest loans and limited grants to municipalities, municipal authorities and private entities for the construction of drinking water, wastewater, and stormwater projects.

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized in Act 16 of 1988.

Infrastructure Investment Authority

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
(F)Sewage Projects Revolving Loan Fund.....	\$ 67,000	\$ 87,000	\$ 76,910
(F)Drinking Water Projects Revolving Loan Fund.....	33,746	38,283	46,552
(F)Rural Communities Wastewater Treatment.....	0	636	0
Subtotal - Federal Funds.....	100,746	125,919	123,462
Total - Grants and Subsidies.....	<u>\$ 100,746</u>	<u>\$ 125,919</u>	<u>\$ 123,462</u>
GENERAL FUND TOTAL.....	<u>\$ 100,746</u>	<u>\$ 125,919</u>	<u>\$ 123,462</u>
ENVIRONMENTAL STEWARDSHIP FUND:			
<i>Grants and Subsidies:</i>			
Storm Water, Water and Sewer Grants (EA).....	\$ 21,827	\$ 21,353	\$ 25,383
OTHER FUNDS:			
PENNVEST FUND:			
PENNVEST Operations (EA).....	\$ 2,400	\$ 3,039	\$ 2,922
Grants - Other Revenue Sources (EA).....	2,120	4,000	3,500
Revenue Bond Loan Pool (EA).....	0	10	10
Public Revolving Loans and Administration.....	51,979	70,000	50,000
Private Revolving Loans.....	3,285	3,500	3,200
Growing Greener Grants.....	23,390	21,353	26,000
PENNVEST FUND TOTAL.....	<u>\$ 83,174</u>	<u>\$ 101,902</u>	<u>\$ 85,632</u>
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund.....	\$ 13,179	\$ 17,600	\$ 15,400
Additional Sewage Projects Revolving Loans (EA).....	40,000	30,000	26,000
Transfer to Drinking Water Revolving Fund (EA).....	0	57,500	8,187
Sewage Projects Revolving Loan Fund (EA).....	0 ^a	0 ^a	0 ^a
On-lot Sewage Disposal Systems (EA).....	0 ^b	0 ^b	0 ^b
Rural Communities Wastewater Treatment (EA).....	0	0 ^c	0
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL.....	<u>\$ 53,179</u>	<u>\$ 105,100</u>	<u>\$ 49,587</u>
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund.....	\$ 15,632	\$ 14,500	\$ 15,500
Additional Drinking Water Projects Revolving Loans (EA).....	2,038	38,000	25,000
Drinking Water Projects Revolving Loan Fund (EA).....	0 ^d	0 ^d	0 ^d
Loan Program Administration (EA).....	0 ^e	0 ^e	0 ^e
Technical Assistance to Small Systems (EA).....	592	1,000	3,263
Assistance to State Programs (EA).....	2,206	3,000	2,800
Local Assistance and Source Water Pollution (EA).....	3,500	5,000	10,000
PENNVEST DRINKING WATER REVOLVING FUND TOTAL.....	<u>\$ 23,968</u>	<u>\$ 61,500</u>	<u>\$ 56,563</u>
PENNVEST REVOLVING FUND:			
PENNVEST Revolving Fund.....	\$ (8)	\$ 2,000	\$ 1,700

Infrastructure Investment Authority

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	21,827	21,353	25,383
FEDERAL FUNDS.....	100,746	125,919	123,462
OTHER FUNDS.....	160,313	270,502	193,482
TOTAL ALL FUNDS.....	\$ 282,886	\$ 417,774	\$ 342,327

^a Not added to the total to avoid double counting Federal funds: 2001-02 Actual is \$66,500,000, 2002-03 Available is \$86,500,000 and 2003-04 Budget is \$76,500,000.

^b Not added to the total to avoid double counting Federal funds: 2001-02 Actual is \$500,000, 2002-03 Available is \$500,000 and 2003-04 Budget is \$410,000.

^c Not added to the total to avoid double counting Federal funds: 2002-03 Available is \$636,000.

^d Not added to the total to avoid double counting Federal funds: 2001-02 Actual is \$25,845,000, 2002-03 Available is \$27,970,000 and 2003-04 Budget is \$29,000,000.

^e Not added to the total to avoid double counting Federal funds: 2001-02 Actual is \$1,603,000, 2002-03 Available is \$1,313,000 and 2003-04 Budget is \$1,489,000.

Infrastructure Investment Authority

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PENNVEST							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	21,827	21,353	25,383	23,046	27,649	27,649	27,649
FEDERAL FUNDS.....	100,746	125,919	123,462	117,000	117,100	120,200	121,000
OTHER FUNDS.....	160,313	270,502	193,482	180,919	179,519	168,832	168,832
SUBCATEGORY TOTAL.....	\$ 282,886	\$ 417,774	\$ 342,327	\$ 320,965	\$ 324,268	\$ 316,681	\$ 317,481
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	21,827	21,353	25,383	23,046	27,649	27,649	27,649
FEDERAL FUNDS.....	100,746	125,919	123,462	117,000	117,100	120,200	121,000
OTHER FUNDS.....	160,313	270,502	193,482	180,919	179,519	168,832	168,832
DEPARTMENT TOTAL.....	\$ 282,886	\$ 417,774	\$ 342,327	\$ 320,965	\$ 324,268	\$ 316,681	\$ 317,481

Infrastructure Investment Authority

PROGRAM OBJECTIVE: To promote public health and a clean environment and to further economic development in the Commonwealth by providing a financing program, technical assistance and administrative support for community drinking water systems, municipal sewage treatment facilities and stormwater control projects.

Program: PENNVEST

The PENNVEST Program authorized by Act 16 of 1988 provides an investment pool of capital to rebuild and expand community drinking water systems and municipal sewage treatment facilities in the Commonwealth. These systems and facilities are essential for the protection of public health and the promotion of economic development. Many systems and facilities need to be repaired, upgraded or expanded to meet environmental standards and economic development goals. Act 5 of 1992 established a program to fund stormwater control projects. Funding these needed improvements has often proved difficult, especially for small communities.

Initial funding for the PENNVEST Fund came from several sources: the \$300 million bond issue approved by voter referendum, the balance of approved Water Facilities Loan Fund bonds, Federal seed money for a sewage treatment facilities revolving loan fund and a drinking water project revolving loan fund, and some available Capital Facilities bonds. Act 5 of 1992 authorized a \$350 million bond issue, which was approved by referendum, to provide additional funding for the program. In 1990-91, the PENNVEST Revenue Bond Pool Program began providing funding. Act 68 of 1999 also provides additional grant funds for storm water, water and sewer projects as part of the Growing Greener initiatives. Added to this are interest earnings on the fund's cash flow, and interest and principal payments made on loans.

PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and stormwater systems they own.

Loans are available to individual homeowners to upgrade their on-lot septic systems. The Pennsylvania Infrastructure Investment Authority, supported by the Department of Environmental Protection, helps system owners apply for funding, provides technical assistance in planning and designing projects, and, if necessary, reviews the applicant operations to improve efficiency.

To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income, and loan repayments. Loans and grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving Fund combines the Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Fund combines Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund receives the proceeds from the sale of bonds mentioned above. The PENNVEST Revenue Bond Pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST Revenue Bonds.

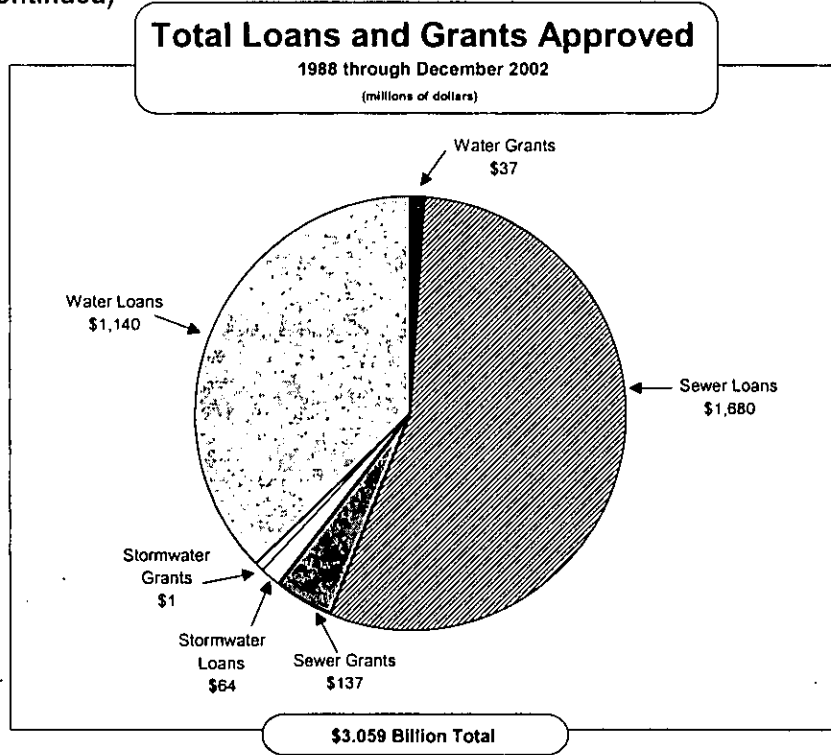
As of November 2002, \$3 billion in total loans and grants have been awarded for drinking water, wastewater and stormwater projects since the program began in 1988. A total of 1,685 projects have either been built or are in different stages of construction as a result of this funding.

Program Measures:	2001-02	2002-03	2003-2004	2004-05	2005-06	2006-07	2007-08
PENNVEST projects implemented	118	120	120	120	120	120	120
PENNVEST awards (in millions):							
Loans	\$ 285	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280
Grants	37	39	39	39	39	39	39
Total	\$ 322	\$ 319	\$ 319	\$ 319	\$ 319	\$ 319	\$ 319

PENNVEST projects implemented and PENNVEST loan awards have been changed from projections in last year's budget to show revised estimates based on actual activity.

Infrastructure Investment Authority

Program: PENNVEST (continued)



Program Recommendation

This budget recommends the following changes: (Dollar Amounts in Thousands)

ENVIRONMENTAL STEWARDSHIP FUND PENNVEST

\$ 4,030 —to continue current program

Grant disbursements totalling \$3.5 million and administrative costs are to be funded from existing non-General Fund sources.

Appropriations within this Program

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
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ENVIRONMENTAL STEWARDSHIP FUND:

Storm Water, Water and Sewer

Grants (EA)	\$ 21,827	\$ 21,353	\$ 25,383	\$ 23,046	\$ 27,649	\$ 27,649	\$ 27,649
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INSURANCE DEPARTMENT

The mission of the Insurance Department is to serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

The Insurance Department executes the insurance laws of the Commonwealth, monitors the financial solvency of insurance companies conducting business in Pennsylvania, regulates insurance rates and policy forms, licenses insurance companies and producers to conduct business in the state, and liquidates insolvent insurance companies. The department answers consumer inquiries, responds to consumer complaints, and produces and distributes educational information on insurance.

The Insurance Department manages the Children's Health Insurance Program (CHIP), Adult Basic (adultBasic) Insurance program, the Medical Care Availability and Reduction of Error (Mcare) program, the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund, and the Worker's Compensation Security Fund.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 18,977	\$ 20,126	\$ 20,042
(A)Companies in Liquidation.....	1,020	1,050	1,191
(A)Duplicating and Mailing Services.....	54	45	40
(A)Workers' Compensation Security Services.....	119	142	110
(A)Reimbursements - Examination Travel.....	545	575	590
(A)Reimbursements - Market Conduct Travel.....	287	300	315
(A)Underground Storage Tank Indemnification Fund Expense.....	24	13	9
(A)Reimbursement - Catastrophic Loss Benefits Continuation Fund.....	27	9	5
Children's Health Insurance Administration.....	2,284	2,346	1,602
(F)Children's Health Insurance Administration.....	4,762	4,795	3,787
Adult Health Insurance Administration.....	851	2,544	2,543
Subtotal - State Funds.....	\$ 22,112	\$ 25,016	\$ 24,187
Subtotal - Federal Funds.....	4,762	4,795	3,787
Subtotal - Augmentations.....	2,076	2,134	2,260
Total - General Government.....	\$ 28,950	\$ 31,945	\$ 30,234
<i>Grants and Subsidies:</i>			
Children's Health Insurance.....	\$ 23,693	\$ 32,753	\$ 34,296
(F)Children's Health Insurance Program.....	105,974	116,017	132,849
Subtotal - State Funds.....	\$ 23,693	\$ 32,753	\$ 34,296
Subtotal - Federal Funds.....	105,974	116,017	132,849
Total - Grants and Subsidies.....	\$ 129,667	\$ 148,770	\$ 167,145
STATE FUNDS.....	\$ 45,805	\$ 57,769	\$ 58,483
FEDERAL FUNDS.....	110,736	120,812	136,636
AUGMENTATIONS.....	2,076	2,134	2,260
GENERAL FUND TOTAL.....	\$ 158,617	\$ 180,715	\$ 197,379
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>General Government:</i>			
Adult Health Insurance Program(EA).....	\$ 77,738	\$ 97,544	\$ 96,826
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Children's Health Insurance Program.....	\$ 31,724	\$ 31,274	\$ 30,730
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
Administration (EA).....	\$ 1,744	\$ 1,827	\$ 1,921
Claims (EA).....	13,500	13,000	16,000
Loan Repayment(EA).....	27,100	15,300	0
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL.....	\$ 42,344	\$ 30,127	\$ 17,921
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND:			
General Operations.....	\$ 0	\$ 22,000	\$ 22,998
Payment of Claims.....	0	347,000	335,000
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL.....	\$ 0	\$ 369,000	\$ 357,998
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA).....	\$ 6,595	\$ 7,988	\$ 6,801
Claims (EA).....	60,000	60,000	75,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Transfer to General Fund.....	0	100,000	0
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 66,595	\$ 167,988	\$ 81,801
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 45,805	\$ 57,769	\$ 58,483
SPECIAL FUNDS.....	77,738	97,544	96,826
FEDERAL FUNDS.....	110,736	120,812	136,636
AUGMENTATIONS.....	2,076	2,134	2,260
OTHER FUNDS.....	140,663	598,389	488,450
TOTAL ALL FUNDS.....	\$ 377,018	\$ 876,648	\$ 782,655

Program Funding Summary

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND.....	\$ 45,805	\$ 57,769	\$ 58,483	\$ 74,168	\$ 79,862	\$ 85,620	\$ 90,378
SPECIAL FUNDS.....	77,738	97,544	96,826	81,119	80,452	79,802	79,074
FEDERAL FUNDS.....	110,736	120,812	136,636	138,640	148,882	159,124	169,366
OTHER FUNDS.....	142,739	600,523	490,710	490,710	490,710	490,710	490,710
SUBCATEGORY TOTAL.....	\$ 377,018	\$ 876,648	\$ 782,655	\$ 784,637	\$ 799,906	\$ 815,256	\$ 829,528
ALL PROGRAMS:							
GENERAL FUND.....	\$ 45,805	\$ 57,769	\$ 58,483	\$ 74,168	\$ 79,862	\$ 85,620	\$ 90,378
SPECIAL FUNDS.....	77,738	97,544	96,826	81,119	80,452	79,802	79,074
FEDERAL FUNDS.....	110,736	120,812	136,636	138,640	148,882	159,124	169,366
OTHER FUNDS.....	142,739	600,523	490,710	490,710	490,710	490,710	490,710
DEPARTMENT TOTAL.....	\$ 377,018	\$ 876,648	\$ 782,655	\$ 784,637	\$ 799,906	\$ 815,256	\$ 829,528

PROGRAM OBJECTIVE: To serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

Program: Insurance Industry Regulation

The Insurance Department's responsibilities are to protect insurance consumers by providing adequate safeguards, to ensure that products are available, and to provide a fair regulatory climate that will encourage insurance companies to conduct business in the Commonwealth.

The Insurance Department regulates all aspects of the insurance industry in Pennsylvania. It supervises the operation of 1,725 insurance companies; authorizes the admission of new insurers to the State; tests and licenses insurance agents, brokers and bondsmen; reviews and approves about 17,000 rate and policy form filings each year. It analyzes annual and quarterly financial statements and other corporate transactions filed by insurance companies and other regulated entities; conducts an average of 90 on-site financial examinations of domestic insurance companies each year; conducts adjudicatory hearings; and handles nearly 360,000 consumer and customer interventions and inquiries annually.

The financial condition of insurers licensed to transact business in Pennsylvania is monitored and regulated through the department's examination and financial analysis functions. Because of the concern regarding the number of financially troubled insurers and national attention focused on the quality of state regulation and insurer solvency, the department continues to commit its resources to solvency regulation. An automated solvency surveillance system designed to permit earlier identification of potentially troubled insurers has been implemented, and resources continue to be focused on improving the effectiveness of regulatory actions taken to correct problems before they lead to insolvency.

The Federal Gramm-Leach-Bliley Financial Services Modernization Act of 1999 enables insurance companies, banks and securities firms to merge and sell one another's products. Pennsylvania is acting in concert with other states to develop a blueprint for state insurance regulation. The Insurance Department is working toward educating consumers with respect to the vast array of products available and providing a regulatory climate that will enable insurance companies to remain competitive in an increasingly global marketplace. Additional coordination with other states aims for more uniform and streamlined producer licensing.

The Insurance Department's four regional offices provide the public with insurance information, education and complaint resolution services. The department conducts field investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company operations.

The Insurance Commissioner by law serves as statutory liquidator/receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court and for unlicensed insurance entities.

The department administers the Children's Health Insurance Program (CHIP), which was established by Act 113 of 1992 and significantly expanded with the passage of Act 68 of 1998. CHIP makes comprehensive free or low-cost health insurance available to the children of low-income working parents. CHIP offers a comprehensive package of benefits, including well child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services and hearing, vision and dental services. When initially implemented in 1993, CHIP provided the free portion of the program to those under 185 percent of the Federal poverty guidelines and the subsidized program to children from families earning between 185 percent and 235 percent of poverty. With the passage of Act 68 of 1998, the free program was expanded to children of families under 200 percent of poverty and the age limit was increased from sixteen to eighteen. The subsidized program, which provides half the cost of the insurance premium, was adjusted to between 200 and 235 percent of poverty and the age limit was increased from age 5 to age 18. The coverage is funded from a portion of cigarette tax receipts, a State appropriation, the Federal State Children's Health Insurance Program under Title XXI of the Social Security Act, and payments by participating working families in accordance with a sliding fee scale. As of December 31, 2002, enrollment increased to about 125,400 children.

Act 77 of 2001 established the Tobacco Settlement Fund and provided funding for programs that improve the health status of Pennsylvania citizens. A portion of fund revenues are provided for the Adult Basic Coverage Insurance Program, which began coverage on July 1, 2002. The program provides health care insurance for adults between 19 and 65 years of age whose household income is less than 200 percent of poverty and who are ineligible for other insurance. The department's responsibility includes contracting with insurers for a benefit package and providing for outreach activities. Enrolled adults contribute monthly to the cost of the coverage. As of December 31, 2002, enrollment has reached over 45,000 adults.

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. The Underground Storage Tank Indemnification



Program: Insurance Industry Regulation (continued)

Fund, established pursuant to Act 32 of 1989, the Storage Tank and Spill Prevention Act, provides claims payments to owners and operators of underground storage tanks. The program is funded through a fee schedule based on the type of product stored in the underground storage tank. In addition to making claim payments to eligible tank owners or operators for damages caused by releases from their tanks, programs include the Tank Installation Indemnification Program in the Insurance Department, the Upgrade Loan Program in the Department of Community and Economic Development, and the Pollution Prevention and Environmental Clean-Up Program through the Department of Environmental Protection.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund as a

successor to the Medical Professional Liability Catastrophic Loss Fund which transferred its assets to the Mcare Fund effective October 1, 2002. The act established requirements for basic insurance coverage for health care providers and for their purchase of excess insurance through this program. The department will be responsible for payment of claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of basic insurance coverage. Revenue is derived by levying an annual surcharge on health care providers. In addition, revenue of the Catastrophic Loss Benefits Continuation Fund will be deposited in the Mcare Fund for a ten-year period beginning in January 2004. The intent of the act is to work toward privatizing malpractice insurance.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Consumer savings from departmental intervention in insurance claim disputes (in thousands)	\$5,700	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Interventions on behalf of consumers	150,000	151,000	152,000	153,000	154,000	155,000	156,000
Companies in liquidation	17	17	10	10	4	4	4
Rate filings reviewed	6,812	6,800	6,800	6,800	6,800	6,800	6,800
Administrative hearings held	216	200	200	200	200	200	200
Policy/form filings reviewed	10,355	10,300	10,300	10,300	10,300	10,300	10,300
Enforcement investigations completed	459	450	450	450	450	450	450
Insurer market conduct examinations completed	29	30	31	32	33	34	35
Producer licensing filings	278,000	225,000	203,000	200,000	200,000	200,000	200,000
Company financial and corporate filings reviewed	2,876	2,980	3,040	3,040	3,040	3,040	3,040
Children's Health Insurance Program enrollment	120,408	129,164	137,131	145,588	146,949	147,450	148,123
Adult Basic Insurance Coverage enrollment*	0	43,000	36,000	27,000	27,000	24,000	22,000

Insurance companies in liquidation increases from the projections shown in last year's budget due to additional companies entering liquidation and fewer companies being discharged than originally forecast. Future liquidations may decrease but are not readily predictable.

Administrative hearings held increased from the projection shown in last year's budget due to an increase in appeals concerning homeowner and automobile insurance terminations.

Enforcement examinations increase from the projection shown in last year's budget because additional resources were dedicated to the program.

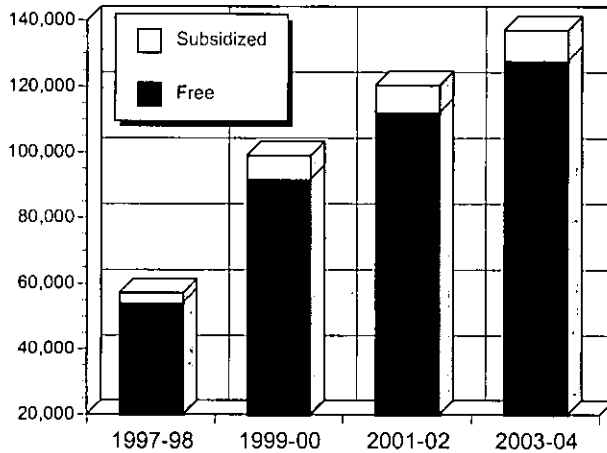
Insurer market conduct investigations decrease from the projection shown in last year's budget because fewer investigations with greater scope and complexity have been undertaken.

Producer licensing filings decreased from the projection shown in last year's budget because Act 147 of 2002 decreased redundant filings requirements for certain agents.

* New measure: Adult Basic Insurance Coverage enrollment will decrease as the result of increasing rates and decreasing Tobacco Fund revenues.

Program: Insurance Industry Regulation (continued)

Children's Health Insurance Program Children Served



Pennsylvania's Children's Health Insurance Program has been a national leader in ensuring that free or subsidized health care is available for children of low-income families. It is projected that over 137,000 children will be served in 2003-04.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -303 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>219 —to continue current program.</p> <hr/> <p>\$ -84 <i>Appropriation Decrease</i></p> <p>Children's Health Insurance Administration</p> <p>\$ -47 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-99 —to continue current program.</p> <p>-598 —nonrecurring eligibility/enrollment system costs.</p> <hr/> <p>\$ -744 <i>Appropriation Decrease</i></p>	<p>Children's Health Insurance</p> <p>\$ 1,543 —to continue current program.</p> <p>Adult Health Insurance Administration</p> <p>\$ -1 —to continue current program.</p> <p>TOBACCO SETTLEMENT FUND:</p> <p>Adult Health Insurance</p> <p>\$ -718 —for a subsidized health insurance program for adults with a household income less than 200% of Federal poverty guidelines.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,977	\$ 20,126	\$ 20,042	\$ 20,042	\$ 20,042	\$ 20,042	\$ 20,042
Children's Health Insurance Administration	2,284	2,346	1,602	1,602	1,602	1,602	1,602
Adult Health Insurance Administration	851	2,544	2,543	2,543	2,543	2,543	2,543
Children's Health Insurance	23,693	32,753	34,296	39,981	45,675	51,433	56,191
USTIF Loan Repayment	0	0	0	10,000	10,000	10,000	10,000
TOTAL GENERAL FUND	\$ 20,45,805	0 57,769	\$ 58,483	\$ 74,168	\$ 79,862	\$ 85,620	\$ 90,370
TOBACCO SETTLEMENT FUND:							
Adult Health Insurance Program	\$ 77,738	\$ 97,544	\$ 96,826	\$ 81,119	\$ 80,452	\$ 79,802	\$ 79,074



DEPARTMENT OF LABOR AND INDUSTRY

The mission of the Department of Labor and Industry is to foster and maintain economic growth and economic development in Pennsylvania.

The mission is accomplished through programs which protect the health, welfare and safety of workers, provide meaningful job training and placement services, stabilize the incomes of injured, disabled or unemployed workers, and facilitate labor-management cooperation.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 19,162	\$ 17,567	\$ 17,011
(F)Workforce Investment Act - Administration.....	8,022	8,500	8,500
(F)Career Resources Network (EA).....	85	0	0
(F)Career Resources Network.....	0	190	190
(F)Community Service and Corps.....	8,710	9,964	10,000
(F)Disability Determination.....	69,767	73,282	83,620
(F)New Hires.....	1,669	1,739	1,739
(A)Federal Indirect Cost Reimbursements.....	1,000	1,000	1,000
Subtotal.....	<u>\$ 108,415</u>	<u>\$ 112,242</u>	<u>\$ 122,060</u>
Occupational and Industrial Safety.....	11,688	11,633	11,375
(F)Building Code (EA).....	200	0	0
(F)Building Code.....	0	200	200
(A)Federal Indirect Cost Reimbursements.....	1,000	1,000	1,000
Internet Claims Processing.....	490	0	0
PENNSAFE.....	1,387	1,355	1,294
(F)Pipeline Safety (EA).....	30	0	0
(F)Underground Utility Line Protection.....	87	300	300
(A)PENNSAFE.....	3	0	0
(R)Asbestos and Lead Certification (EA).....	1,619	1,636	1,664
Pennsylvania Conservation Corps.....	6,149	6,028	5,676
Employer Information Resources.....	569	1,181	0
Pathways.....	0	98	0
Subtotal - State Funds.....	<u>\$ 39,445</u>	<u>\$ 37,862</u>	<u>\$ 35,356</u>
Subtotal - Federal Funds.....	88,570	94,175	104,549
Subtotal - Augmentations.....	2,003	2,000	2,000
Subtotal - Restricted Revenues.....	1,619	1,636	1,664
Total - General Government.....	<u>\$ 131,637</u>	<u>\$ 135,673</u>	<u>\$ 143,569</u>
<i>Grants and Subsidies:</i>			
Occupational Disease Payments.....	\$ 3,210	\$ 2,292	\$ 2,041
Vocational Rehabilitation Services.....	4,000	4,000	4,000
Entrepreneurial Assistance.....	965	1,061	1,061
Transfer to Vocational Rehabilitation Fund.....	36,202	37,083	37,083
Supported Employment.....	1,155	1,155	1,155
Centers for Independent Living.....	1,600	1,600	1,600
Workers' Compensation Payments.....	300	210	198
Training Activities.....	2,500	2,500	2,250
Assistive Technology.....	890	890	890
Self Employment Assistance.....	2,500	2,500	0
Employment Services.....	16,914	17,364	0
(F)Joint Jobs Initiative (EA).....	117,209	113,744 ^a	158,744
(F)Reed Act - Unemployment Insurance.....	0	15,000	10,000
(F)Reed Act - Employment Services.....	0	10,000 ^b	15,000
(F)WIA - Adult Employment and Training.....	43,148	45,000 ^c	60,000
(F)WIA - Youth Employment and Training.....	51,512	52,000	52,000
(F)WIA - Statewide Activities.....	19,786	23,000	23,000
(F)WIA - Dislocated Workers.....	76,178	79,000 ^d	109,000
(F)WIA - Veterans Employment and Training.....	0	0	618
(F)TANFBG - Youth Employment and Training.....	15,000	15,000	15,000
(A)Joint Jobs Initiative.....	39,562	43,000	43,000
Subtotal.....	<u>\$ 379,309</u>	<u>\$ 413,108</u>	<u>\$ 486,362</u>
Beacon Lodge Camp.....	124	122	117

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal - State Funds.....	\$ 70,360	\$ 70,777	\$ 50,395
Subtotal - Federal Funds.....	322,833	352,744	443,362
Subtotal - Augmentations.....	39,562	43,000	43,000
Total - Grants and Subsidies.....	<u>\$ 432,755</u>	<u>\$ 466,521</u>	<u>\$ 536,757</u>
STATE FUNDS.....	\$ 109,805	\$ 108,639	\$ 85,751
FEDERAL FUNDS.....	411,403	446,919	547,911
AUGMENTATIONS.....	41,565	45,000	45,000
RESTRICTED REVENUES.....	1,619	1,636	1,664
GENERAL FUND TOTAL.....	<u>\$ 564,392</u>	<u>\$ 602,194</u>	<u>\$ 680,326</u>
OTHER FUNDS:			
GENERAL FUND:			
Vending Machine Proceeds - Surface Transportation.....	\$ 1,386	\$ 1,255	\$ 1,011
ADMINISTRATION FUND:			
Administration of Unemployment.....	\$ 206,079	\$ 199,100	\$ 201,250
EMPLOYMENT FUND FOR THE BLIND:			
General Operations.....	\$ 746	\$ 760	\$ 765
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration.....	\$ 150	\$ 138	\$ 138
REHABILITATION CENTER FUND:			
Operation of Rehabilitation Center.....	\$ 17,220	\$ 27,830	\$ 20,382
VOCATIONAL REHABILITATION FUND:			
General Operations (EA).....	\$ 425 ^e	\$ 800 ^e	\$ 800 ^e
Vocational Rehabilitation Services (F).....	121,763 ^f	131,169 ^f	136,259
VOCATIONAL REHABILITATION FUND TOTAL.....	<u>\$ 122,188</u>	<u>\$ 131,969</u>	<u>\$ 137,059</u>
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation.....	\$ 55,084	\$ 55,435	\$ 55,006
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 109,805	\$ 108,639	\$ 85,751
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	411,403	446,919	547,911
AUGMENTATIONS.....	41,565	45,000	45,000
RESTRICTED.....	1,619	1,636	1,664
OTHER FUNDS.....	402,853	416,487	415,611
TOTAL ALL FUNDS.....	<u>\$ 967,245</u>	<u>\$ 1,018,681</u>	<u>\$ 1,095,937</u>

^a Actually authorized as \$158,744,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the authorization authority is recommended.

^b Actually appropriated as \$15,000,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^c Actually appropriated as \$60,000,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

Footnotes to Summary by Fund and Appropriation

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- ^d Actually appropriated as \$94,000,000. Amount shown is the best current estimate for the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^e Transfer to Vocational Rehabilitation Fund and Supported Employment not added to the total to avoid double counting: 2001-02 Actual is \$37,357,000, 2002-03 Available is \$38,238,000, and 2003-04 Budget is \$38,238,000.
- ^f 2001-02 Actually authorized as part of the \$162,203,000 General Operations (EA) and the 2002-03 Available actually authorized as part of the \$170,207,000 General Operations (EA).

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND.....	\$ 32,237	\$ 30,555	\$ 29,680	\$ 29,680	\$ 29,680	\$ 29,680	\$ 29,680
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	317	690	690	690	690	690	690
OTHER FUNDS.....	3,772	3,774	3,802	3,802	3,802	3,802	3,802
SUBCATEGORY TOTAL.....	\$ 36,326	\$ 35,019	\$ 34,172	\$ 34,172	\$ 34,172	\$ 34,172	\$ 34,172
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 3,510	\$ 2,502	\$ 2,239	\$ 2,239	\$ 2,239	\$ 2,239	\$ 2,239
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	71,436	75,021	85,359	85,359	85,359	85,359	85,359
OTHER FUNDS.....	261,163	254,535	256,256	256,256	256,256	256,256	256,256
SUBCATEGORY TOTAL.....	\$ 336,109	\$ 332,058	\$ 343,854	\$ 343,854	\$ 343,854	\$ 343,854	\$ 343,854
WORKFORCE INVESTMENT							
GENERAL FUND.....	\$ 29,122	\$ 29,671	\$ 7,926	\$ 7,926	\$ 7,926	\$ 7,926	\$ 7,926
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	339,650	371,208	461,862	461,862	461,862	461,862	461,862
OTHER FUNDS.....	39,562	43,000	43,000	43,000	43,000	43,000	43,000
SUBCATEGORY TOTAL.....	\$ 408,334	\$ 443,879	\$ 512,788	\$ 512,788	\$ 512,788	\$ 512,788	\$ 512,788
VOCATIONAL REHABILITATION							
GENERAL FUND.....	\$ 44,936	\$ 45,911	\$ 45,906	\$ 45,906	\$ 45,906	\$ 45,906	\$ 45,906
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	141,540	161,814	159,217	159,217	159,217	159,217	159,217
SUBCATEGORY TOTAL.....	\$ 186,476	\$ 207,725	\$ 205,123	\$ 205,123	\$ 205,123	\$ 205,123	\$ 205,123
ALL PROGRAMS:							
GENERAL FUND.....	\$ 109,805	\$ 108,639	\$ 85,751	\$ 85,751	\$ 85,751	\$ 85,751	\$ 85,751
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	411,403	446,919	547,911	547,911	547,911	547,911	547,911
OTHER FUNDS.....	446,037	463,123	462,275	462,275	462,275	462,275	462,275
DEPARTMENT TOTAL.....	\$ 967,245	\$ 1,018,681	\$ 1,095,937	\$ 1,095,937	\$ 1,095,937	\$ 1,095,937	\$ 1,095,937

PROGRAM OBJECTIVE: To further economic development in the Commonwealth by promoting the health, welfare and safety of employes, and acting to maintain continuous production and employment through mediation.

Program: Community and Occupational Safety and Stability

The department is responsible for administering a wide range of laws designed to enhance income security, safeguard the health of workers and the general public, protect the rights of Pennsylvania workers, and promote labor relations stability and labor-management cooperation.

Program Element: Income Security and Workers' Rights

The department monitors and enforces the Minimum Wage, Wage Payment and Collection, and Prevailing Wage laws to protect the income of employes. The department also protects workers' rights by ensuring compliance with the Child Labor, Seasonal Farm Labor, Industrial Homework, Equal Pay and Medical Pay laws. The department informs employes and employers about the laws, conducts investigations and resolves disputes.

Program Element: Labor Relations

Labor relations stability is promoted through the provision of mediation services to the public and private sectors. Under the Public Employe Relations Act, parties to a contract in the public sector must notify the department if no agreement has been reached after contract negotiations have commenced. In the private sector, dispute notices must be filed with the department based on the National Labor Relations Act. Mediation services are mandatory in the public sector and voluntary in the private sector. Each year over 1,000 cases are mediated by the department.

The Pennsylvania Labor Relations Board enforces and implements the provisions of the Commonwealth's laws relating to private and public sector collective bargaining, including the Pennsylvania Labor Relations Act, the Public Employe Relations Act and acts relating to police and fire employees. The board determines collective bargaining representatives, prevents and discourages unfair practices and in the public sector, contributes to the resolution of bargaining disputes by the issuance of arbitration panels and the appointment of fact finders.

The Office of Labor-Management Cooperation promotes labor-management cooperation through support of and coordination with the area labor-management committees throughout Pennsylvania. The Pennsylvania Bureau of Mediation provides technical assistance as facilitator for cooperative programs. In addition to promoting labor-management cooperation, the office also recognizes and awards existing successful labor-management cooperation efforts in the Commonwealth. It provides support and technical assistance to the Governor's Committee on Economic Development through Labor-Management Partnerships.

Program Element: Public Health and Safety

The Uniform Construction Code, Bedding and Upholstery, Stuffed Toy, Employment Agency, LP Gas, Boiler, Lead Certification, and Asbestos Occupations Accreditation and Certification Acts are all administered by the Bureau of Occupational and Industrial Safety (BOIS). The bureau enforces the acts through promulgation of regulations, conducting field inspections, licensing and certification, and investigating complaints. The department is also responsible for insuring that buildings are accessible and usable by persons with disabilities under the State's Universal Accessibility Act.

Act 45 of 1999, the Uniform Construction Code Act, required the department to adopt a nationally recognized construction code for communities within the Commonwealth in place of disparate community-based codes previously in existence. As authorized by the act, the department is establishing a program of training, including continuing education, testing and certification for code administrators, municipal code officials, construction code officials or persons designated by the department. Final regulations are under review for publication in 2002-03. Buildings must comply in seven distinct areas with the approved code for occupancy approval. These areas are: (1) building, (2) electrical, (3) mechanical, (4) plumbing, (5) energy, (6) accessibility and (7) fire protection. Department certified inspectors will ensure compliance with approved plans prior to issuance of an occupancy permit.

The Worker and Community Right-to-Know Act requires all employers doing business in Pennsylvania to provide certain information about hazardous chemicals found in their workplace and to make that information available to emergency response organizations and the public. The department enforces worker right-to-know provisions for public employes and those in the mining industry, and provides over 100 education/outreach programs annually. Training and technical assistance are provided to employers to assist them in establishing department-certified workplace safety committees. The department also provides training and outreach programs related to underground utility line damage prevention.

The Office for the Deaf and Hard of Hearing responds to requests for information and referral, promotes access for people who are deaf, and provides public education about hearing loss and deafness.

Program: Community and Occupational Safety and Stability (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Minimum wage violations cited	198	200	200	200	200	200	200
Child labor law violations	108	100	100	100	100	100	100
Nonpayment of wage violations	3,160	3,200	3,200	3,200	3,200	3,200	3,200
Mediated cases involving work stoppages:							
Public bargaining units	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Private bargaining units	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Unfair labor practice cases concluded	469	460	460	460	460	460	460
Union representation cases concluded	164	160	160	160	160	160	160
Total inspections performed	135,567	135,000	121,000	86,700	86,700	86,700	86,700
Prevailing Wage Law violations	213	200	200	200	200	200	200
Building approvals issued	14,314	13,500	10,900	3,100	3,100	3,100	3,100
New buildings certified	7,318	6,885	5,559	1,581	1,581	1,581	1,581
Renovations of existing buildings certified	6,996	6,615	5,314	1,519	1,519	1,519	1,519

Child labor law violations increased from those shown in last year's budget due to an increase in complaints from the private sector.

Mediated cases involving work stoppages (private and public bargaining units) were less in 2001-02 than projected in last year's budget due to changing economic conditions.

Union representation cases concluded increased from the projection in last year's budget due to a special effort to close dormant and inactive cases.

Prevailing wage law violations decreased from those shown in last year's budget due to an increase in early inspections of job sites.

Building approvals issued, new buildings certified, and renovations of existing buildings certified decreased from the projections shown in last year's budget based on actual activity. Implementation of the Uniform Commercial Code will require fewer, but more extensive, reviews and inspections resulting in a decrease in future years.

Program Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND	PENNSAFE
General Government Operations	
\$ -351 —nonrecurring 2002-03 budgetary freeze amount.	\$ -27 —nonrecurring 2002-03 budgetary freeze amount.
-205 —to continue current program.	-34 —to continue current program.
\$ -556 Appropriation Decrease	\$ -61 Appropriation Decrease
Occupational and Industrial Safety	
\$ -233 —nonrecurring 2002-03 budgetary freeze amount.	
-25 —to continue current program.	
\$ -258 Appropriation Decrease	

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 19,162	\$ 17,567	\$ 17,011	\$ 17,011	\$ 17,011	\$ 17,011	\$ 17,011
Occupational and Industrial Safety	11,688	11,633	11,375	11,375	11,375	11,375	11,375
PENNSAFE	1,387	1,355	1,294	1,294	1,294	1,294	1,294
TOTAL GENERAL FUND	\$ 32,237	\$ 30,555	\$ 29,680	\$ 29,680	\$ 29,680	\$ 29,680	\$ 29,680



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 employers to 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 is a reduction of burdensomely high costs for businesses and the resultant improvement of the business climate in the Commonwealth.

Act 41 of 2001 amended the Workers' Compensation Act to transfer up to \$3.8 million from the Workmen's Compensation Administration Fund to the Self-Insurance Guaranty Fund's Prefund Account to pay workers'

compensation benefits to eligible claimants injured prior to Act 44 of 1993. Act 44 of 1993 provided for payments to eligible claimants from the Self-Insurance Guaranty Fund. Eligible claimants are those affected by defaulting self-insured employers or defaulting members of self-insurance pooling arrangements.

The department processes applications for Federal disability benefits, gathers medical evidence for each claim and makes recommendations to the Social Security Administration under the Social Security Administration's Disability Determination Program guidelines.

Occupational Disease Payments are made primarily to victims of silicosis, and related diseases, commonly referred to as "black lung." Victims of these diseases are covered based on their date of last exposure and disability.

Unemployment compensation payments are made to individuals and their dependents during periods of involuntary unemployment. The payments are funded from taxes on employers and 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 2002 was \$442.

Program Measures	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Claimants qualifying for occupational disease payments from Commonwealth funds	1,335	1,205	1,085	975	875	875	875
Reportable injuries	94,215	95,000	95,000	95,000	95,000	95,000	95,000
Total petitions assigned	51,693	54,000	54,000	54,000	54,000	54,000	54,000
Judges' decisions	53,445	53,500	53,500	53,500	53,500	53,500	53,500
Average time in days—Case filed/ concluded	280	275	275	275	275	275	275
New claims for unemployment compensation	709,067	670,000	610,000	580,000	580,000	580,000	580,000

Reportable injuries increases from projections shown in last year's budget due to technological improvements in tracking data and increased training to improve the timeliness and accuracy of injury reports.

Program: Workers' Compensation and Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -251 **Occupational Disease Payments**
—nonrecurring payments.

\$ -12 **Workers Compensation Payments**
—nonrecurring payments. These payments are made for a special class of recipients who became eligible before March 1968, and not for new claimants shown in the program measure above whose payments are made from the State Workmen's Insurance Fund and by private insurance companies.

In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund.

Administration of Workers' Compensation

	\$ -1,000	—nonrecurring security renovations.
	571	—to continue current program.
	\$ -429	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

		2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:								
Occupational Disease Payments	\$	3,210	\$ 2,292	\$ 2,041	\$ 2,041	\$ 2,041	\$ 2,041	\$ 2,041
Workers' Compensation Payments		300	210	198	198	198	198	198
TOTAL GENERAL FUND	\$	3,510	2,502	2,239	2,239	2,239	2,239	2,239



PROGRAM OBJECTIVE: To provide meaningful job training and placement services in a coordinated role with other Commonwealth agencies, the private sector and the Federal Government in order to secure unsubsidized employment for unemployed Pennsylvanians.

Program: Workforce Investment

This program provides a range of employment and training services through the Team Pennsylvania CareerLink, the Bureau of Workforce Investment, the Bureau of Employer and Career Services, the Center for Workforce Information and Analysis, the Bureau of Unemployment Compensation Benefits and Allowances and the Pennsylvania Conservation Corps.

The Department of Labor and Industry is the lead agency in administering interagency employment and training programs. The Joint Jobs Initiative is designed to target resources of the Departments of Labor and Industry and Public Welfare to improve job training and employment service programs for welfare recipients. The Single Point of Contact (SPOC) Program provides comprehensive employment and training services to Temporary Assistance to Needy Families (TANF) recipients with multiple barriers to employment. Services are co-located in County Assistance Offices.

Program Element – Workforce Investment

Act 224 of 2002 amends the Workforce Development Act of 2001 to require the Pennsylvania Workforce Investment Board to establish quality guarantees for training programs, to coordinate workforce development programs, expand and make permanent the Critical Job Training Grant Program serving dislocated workers and underemployed workers and establish the Workforce Leadership Grant Program.

The act provides for workforce leadership grants for the development of innovative programs to address workforce development needs in three cluster areas: Bio-technology/Life Sciences; Information Technology/optoelectronics and advanced manufacturing and materials. The act also provides for reimbursements to Community Colleges offering non-credit workforce investment courses.

Local workforce investment boards plan and oversee the local delivery of services with approval by the Governor. The boards in partnership with local elected officials, identify providers of training services, monitor system performance and help develop the labor market information system. The Federal Workforce Investment Act (WIA) of 1998, which repealed the Job Training Partnership Act and the Economic Dislocation and Worker Adjustment Assistance Act, was enacted to improve the delivery of job training services. The WIA provided for an orderly transition from the Job Training Partnership Act programs to an improved workforce preparation and employment system.

Funding for numerous programs has been consolidated under the WIA into three basic grants under Title I-B:

- adult employment and training,
- dislocated worker employment and training, and
- youth employment and training.

In addition, the law gives states and local areas more authority and responsibility for job training needs and decisions, and individuals more customer choice.

Program Element – CareerLink

The former Job Centers have evolved into Team Pennsylvania CareerLink Centers, a one-stop services system. The transition has improved service for employers, job seekers and other customers by integrating systems and coordinating services. Services available at the centers include: job search and placement assistance (including career counseling), labor market information (which identifies job vacancies; skills needed for in-demand jobs and local, regional and national trends), initial assessment of skills and needs, information about available services and follow-up services to help customers keep their jobs after placement.

Team Pennsylvania CareerLink is a cooperative effort involving the Departments of Aging, Community and Economic Development, Education, Labor and Industry, and Public Welfare in partnership with private sector employers, trade associations, local elected officials, job seekers and community leaders to provide a one-stop delivery of career services.

Program Element: Dislocated Workers

The department provides funds to assist dislocated workers through training programs, rapid response efforts, support services, and needs-based payments.

The department's Rapid Response Program is operated by the Dislocated Worker Unit in conjunction with the Department of Community and Economic Development. When a business relocates to another state or employees are laid off, the Department of Labor and Industry's Rapid Response Team is available to bring a wide variety of State and local resources to the job site to assist laid-off individuals in finding reemployment. The department also promotes labor-management cooperation by encouraging the formation of labor-management committees at the job site to coordinate the mix of available services.

Twenty percent of Federal funds appropriated for dislocated workers are retained at the Federal level to provide

Labor and Industry

Program: Workforce Investment (continued)

national emergency grants, dislocated worker demonstration projects and technical assistance. Of the remaining eighty percent allocated to states, sixty percent is allocated to local areas with forty percent retained at the state level (fifteen percent for statewide activities and twenty-five percent for rapid response efforts).

Eighty-five percent of the Federal funds appropriated for adult and youth services are allocated to the local areas; the remainder is reserved for statewide activities.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Individuals obtaining employment with Job Service assistance	31,548	35,000	35,000	35,000	35,000	35,000	35,000
Workforce Investment Act:							
Adult entered employment rate	79%	72%	72%	72%	72%	72%	72%
Adult retention rate	85%	80%	80%	80%	80%	80%	80%
Adult average wage gain after six months	\$2,003	\$3,390	\$3,390	\$3,390	\$3,390	\$3,390	\$3,390
Dislocated worker entered employment rate	86%	81%	81%	81%	81%	81%	81%
Dislocated worker retention rate	92%	90%	90%	90%	90%	90%	90%
Youth (19-21) entered employment rate ...	53%	64%	64%	64%	64%	64%	64%
Youth (19-21) retention rate	75%	77%	77%	77%	77%	77%	77%
Youth (19-21) average wage gain after six months	\$2,560	\$2,560	\$2,560	\$2,560	\$2,560	\$2,560	\$2,560

Individuals obtaining employment with Job Service assistance was less than projected in last year's budget due to a change in reporting methodology to reduce duplicate counts.

Adult entered employment rate, adult average wage gain after six months, youth entered employment rate and youth average wage gain after six months varied from those projected in last year's budget based on actual data.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -121	Pennsylvania Conservation Corps	\$ -250	Training Activities
-231	—nonrecurring 2002-03 budgetary freeze amount.		—nonrecurring 2002-03 budgetary freeze amount.
	—program reduction.		
\$ -352	Appropriation Decrease	\$ -2,500	Self Employment Assistance
			—program elimination.
\$ -1,181	Employer Information Resources	\$ -17,364	Employment Services
	—program elimination.		—program elimination.
\$ -98	Pathways		
	—program elimination.		

In addition, \$504,862,000 in Federal and other funds are budgeted for this program in 2003-04.

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Internet Claims Processing	\$ 490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Pennsylvania Conservation Corps	6,149	6,028	5,676	5,676	5,676	5,676	5,676
Employer Information Resources	569	1,181	0	0	0	0	0
Pathways	0	98	0	0	0	0	0
Training Activities	2,500	2,500	2,250	2,250	2,250	2,250	2,250
Self Employment Assistance	2,500	2,500	0	0	0	0	0
Employment Services	16,914	17,364	0	0	0	0	0
TOTAL GENERAL FUND	\$ 29,122	\$ 29,671	\$ 7,926	\$ 7,926	\$ 7,926	\$ 7,926	\$ 7,926



PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

This program, conducted in conjunction with the Federal Government, targets the estimated 540,000 citizens of the Commonwealth who have physical or mental impairments that present a substantial impediment to employment. During 2001, approximately 79,000 customers with disabilities were referred to or served by the Office of Vocational Rehabilitation.

The Federal Rehabilitation Act of 1973, as amended through 1992, established eligibility criteria for vocational rehabilitation services. Services are provided to individuals who can benefit from and who need services to prepare for, enter or retain employment. Primary emphasis is placed on serving individuals with the most severe disabilities. These individuals generally require extensive and varied services over an extended period of time. State and Federal funds are expended through the Vocational Rehabilitation Fund.

Act 15 of 1999 transferred the administration of services provided to persons who are blind or visually impaired from the Department of Public Welfare to the Department of Labor and Industry. This realignment provides more efficient and higher quality services while maintaining a distinct and specialized service model.

Training and employment services are provided to those most likely to be employed in the short term through the fully State-funded Vocational Rehabilitation Services Program.

To address the needs of individuals who do not meet Federal eligibility criteria, State funds are provided for the Centers for Independent Living (CILs). CILs are non-residential centers that provide information and referral services, peer counseling, independent living skills training and other services to Pennsylvanians with disabilities.

The Supported Employment Program improves employment opportunities for those previously considered to have disabilities so severe that they could not benefit from the traditional vocational rehabilitation program. Supported employment combines job placement in the community with job training at the job site. Full-time training and support services are provided.

Grants are provided through the Independence Capital Access Network (ICAN) to businesses for the purchase of specialized or adaptive equipment to employ Pennsylvanians with disabilities.

This program also includes the Hiram G. Andrews Center in Johnstown. The center is funded from fees for services rendered. The center provides a wide array of vocational rehabilitation and job training services.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Caseload:							
Carry-over	53,589	56,170	56,712	57,066	57,229	57,197	56,965
New referrals	27,802	25,500	25,500	25,500	25,500	25,500	25,500
Total caseload	81,391	81,670	82,212	82,566	82,729	82,697	82,465
Cases closed:							
Ineligible or plan not initiated	8,632	8,622	8,612	8,602	8,592	8,582	8,572
Placed in competitive employment	10,430	10,377	10,585	10,796	11,011	11,231	11,455
Nonrehabilitated	6,159	5,959	5,949	5,939	5,929	5,919	5,909
Total cases closed	25,221	24,958	25,146	25,337	25,532	25,732	25,936
Cases Carried Over	56,170	56,712	57,066	57,229	57,197	56,965	56,529
Most Severely Disabled Rehabilitated	11,051	10,940	10,830	10,722	10,615	10,615	10,615
Services for the Visually Impaired:							
Persons who are blind or visually impaired:							
Persons who are blind or visually impaired placed in employment	410	414	418	422	426	430	434

Most severely disabled rehabilitated shows a decline each year because the cost of these cases is affected by increasing costs of training, adaptive equipment and occupational therapy.

Services for persons who are blind or visually impaired increase from the projection in last year's budget because the measure now includes all programs provided by the Bureau of Blind and Visual Services including blindness prevention services.

Services for persons who are blind or visually impaired placed in employment decrease from the projection shown in last year's budget based on actual data.

Program: Vocational Rehabilitation (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Economic/client earnings information:							
Average weekly earnings for clients closed as competitively employed	\$328	\$331	\$335	\$338	\$341	\$344	\$348
Total weekly earnings for clients closed as competitively employed (in thousands)	\$3,075	\$3,106	\$3,137	\$3,168	\$3,200	\$3,232	\$3,264
Average taxes paid by a competitively employed clients	\$4,435	\$4,479	\$4,524	\$4,569	\$4,610	\$4,650	\$4,704
Total taxes paid by competitively employed clients (in thousands)	\$46,257	\$46,478	\$47,886	\$49,326	\$50,760	\$52,224	\$53,884

Total weekly earnings for clients closed as competitively employed increases from projections shown in last year's budget due to greater than expected increases in competitive employment placements and average earnings per case.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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\$ -5 **Beacon Lodge Camp**
—program reduction.

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

Appropriations within this Program:	(Dollar Amounts in Thousands)
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	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Vocational Rehabilitation Services	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Entrepreneurial Assistance	965	1,061	1,061	1,061	1,061	1,061	1,061
Transfer to Vocational Rehabilitation Fund	36,202	37,083	37,083	37,083	37,083	37,083	37,083
Supported Employment	1,155	1,155	1,155	1,155	1,155	1,155	1,155
Centers for Independent Living	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Assistive Technology	890	890	890	890	890	890	890
Beacon Lodge Camp	124	122	117	117	117	117	117
TOTAL GENERAL FUND	\$ 44,936	\$ 45,911	\$ 45,906	\$ 45,906	\$ 45,906	\$ 45,906	\$ 45,906



LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; provide the best service to its customers through modern, convenient outlets, superior product selection and competitive prices in a controlled environment; and to provide factual information on alcohol and its effects through a comprehensive alcohol education program.

The Liquor Control Board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
(F)State College Alcohol Coalition - Department of Education.....	\$ 86	\$ 0	\$ 0
(F)Combat Underage Drinking Grant (EA).....	64	0	0
(F)Combat Underage Drinking College/Community Grants (EA).....	75	0	0
(F)Pennsylvanians Against Underage Drinking Grant (EA).....	400	0	0
(F)Pennsylvanians Against Underage Drinking Grant.....	0	195	0
Subtotal - Federal Funds.....	625	195	0
Total - General Government.....	<u>\$ 625</u>	<u>\$ 195</u>	<u>\$ 0</u>
GENERAL FUND TOTAL.....	<u>\$ 625</u>	<u>\$ 195</u>	<u>\$ 0</u>
<u>OTHER FUNDS:</u>			
STATE STORES FUND:			
General Operations (EA).....	\$ 252,367	\$ 253,255	\$ 274,788
Underage Drinking Coalition Grant.....	230	197	0
Sale of Vehicles and Other Equipment.....	38	0	0
Comptroller Operations (EA).....	7,764	7,764	7,764
Transfer of Profits to General Fund (EA).....	120,000	155,000	50,000
STATE STORES FUND TOTAL.....	<u>\$ 380,399</u>	<u>\$ 416,216</u>	<u>\$ 332,552</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	625	195	0
OTHER FUNDS.....	380,399	416,216	332,552
TOTAL ALL FUNDS.....	<u>\$ 381,024</u>	<u>\$ 416,411</u>	<u>\$ 332,552</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
LIQUOR CONTROL							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	625	195	0	0	0	0	0
OTHER FUNDS.....	380,399	416,216	332,552	331,267	331,102	331,102	331,102
SUBCATEGORY TOTAL.....	\$ 381,024	\$ 416,411	\$ 332,552	\$ 331,267	\$ 331,102	\$ 331,102	\$ 331,102
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	625	195	0	0	0	0	0
OTHER FUNDS.....	380,399	416,216	332,552	331,267	331,102	331,102	331,102
DEPARTMENT TOTAL.....	\$ 381,024	\$ 416,411	\$ 332,552	\$ 331,267	\$ 331,102	\$ 331,102	\$ 331,102

PROGRAM OBJECTIVE: To control the manufacture, distribution and sale of alcoholic beverages in Pennsylvania.

Program: Liquor Control

All bottle sales of wines and spirits in Pennsylvania, with the exception of sales by licensed limited wineries, are made through approximately 638 State Liquor Stores operated by the Liquor Control Board. This includes both retail sales to individual consumers, and wholesale sales to those private establishments that sell by the drink. In addition, the board licenses those private establishments that make retail sales of alcoholic beverages by the drink. While malt and brewed beverages are not sold in State Liquor Stores, the Liquor Control Board regulates these sales by licensing the distributors who do sell these items. In all, some 86,000 licensing transactions of all types are processed each year.

Act 14 of 1987 reauthorized the Liquor Control Board and made changes to its responsibilities. Most notably, enforcement of liquor laws was transferred to the Pennsylvania State Police. In addition, an Office of Administrative Law Judge, a Bureau of Wine and a Bureau of Consumer Relations were created within the Liquor Control Board.

To ensure the safety and security of all Pennsylvanians the Liquor Control Board has, since 1990, operated a Nuisance Bar Program. This program supports a task force that utilizes the expertise of representatives of community affairs offices, district attorney offices, local and State Police, drug task forces, local communities and the General Assembly. If the licensee has abused its licensing privilege and through its conduct or record of violations demonstrates a pattern of activities that threatens the health and safety of the local community,

the Liquor Control Board will refuse to renew its license. As of September 2002, the board has objected to the renewal of over 750 licenses.

In 1994, the Liquor Control Board formalized its commitment to providing information about alcohol consumption by establishing the Bureau of Alcohol Education. The bureau's mission is threefold and consists of: a no-alcohol use or "zero tolerance" message to all citizens under the age of 21, encouraging responsibility and moderation for any adult age 21 and over who chooses to drink alcoholic beverages, and promoting responsible alcoholic beverage service and practices among licensees and persons that serve alcoholic beverages in Pennsylvania. The components of this mission are being accomplished by:

- Developing and disseminating a wide variety of free alcohol education materials (over 3.3 million pieces last year);
- Conducting several programs for youth, adults and beverage alcohol licensees;
- Bringing together and working with coalitions and partnerships with similar goals;
- Attending and participating in many local and Statewide events to promote appropriate messages;
- Utilizing the Pennsylvania Liquor Control Board's resources to increase public awareness of this mission and;
- Developing and maintaining a web site to deliver information and interact with the public.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Pennsylvania State Liquor Stores	638	640	642	644	646	648	650
Gross Sales (includes taxes) (in thousands)	\$1,199,958	\$1,266,863	\$1,312,470	\$1,359,719	\$1,408,669	\$1,459,381	\$1,511,919
Alcohol Education Presentations	911	1,020	1,040	1,060	1,080	1,100	1,120
Licensees Receiving RAMP (Responsible Alcohol Management Program) Training *	4,073	4,100	4,100	4,100	4,100	4,100	4,100

* New Program Measure

Program: Liquor Control (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	17,483	General Operations —to continue current program.	\$	-197	Underage Drinking Coalition Grant —nonrecurring project.
	3,575	—Initiative – Temperature Control. To implement a new statewide temperature control system to ensure product quality throughout the entire delivery process.			
	475	—Initiative – Store Utilization of Inventory Scanners. To implement a new inventory scanner system.	\$	-105,000	Transfer of Profits to General Fund —decrease in amount available for transfer to General Fund.
\$	21,533	<i>Appropriation Increase</i>			

Comptroller Operations is recommended at the current year level.



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has two roles in State government. One role of the Department is to provide world-class service to Pennsylvania veterans, their spouses, and their dependents by operating a network of veterans' assistance programs, a school for veterans' children, and six veteran's home.

The other role of the Department is to provide combat-ready units of the Pennsylvania Army and Air National Guard to protect the lives and property of the people of the Commonwealth and preserve peace, order and public safety. The Pennsylvania National Guard has dual missions. Their Federal mission is to be trained and equipped to join the active military forces in time of war or national emergency; and their State mission is to respond to the orders of the Governor in the event of natural and man-made disasters.

The Department of Military and Veterans Affairs consists of the Adjutant General, the State Armory Board, the State Veterans' Commission, the Soldiers and Sailors Home in Erie, the Veterans Home in Hollidaysburg, the Southeastern Veterans Home in Spring City, the Gino J. Merli Veterans Home in Scranton, the Southwestern Veterans Home in Pittsburgh, the Delaware Valley Veterans Home in Philadelphia and the Scotland School for Veterans Children near Chambersburg.

Military and Veterans Affairs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02
ACTUAL

2002-03
AVAILABLE

2003-04
BUDGET

GENERAL FUND:

General Government:

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
General Government Operations	\$ 19,393	\$ 18,303	\$ 16,786
(F)Facilities Maintenance.....	13,131	32,392	41,666
(F)Employee Support.....	4,035	0	0
(F)Telecommunications Expansion.....	1,452	0	0
(F)Federal Construction Grants(EA).....	25,653	0	0
(F)Federal Construction Grants.....	0	25,700	25,700
(F)Fort Indiantown Gap Base Realignment.....	8,391	0	0
(F)DCSI - Drug Enforcement Training (EA).....	456	1,034	162
(A)Rental of Armories and Other Facilities.....	122	122	122
(A)Lt. Governor's Residence.....	15	0	0
(A)Pa Emergency Management Agency Reimbursement.....	1,376	1,243	0
(A)Housing Fees.....	63	70	70
(A)Utility Reimbursements.....	176	225	225
(A)Recreational Reimbursements.....	40	44	44
(A)Purchasing Card Rebates.....	2	2	2
(A)Miscellaneous Reimbursements.....	156	13	13
Burial Detail Honor Guard	39	38	36
American Battle Monuments	6	6	7
Veterans' Memorial	500	0	0
Armory Maintenance and Repair	1,485	1,499	1,339
Drug Interdiction	13	60	18
Special State Duty	100	99	66
Subtotal.....	\$ 76,604	\$ 80,850	\$ 86,256
Subtotal - State Funds.....	\$ 21,536	\$ 20,005	\$ 18,252
Subtotal - Federal Funds.....	53,118	59,126	67,528
Subtotal - Augmentations.....	1,950	1,719	476
Total - General Government.....	\$ 76,604	\$ 80,850	\$ 86,256

Institutional:

Erie Soldiers and Sailors Home	\$ 6,367	\$ 6,444	\$ 6,545
(F)Operations and Maintenance.....	1,871	2,301	2,475
(F)Medical Reimbursement.....	55	75	37
(A)Aid and Attendance Payments.....	407	404	405
(A)Residents Fees.....	1,833	1,905	2,000
(A)Purchasing Card Rebates.....	2	0	0
Subtotal.....	\$ 10,535	\$ 11,129	\$ 11,462
Hollidaysburg Veterans Home	19,655	21,769	22,558
(F)Operations and Maintenance.....	7,457	7,145	7,600
(F)Medical Reimbursement.....	160	250	269
(A)Aid and Attendance Payments.....	2,095	2,201	2,248
(A)Residents Fees.....	5,451	5,251	5,342
(A)Rental Receipts.....	0	20	16
(A)Institutional Reimbursements.....	2	0	0
(A)Purchasing Card Rebates.....	4	0	4
Subtotal.....	\$ 34,824	\$ 36,636	\$ 38,037
Southeastern Veterans Home	11,937	12,491	13,980
(F)Operations and Maintenance.....	4,253	4,386	4,513
(F)Medical Reimbursements.....	70	100	100
(A)Aid and Attendance Payments.....	1,015	1,136	1,136
(A)Residents Fees.....	2,722	2,280	2,280
(A)Purchasing Card Rebates.....	3	0	0
Subtotal.....	\$ 20,000	\$ 20,393	\$ 22,009
Gino J. Merli Veterans Center	7,457	8,282	8,769
(F)Operations and Maintenance.....	3,551	3,648	3,730
(F)Medical Reimbursement.....	61	67	67

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(A)Aid and Attendance Payments.....	1,053	1,060	1,048
(A)Residents Fees.....	2,382	2,143	2,222
(A)Purchasing Card Rebates.....	2	0	0
Subtotal.....	<u>\$ 14,506</u>	<u>\$ 15,200</u>	<u>\$ 15,836</u>
Southwestern Veterans Home.....	7,839	8,281	8,462
(F)Operations and Maintenance.....	3,795	4,133	4,344
(F)Medical Reimbursement.....	20	30	60
(A)Aid and Attendance Payments.....	1,491	1,264	1,354
(A)Residents Fees.....	2,216	2,200	2,476
(A)Purchasing Card Rebates.....	2	0	0
(A)Miscellaneous Reimbursements.....	1	0	0
Subtotal.....	<u>\$ 15,364</u>	<u>\$ 15,908</u>	<u>\$ 16,696</u>
Delaware Valley Veterans Home.....	410	8,400	12,319
(F)Operations and Maintenance.....	0	1,114	686
(F)Medical Reimbursements.....	0	10	34
(A)Aid and Attendance Payments.....	0	32	164
(A)Residents Fees.....	0	48	198
Subtotal.....	<u>\$ 410</u>	<u>\$ 9,604</u>	<u>\$ 13,401</u>
Scotland School for Veterans' Children.....	7,542	8,167	8,000
(F)ESEA Education Program.....	170	187	210
(F)School Milk Program.....	271	265	270
(F)Drug Free Schools and Communities - Scotland(EA).....	2	0	0
(F)Drug Free Schools.....	0	1	1
(F)School Reform.....	0	6	0
(F)Education Enhancement.....	0	22	25
(A)Institutional Reimbursements.....	108	118	120
(A)Tuition Recovery.....	1,989	1,950	1,904
(A)Performance Incentive Award.....	6	0	0
(A)Link to Learn.....	2	22	8
(A)Purchasing Card Rebates.....	2	0	0
Subtotal.....	<u>\$ 10,092</u>	<u>\$ 10,738</u>	<u>\$ 10,538</u>
Subtotal - State Funds.....	<u>\$ 61,207</u>	<u>\$ 73,834</u>	<u>\$ 80,633</u>
Subtotal - Federal Funds.....	21,736	23,740	24,421
Subtotal - Augmentations.....	22,788	22,034	22,925
Total - Institutional.....	<u>\$ 105,731</u>	<u>\$ 119,608</u>	<u>\$ 127,979</u>
Grants and Subsidies:			
Education of Veterans Children.....	\$ 133	\$ 190	\$ 190
Education - National Guard.....	8,100	10,527	8,948
Veterans Assistance.....	980	1,230	1,230
Blind Veterans Pension.....	218	235	235
Paralyzed Veterans Pension.....	415	460	460
National Guard Pension.....	5	5	5
PA Air National Guard.....	75	25	0
Civil Air Patrol.....	300	300	0
Disabled American Veterans Transportation.....	250	250	0
Subtotal.....	<u>\$ 10,476</u>	<u>\$ 13,222</u>	<u>\$ 11,068</u>
(F)DOD - Quecreek Mine Disaster Relief(EA).....	0	2,000	0
Subtotal.....	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 0</u>
Subtotal - State Funds.....	<u>\$ 10,476</u>	<u>\$ 13,222</u>	<u>\$ 11,068</u>
Subtotal - Federal Funds.....	0	2,000	0
Total - Grants and Subsidies.....	<u>\$ 10,476</u>	<u>\$ 15,222</u>	<u>\$ 11,068</u>



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
STATE FUNDS.....	\$ 93,219	\$ 107,061	\$ 109,953
FEDERAL FUNDS.....	74,854	84,866	91,949
AUGMENTATIONS.....	24,738	23,753	23,401
GENERAL FUND TOTAL.....	\$ 192,811	\$ 215,680	\$ 225,303
 OTHER FUNDS:			
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial(EA).....	\$ 1,080	\$ 200	\$ 95
 STATE TREASURY ARMORY FUND:			
Armory Improvements.....	\$ 514	\$ 650	\$ 650
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 93,219	\$ 107,061	\$ 109,953
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	74,854	84,866	91,949
AUGMENTATIONS.....	24,738	23,753	23,401
OTHER FUNDS.....	1,594	850	745
TOTAL ALL FUNDS.....	\$ 194,405	\$ 216,530	\$ 226,048

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
STATE MILITARY READINESS							
GENERAL FUND.....	\$ 21,536	\$ 20,005	\$ 18,252	\$ 18,252	\$ 18,252	\$ 18,252	\$ 18,252
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	53,118	61,126	67,528	68,778	70,065	71,391	72,757
OTHER FUNDS.....	3,544	2,569	1,221	1,221	1,221	1,221	1,221
SUBCATEGORY TOTAL.....	\$ 78,198	\$ 83,700	\$ 87,001	\$ 88,251	\$ 89,538	\$ 90,864	\$ 92,230
VETERANS HOMES AND SCHOOL							
GENERAL FUND.....	\$ 61,207	\$ 73,834	\$ 80,633	\$ 80,633	\$ 80,633	\$ 80,633	\$ 80,633
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	21,736	23,740	24,421	25,152	25,903	26,681	27,473
OTHER FUNDS.....	22,788	22,034	22,925	22,925	22,925	22,925	22,925
SUBCATEGORY TOTAL.....	\$ 105,731	\$ 119,608	\$ 127,979	\$ 128,710	\$ 129,461	\$ 130,239	\$ 131,031
COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 10,476	\$ 13,222	\$ 11,068	\$ 11,068	\$ 11,068	\$ 11,068	\$ 11,068
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.....	\$ 10,476	\$ 13,222	\$ 11,068	\$ 11,068	\$ 11,068	\$ 11,068	\$ 11,068
ALL PROGRAMS:							
GENERAL FUND.....	\$ 93,219	\$ 107,061	\$ 109,953	\$ 109,953	\$ 109,953	\$ 109,953	\$ 109,953
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	74,854	84,866	91,949	93,930	95,968	98,072	100,230
OTHER FUNDS.....	26,332	24,603	24,146	24,146	24,146	24,146	24,146
DEPARTMENT TOTAL.....	\$ 194,405	\$ 216,530	\$ 226,048	\$ 228,029	\$ 230,067	\$ 232,171	\$ 234,329

Military and Veterans Affairs

PROGRAM OBJECTIVE: To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to State or Federal mobilization.

Program: State Military Readiness

This program provides the administrative, logistical and training support necessary for the Pennsylvania National Guard to maintain requisite readiness capability to serve during emergencies. Such emergencies may result in full or partial mobilization of the Pennsylvania National Guard for State service in the Commonwealth or Federal service anywhere in the world. Costs for military equipment, supplies and training, such as monthly training assemblies and 15 days annual training, are funded 100 percent by the Federal Government.

The readiness capability of Pennsylvania National Guard units is evaluated according to established Federal inspection and training standards. Primary efforts are directed toward having the Pennsylvania National Guard in top readiness condition in order to perform its State and Federal missions. The training of personnel is directly dependent upon the

adequacy of the operation, maintenance and repair of numerous National Guard armories, support facilities, Air National Guard bases and installations. A Statewide communications network is in operation providing a quicker and more effective response to State or Federal mobilization. During 2002-03, funds were provided for base stations and mobile/portable radio equipment for agency participation in the Statewide Public Safety Radio System.

Included within this program are those activities essential to operate a network of 97 community armories and 6 air bases that serve as training locations for National Guard units. The Commonwealth is responsible for providing for the operation, maintenance and repair of the armories. These armories may also be utilized as mass care centers for disaster victims and to provide meeting and recreational facilities for local civic and youth organizations.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Pennsylvania National Guard personnel ...	20,511	20,650	20,650	20,650	20,650	20,650	20,650
Percentage of authorized strength level...	93%	92%	95%	95%	95%	95%	95%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Drug Interdiction	
\$ -800 -nonrecurring 2002-03 budgetary freeze amount.		\$ -40 -nonrecurring 2002-03 budgetary freeze amount.	
343 -to continue current program.		-2 -to continue current program.	
110 -to provide increased security.		<u>\$ -42</u> <i>Appropriation Decrease</i>	
-1,170 -nonrecurring radio purchases.			
<u>\$ -1,517</u> <i>Appropriation Decrease</i>		Special State Duty	
		\$ -29 -nonrecurring 2002-03 budgetary freeze amount.	
Burial Detail Honor Guard		-4 -to continue current program.	
\$ -2 -to continue current program.		<u>\$ -33</u> <i>Appropriation Decrease</i>	
American Battle Monuments			
\$ 1 -to provide additional maintenance.			
Armory Maintenance and Repair			
\$ -100 -nonrecurring 2002-03 budgetary freeze amount.			
-60 -program reduction.			
<u>\$ -160</u> <i>Appropriation Decrease</i>			

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

Military and Veterans Affairs

Program: State Military Readiness (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 19,393	\$ 18,303	\$ 16,786	\$ 16,786	\$ 16,786	\$ 16,786	\$ 16,786
Burial Detail Honor Guard	39	38	36	36	36	36	36
American Battle Monuments	6	6	7	7	7	7	7
Veterans' Memorial	500	0	0	0	0	0	0
Armory Maintenance and Repair	1,485	1,499	1,339	1,339	1,339	1,339	1,339
Drug Interdiction	13	60	18	18	18	18	18
Special State Duty	100	99	66	66	66	66	66
TOTAL GENERAL FUND	\$ 21,536	\$ 20,005	\$ 18,252	\$ 18,252	\$ 18,252	\$ 18,252	\$ 18,252

Military and Veterans Affairs

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans and a school to educate veterans' children.

Program: Veterans Homes and School

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are disabled, indigent or in need of care. There are six veterans homes currently providing such care: the Soldiers and Sailors Home in Erie, the Veterans Home at Hollidaysburg, the Southeastern Pennsylvania Veterans Center in Spring City, the Gino J. Merli (Northeastern) Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home which opened in January 2003.

The program receives assistance from the Federal Department of Veterans Affairs at levels of \$24.40 per patient

day for domiciliary care and \$53.17 per patient day for nursing home care.

Residents of State veterans homes receive a daily allowance from the Federal Department of Veterans Affairs. Residents use these funds plus their own funds to help offset the cost of their care.

The Scotland School for Veterans Children, located near Chambersburg, provides a student-centered elementary and secondary curriculum for individual needs including college preparatory classes and vocational offerings.

Program Measures:

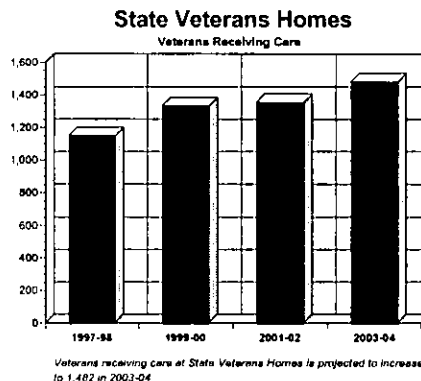
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Veterans Homes:							
Capacity (December):							
Erie	175	175	175	250	250	250	250
Hollidaysburg	514	514	514	514	514	514	514
Southeastern	304	304	304	304	304	304	304
Gino J Merli	200	200	200	200	200	200	200
Southwestern	236	236	236	236	236	236	236
Delaware Valley	0	170	170	170	170	170	170
Population (December):							
Erie	154	150	154	240	240	240	240
Hollidaysburg	488	473	491	491	491	491	491
Southeastern	286	283	295	295	295	295	295
Gino J. Merli	194	190	197	197	197	197	197
Southwestern	234	233	235	235	235	235	235
Delaware Valley	0	0	110	167	167	167	167
Scotland School:							
Capacity	370	370	370	370	370	370	370
Population	338	315	324	360	360	360	360

The Gino J. Merli Veterans Center was formerly known as the Northeastern Veterans Center.

The population of the Erie Soldiers and Sailors Home decreases in 2002-03 from the projection shown in last year's budget reflecting current resident population.

The population of the Delaware Valley Veterans Home in 2002-03 is less than projected in last year's budget because the opening was delayed to January 2003.

The population of the Scotland School decreases in 2002-03 from the projection shown in last year's budget because of the temporary closing of residential cottages for renovations.



Military and Veterans Affairs

Program: Veterans Homes and School (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget		2001-02 Actual	2002-03 Available	2003-04 Budget
Erie Soldiers and Sailors Home				Gino J. Merli Veterans Center			
State Funds.....	\$ 6,367	\$ 6,444	\$ 6,545	State Funds.....	\$ 7,457	\$ 8,282	\$ 8,769
Federal Funds.....	1,926	2,376	2,512	Federal Funds.....	3,612	3,715	3,797
Augmentations.....	2,242	2,309	2,405	Augmentations.....	3,437	3,203	3,270
TOTAL.....	\$ 10,535	\$ 11,129	\$ 11,462	TOTAL.....	\$ 14,506	\$ 15,200	\$ 15,836
Hollidaysburg Veterans Home				Southwestern Veterans Home			
State Funds.....	\$ 19,655	\$ 21,769	\$ 22,558	State Funds.....	\$ 7,839	\$ 8,281	\$ 8,462
Federal Funds.....	7,617	7,395	7,869	Federal Funds.....	3,795	4,163	4,404
Augmentations.....	7,552	7,472	7,610	Augmentations.....	20	3,464	3,830
TOTAL.....	\$ 34,824	\$ 36,636	\$ 38,037	TOTAL.....	\$ 11,654	\$ 15,908	\$ 16,696
Southeastern Veterans Home				Delaware Valley Veterans Home			
State Funds.....	\$ 11,937	\$ 12,491	\$ 13,980	State Funds.....	\$ 410	\$ 8,400	\$ 12,319
Federal Funds.....	4,323	4,486	4,613	Federal Funds.....	0	1,124	720
Augmentations.....	3,740	3,416	3,416	Augmentations.....	0	80	362
TOTAL.....	\$ 20,000	\$ 20,393	\$ 22,009	TOTAL.....	\$ 410	\$ 9,604	\$ 13,401
Scotland School for Veterans Children				The Delaware Valley Veterans Home opened in January 2003.			
State Funds.....	\$ 7,542	\$ 8,167	\$ 8,000				
Federal Funds.....	443	481	506				
Augmentations.....	2,107	2,090	2,032				
TOTAL.....	\$ 10,092	\$ 10,738	\$ 10,538				

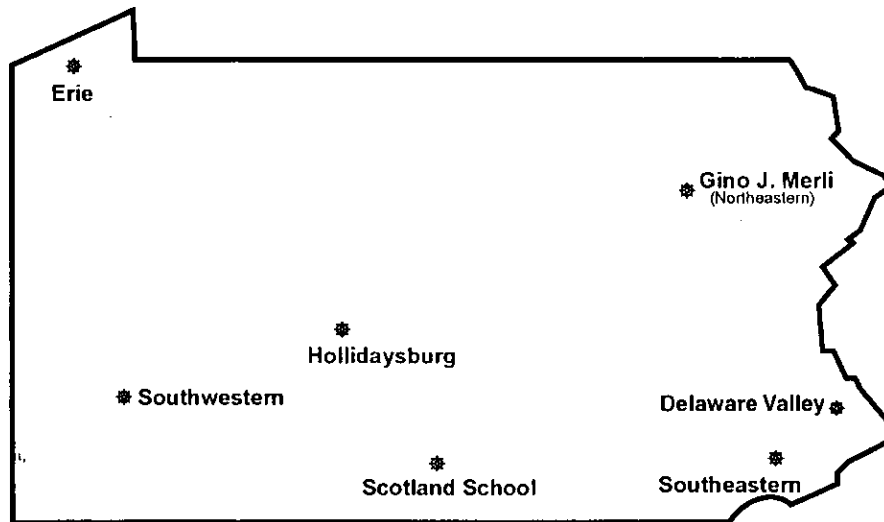
Population and Capacity

Institution	Population Dec 2002	Projected Population Dec 2003	Projected Capacity Dec 2003	Projected Percent of Capacity
Erie Soldiers and Sailors Home.....	150	154	175	88%
Hollidaysburg Veterans Home.....	473	491	514	96%
Southeastern Veterans Home.....	283	295	304	97%
Gino J. Merli Veterans Center.....	190	197	200	99%
Southwestern Veterans Home.....	233	235	236	100%
Delaware Valley Veterans Home.....	....	110	170	65%
Scotland School for Veterans Children.....	315	324	370	88%
Total.....	1,644	1,806	1,969	92%

The Delaware Valley Veterans Home opened in January 2003.

Program: Veterans Homes and School (continued)

Veterans Homes and School



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 101	Erie Soldiers and Sailors Home —to continue current program.	\$ 181	Southwestern Veterans Home —to continue current program.
\$ 789	Hollidaysburg Veterans Home —to continue current program.	\$ 3,919	Delaware Valley Veterans Home —to annualize the staffing, operational and equipment costs for this new facility.
\$ 1,489	Southeastern Veterans Home —to continue current program.	\$ -167	Scotland School for Veterans Children —to continue current program.
\$ 487	Gino J. Merli Veterans Center —to continue current program.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Erie Soldiers and Sailors Home	\$ 6,367	\$ 6,444	\$ 6,545	\$ 6,545	\$ 6,545	\$ 6,545	\$ 6,545
Hollidaysburg Veterans Home	19,655	21,769	22,558	22,558	22,558	22,558	22,558
Southeastern Veterans Home	11,937	12,491	13,980	13,980	13,980	13,980	13,980
Gino J. Merli Veterans Center	7,457	8,282	8,769	8,769	8,769	8,769	8,769
Southwestern Veterans Home	7,839	8,281	8,462	8,462	8,462	8,462	8,462
Delaware Valley Veterans Home	410	8,400	12,319	12,319	12,319	12,319	12,319
Scotland School for Veterans' Children ...	7,542	8,167	8,000	8,000	8,000	8,000	8,000
TOTAL GENERAL FUND	\$ 61,207	\$ 73,834	\$ 80,633	\$ 80,633	\$ 80,633	\$ 80,633	\$ 80,633

PROGRAM OBJECTIVE: To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.

Program: Compensation and Assistance

The Department of Military and Veterans Affairs administers several activities within this program.

Program Element: Veterans Assistance

Temporary financial assistance is provided for eligible veterans, their spouses and dependent children who are in need of financial assistance. Financial assistance is authorized for food, fuel, shelter and clothing and is limited to a period not exceeding three months.

Program Element: Blind Veterans Pension

Pensions of \$150 per month are provided for those Pennsylvania veterans who incurred functional blindness while performing active military service.

Program Element: National Guard Pensions

This program is responsible for the payment of a pension to guardsmen, widows and dependent family members. A National Guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or contracted while performing duty in active service of the Commonwealth, or in the performance of other State military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of \$300 per month for a period of ten years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational grants are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities rated as

total and permanent or children of veterans who have died of wartime service-connected disabilities. Under current law, \$500 per semester is available for eligible students attending post secondary institutions within the Commonwealth.

Program Element: Education — National Guard

Tuition grants are provided for certain members of the Pennsylvania National Guard who enroll in a Pennsylvania institution of higher learning with degree-granting status, as approved by the Department of Education. Act 11 of 2000 enhanced this educational assistance program. Grants are available for full-time students for up to 100 percent of the tuition charged to a Pennsylvania resident at a member institution of the State System of Higher Education. These public service educational grants not only serve as an incentive to the Pennsylvania National Guard's recruiting and retention efforts but also reward those Pennsylvanians who volunteer to serve their nation and the Commonwealth.

Program Element: Paralyzed Veterans Pension

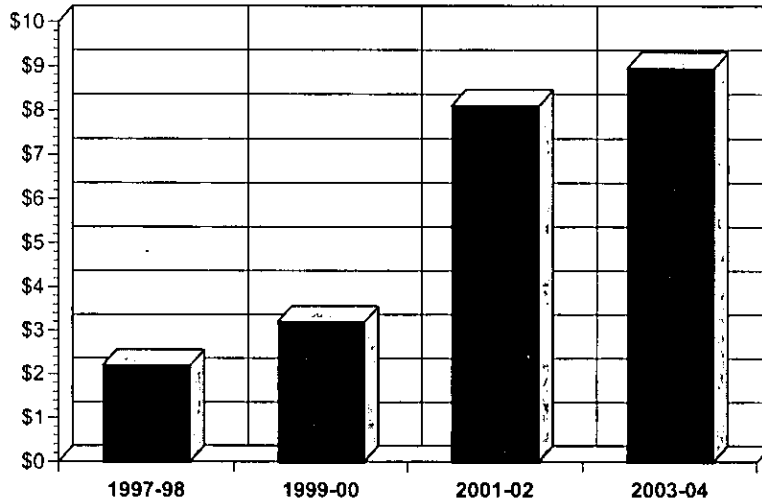
This program provides a pension of \$150 per month to those Pennsylvania veterans who have lost the use of two or more extremities while serving on active duty in the armed forces of the United States. Act 109 of 2001 expanded this program by eliminating the residency and wartime service requirement. Thus, former residents of Pennsylvania and those who served in the military during peacetime are now eligible for the pension if all other requirements are met.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Veterans in Pennsylvania	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000
Recipients of veterans emergency assistance	5,822	6,200	6,200	6,200	6,200	6,200	6,200
Recipients of blind veterans pensions	117	120	120	120	120	120	120
Education of Children of Deceased and Disabled Veterans	170	170	170	170	170	170	170
National Guard personnel receiving educational financial aid	2,659	3,190	4,350	5,220	6,264	7,517	9,020
Participants in paralyzed veterans programs	212	220	220	220	220	220	220

National Guard personnel receiving educational financial aid decreased in 2001-02 and 2002-03 from the projections shown in last year's budget because of the unexpected deployment of troops.

Program: Compensation and Assistance (continued)

Educational Financial Aid for National Guard Personnel



Educational financial aid for National Guard personnel has increased from \$2.2 million in 1997-98 to \$8.9 million in 2003-04 - an increase of \$6.7 million.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -500 Education - National Guard -nonrecurring 2002-03 budgetary freeze, amount.</p> <p>-1,079 -reduction based on program enrollment.</p> <p>\$ -1,579 <i>Appropriation Decrease</i></p> <p>\$ -25 PA Air National Guard -program elimination.</p>	<p>Civil Air Patrol -program elimination.</p> <p>Disabled American Veterans Transportation -nonrecurring grant.</p>
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The budget recommends continuation of all other programs at sufficient levels to carry current programs forward.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Education of Veterans Children	\$ 133	\$ 190	\$ 190	\$ 190	\$ 190	\$ 190	\$ 190
Education - National Guard	8,100	10,527	8,948	8,948	8,948	8,948	8,948
Veterans Assistance	980	1,230	1,230	1,230	1,230	1,230	1,230
Blind Veterans Pension	218	235	235	235	235	235	235
Paralyzed Veterans Pension	415	460	460	460	460	460	460
National Guard Pension	5	5	5	5	5	5	5
PA Air National Guard	75	25	0	0	0	0	0
Civil Air Patrol	300	300	0	0	0	0	0
Disabled American Veterans Transportation	250	250	0	0	0	0	0
TOTAL GENERAL FUND	\$ 10,476	\$ 13,222	\$ 11,068	\$ 11,068	\$ 11,068	\$ 11,068	\$ 11,068



MILK MARKETING BOARD

The mission of the Milk Marketing Board is to ensure that Pennsylvania's dairy industry remains vital by providing a regulatory environment that facilitates a safe, adequate supply of wholesome milk while providing security for its dairy farmers and milk dealers, and protection for the public health and welfare of consumers.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

MILK MARKETING FUND:

General Government:

General Operations.....	\$	2,394	\$	2,522	\$	2,567
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Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	2,394	2,522	2,567	2,567	2,567	2,567	2,567
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 2,394	\$ 2,522	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	2,394	2,522	2,567	2,567	2,567	2,567	2,567
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 2,394	\$ 2,522	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567



PROGRAM OBJECTIVE: To maintain an adequate supply of wholesome fluid milk.

Program: Milk Industry Regulation

The Milk Marketing Board is a special fund agency financed from milk industry license fees, permit fees and fines. The board supervises, inspects and regulates the milk industry of the Commonwealth and establishes reasonable trade control and marketing practices. It formulates policy, holds public hearings and subsequently issues and enforces General Marketing Orders, rules and regulations. The board also handles prosecution and levying of penalties against violators of the Milk Marketing Law, the Milk Producer's Security Act and board regulations.

The board's major function continues to be ensuring an adequate milk supply by setting minimum prices paid to farmers, minimum prices dealers can charge wholesale and retail customers, and minimum prices stores can charge consumers. The regulation process is complicated by the existence of Federal Marketing Orders, which are prices established by the Federal Government that must be paid to producers.

The Board has implemented an automated Milk Accounting and Regulatory System (MARS). The system values milk based on component pricing, allowing adaptation to changes in the state and federal regulatory environment. Pricing information collected through the system and from public hearings is used by the Board to establish minimum milk prices.

The Board had previously considered the ratio of the supply of milk fluid to demand in the regulation process, but other indicators are more relevant to the process and that ratio is no longer calculated. Factors such as the price of milk in neighboring states and the ratio of the cost of production to current or expected prices are more important to price establishment and are widely discussed at the public meetings.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Licenses and permits issued	2,940	3,000	3,000	3,000	3,000	3,000	3,000
Audits of milk dealers for compliance with milk sales' rules and regulations	746	750	750	750	750	750	750

Program Recommendation: This budget recommends the following changes: (Dollar Amounts in Thousands)

MILK MARKETING FUND
General Operations
 \$ 45 —to continue current program.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
MILK MARKETING FUND:							
General Operations	\$ 2,394	\$ 2,522	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567	\$ 2,567



BOARD OF PROBATION AND PAROLE

The mission of the Board of Probation and Parole is to protect the safety of the public, address the needs of crime victims, improve county adult probation and parole services, and assist in the fair administration of justice by ensuring the custody, control and treatment of offenders under the jurisdiction of the Board.

The Board of Probation and Parole rehabilitates and supervises persons on probation or parole, helping them to reintegrate within society. The board provides for the reintegration of persons who have served their minimum sentence in a correctional institution as well as identifies those who cannot adjust to the community. State probation services and investigations are also provided upon request from the courts. The Office of Victim Advocate within the Board of Probation and Parole administers the victim service programs of both the board and the Department of Corrections. The Sexual Offenders Assessment Board is responsible for the review of registration of sexual offenders.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations	\$ 77,702	\$ 78,259	\$ 76,101
(F)Residential Substance Abuse Treatment (EA).....	533	0	0
(F)Residential Substance Abuse Treatment.....	0	552	502
(F)DCSI - Residential Substance Abuse Treatment Aftercare (EA).....	111	298	50
(F)DCSI - County SAVE (EA).....	597	565	0
(F)DCSI - Parole Planning System Automation (EA).....	197	0	0
(F)DCSI - Case Management (EA).....	79	381	0
(F)DCSI - Sexual Offenders Treatment (EA).....	60	1,750	300
(F)DCSI - Critical Incident Response Training (EA).....	26	0	0
(A)Purchasing Card Rebate.....	4	3	0
(A)State Parole Supervision Fees.....	0	1,000	2,150
Subtotal.....	<u>\$ 79,309</u>	<u>\$ 82,808</u>	<u>\$ 79,103</u>
Sexual Offenders Assessment Board	1,923	3,019	2,815
(F)DCSI - Community Notification (EA).....	75	89	0
Subtotal.....	<u>\$ 1,998</u>	<u>\$ 3,108</u>	<u>\$ 2,815</u>
Drug Offenders Work Program	245	285	244
Subtotal - State Funds.....	<u>\$ 79,870</u>	<u>\$ 81,563</u>	<u>\$ 79,160</u>
Subtotal - Federal Funds.....	1,678	3,635	852
Subtotal - Augmentations.....	4	1,003	2,150
Total - General Government.....	<u>\$ 81,552</u>	<u>\$ 86,201</u>	<u>\$ 82,162</u>

Grants and Subsidies:

Improvement of Adult Probation Services	\$ 19,878	\$ 20,145	\$ 20,805
(A)County Parole Supervision Fees.....	10,797	10,000	10,797
Subtotal.....	<u>\$ 30,675</u>	<u>\$ 30,145</u>	<u>\$ 31,602</u>
Subtotal - State Funds.....	<u>\$ 19,878</u>	<u>\$ 20,145</u>	<u>\$ 20,805</u>
Subtotal - Augmentations.....	10,797	10,000	10,797
Total - Grants and Subsidies.....	<u>\$ 30,675</u>	<u>\$ 30,145</u>	<u>\$ 31,602</u>

STATE FUNDS.....	\$ 99,748	\$ 101,708	\$ 99,965
FEDERAL FUNDS.....	1,678	3,635	852
AUGMENTATIONS.....	10,801	11,003	12,947

GENERAL FUND TOTAL	\$ 112,227	\$ 116,346	\$ 113,764
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OTHER FUNDS:

GENERAL FUND:

Firearms Education and Training Commission.....	\$ 378	\$ 373	\$ 538
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DEPARTMENT TOTAL - ALL FUNDS

GENERAL FUND.....	\$ 99,748	\$ 101,708	\$ 99,965
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	1,678	3,635	852
AUGMENTATIONS.....	10,801	11,003	12,947
OTHER FUNDS.....	378	373	538
TOTAL ALL FUNDS	<u><u>\$ 112,605</u></u>	<u><u>\$ 116,719</u></u>	<u><u>\$ 114,302</u></u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND.....	\$ 99,748	\$ 101,708	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,678	3,635	852	802	502	502	502
OTHER FUNDS.....	11,179	11,376	13,485	12,485	12,485	12,485	12,485
SUBCATEGORY TOTAL.....	\$ 112,605	\$ 116,719	\$ 114,302	\$ 113,252	\$ 112,952	\$ 112,952	\$ 112,952
ALL PROGRAMS:							
GENERAL FUND.....	\$ 99,748	\$ 101,708	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,678	3,635	852	802	502	502	502
OTHER FUNDS.....	11,179	11,376	13,485	12,485	12,485	12,485	12,485
DEPARTMENT TOTAL.....	\$ 112,605	\$ 116,719	\$ 114,302	\$ 113,252	\$ 112,952	\$ 112,952	\$ 112,952



PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Reintegration of the Adult Offender

The Pennsylvania Board of Probation and Parole operates in a complex and interdependent criminal justice system in the Commonwealth.

The board's primary goal is to protect the community from crime through a process of supervising offenders who are serving sentences in the community. The primary functions of the board are to grant parole and supervise adult offenders with a maximum sentence of two years or more, revoke the parole of technical parole violators and criminal violators convicted of new crimes, and discharge from parole offenders under supervision who have fulfilled their sentences in compliance with the conditions governing parole. Commonwealth judges parole inmates with maximum sentences under two years. Under the direction of the county courts, cases can be certified to the State under special probation and parole supervision.

The board also has quasi-judicial case decision-making responsibility. Two dominant types of decisions are made from information provided by field and institutional staff: parole release decisions and revocation decisions.

Explicit parole guidelines are used in the decision-making process in order to structure discretion and maintain fairness in the system. The effect of these successful program efforts in decision-making is that justice is administered fairly and decision-making is more accountable to the public.

In addition to operating the State parole program, the board has the responsibility of administering a grant-in-aid program to support county adult probation personnel and services. The grant-in-aid program provides funds to any county which adds probation staff for presentence

investigations and for improved probation supervision and programs. Act 134 of 1986, which amended the Probation and Parole Act, provides that counties shall be reimbursed for up to eighty percent of the personnel costs incurred to administer these additional services and programs, provided that sufficient funds are appropriated.

Act 35 of 1991 mandates that a monthly supervision fee be paid by all offenders under State supervision unless a waiver is granted. In addition, Act 35 requires that the sentencing judge of the Court of Common Pleas impose upon county offenders as a condition of supervision, a monthly supervision fee of at least twenty-five dollars unless reduced, waived or deferred.

Act 8 of Special Session One of 1995 created the Office of Victim Advocate within the board to represent the interests of crime victims before the board or the Department of Corrections.

Act 24 of 1995, or Megan's Law as it is commonly known, established the Sexual Offenders Assessment Board. Act 18 of 2000 substantially amended Act 24. The board is responsible for conducting assessments of convicted sexual offenders. The assessments are provided to district attorneys to assist in the determination, prior to sentencing, of those offenders who may be found by the court to be sexually violent predators. Prior to parole considerations, the Board of Probation and Parole may request assessments of sexually violent predators and sexual offenders. In addition, Act 18 requires the registration of all sexual offenders and sexually violent predators.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Probationers and parolees in caseload:							
County	188,573	199,240	206,024	212,808	219,593	226,377	233,162
State	23,901	25,271	26,126	26,751	27,166	27,455	27,746
Annual addition to caseload population	10,929	11,549	11,940	12,225	12,415	12,547	12,680
Investigative reports completed	31,115	31,426	31,740	32,057	32,378	32,700	33,027
Annual caseload additions likely to return to prison:							
–within one year of release*	2,186	2,310	2,388	2,445	2,483	2,509	2,536
–within three years of release	3,934	4,158	4,298	4,401	4,469	4,517	4,565
As a percentage of annual additions to caseload:							
–within one year of release*	20%	20%	20%	20%	20%	20%	20%
–within three years of release	36%	36%	36%	36%	36%	36%	36%

Investigative reports completed increased from those shown in last year's budget because of increased volume, and enhanced reporting capabilities enable additional types of investigative reports to be tracked.

*Annual caseload additions likely to return to prison within one year of release has been added based on a 2002 study conducted by the board which measured recommitment rates within one year of release for offenders released on parole during 2000-01. Previously, only 3-year rates of return were reported.

Probation and Parole

Program: Reintegration of the Adult Offender (continued)

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations \$ -2,158 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>Sexual Offenders Assessment Board \$ -120 —nonrecurring 2002-03 budgetary freeze amount. -141 —to continue current program. 57 —to support increased caseload. <hr/> \$ -204 <i>Appropriation Decrease</i></p> <p>Drug Offenders Work Program \$ -40 —nonrecurring 2002-03 budgetary freeze amount. -1 —to continue current program. <hr/> \$ -41 <i>Appropriation Decrease</i></p>	<p>Improvement of Adult Probation Services \$ 682 —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 2003-04 are \$10,797,000. This amount will augment State funds of \$20,542,000 and provide \$31,339,000 or 77 percent reimbursement to the counties.</p> <p>-22 —training costs. <hr/> \$ 660 <i>Appropriation Increase</i></p>
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Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 77,702	\$ 78,259	\$ 76,101	\$ 76,101	\$ 76,101	\$ 76,101	\$ 76,101
Sexual Offenders Assessment Board	1,923	3,019	2,815	2,815	2,815	2,815	2,815
Drug Offenders Work Program	245	285	244	244	244	244	244
Improvement of Adult Probation Services	19,878	20,145	20,805	20,805	20,805	20,805	20,805
TOTAL GENERAL FUND	\$ 99,748	\$ 101,708	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965	\$ 99,965





PUBLIC TELEVISION NETWORK

The mission of the Public Television Network Commission is to be a leader in using various technologies to educate, enlighten and connect citizens of all ages—contributing to the lives of families, the success of schools and colleges, the productivity of businesses and the quality of communities.

The Public Television Network Commission promotes and encourages public television in Pennsylvania. The network facilities provide services to the eight public television stations and one affiliated station including the recording, storage and delivery of programs and the interconnection of the stations for Statewide program production and exchange. The network also administers a grant program to support station operations, instructional television services, program production and program acquisition.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 5,181	\$ 3,607	\$ 3,461
(A)Special Production Projects.....	52	136	0
Subtotal - State Funds.....	\$ 5,181	\$ 3,607	\$ 3,461
Subtotal - Augmentations.....	52	136	0
Total - General Government.....	\$ 5,233	\$ 3,743	\$ 3,461
<i>Grants and Subsidies:</i>			
Public Television Station Grants.....	\$ 7,796	\$ 8,546	\$ 7,771
STATE FUNDS.....	\$ 12,977	\$ 12,153	\$ 11,232
AUGMENTATIONS.....	52	136	0
GENERAL FUND TOTAL.....	\$ 13,029	\$ 12,289	\$ 11,232

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PUBLIC TELEVISION SERVICES							
GENERAL FUND.....	\$ 12,977	\$ 12,153	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	52	136	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 13,029	\$ 12,289	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232
ALL PROGRAMS:							
GENERAL FUND.....	\$ 12,977	\$ 12,153	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	52	136	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 13,029	\$ 12,289	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232

PROGRAM OBJECTIVE: To provide for the development and support of Pennsylvania's network of noncommercial public television stations.

Program: Public Television Services

The Pennsylvania Public Television Network Commission, established by Act 329 of 1968, links eight independent noncommercial television stations in Pennsylvania to create a system in which stations provide programming to the people of Pennsylvania through independent and group efforts. The stations are located in Bethlehem, Erie, Philadelphia, Pittsburgh, Pittston, University Park and Harrisburg.

Funding for the operations of the noncommercial television stations in Pennsylvania comes from several sources. Private donations from business, industry and foundations; grants from the Commonwealth and Federal Government; and contributions from individuals provide over 60 percent of the revenue needed for operations.

The network, located in Hershey, is directed by a commission, the membership of which includes representatives from the eight stations, the education community, the General Assembly, the Council on the Arts, the Office of Information Technology and the public. The commission provides governance of the network and Statewide coordinating functions through a computerized microwave telecommunications system. Through the network each station has access to programs produced by other Pennsylvania stations and programs acquired from outside sources. Network promotion and audience research services are also provided as well as guidance in producing programs on cultural, educational and public affairs of interest to all Pennsylvanians.

Instructional television is provided by each of the stations in cooperation with school districts and intermediate units, which purchase broadcast rights for some nationally produced programs. Pennsylvania stations produce some educational television series for broadcast on Statewide and national television. These instructional series are curriculum-based and increasingly utilize on-line network services. An increasing number of the stations broadcast 24 hours a day with telecourses, General Education Degree courses and a wide variety of educational programming carried during the early morning hours. Public stations provide 1,316 hours of broadcasting per week.

Currently, commercial and noncommercial television stations broadcast analog signals. The U.S. Congress has mandated that by May 1, 2003, all noncommercial stations must transmit digital television signals along with analog. In addition, by 2006, all analog transmissions must cease provided that 85 percent of U.S. television households in a station's market can receive a digital signal. The differences in the signals are two-fold. First, a sharper, clearer picture can be received by a digital television set. Second, while only one analog signal can be broadcast in a particular band, digital signals offer at least four separate programming signals that can be sent within the same band. In 1998-99, the Public Television Network, including the member stations, began the conversion process which was completed during 2001-02.

Program Measures	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Households watching public television at least once a week	2,476,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Contributing memberships	230,544	235,000	240,000	240,000	245,000	245,000	245,000

Public Television Network

Program: Public Television Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<table border="0"> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">-72</td> <td>General Government Operations</td> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-25</td> <td>Public Television Station Grants</td> </tr> <tr> <td></td> <td></td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> <td></td> <td></td> <td></td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> </tr> <tr> <td></td> <td style="text-align: right;">-74</td> <td>—to continue current program.</td> <td></td> <td></td> <td style="text-align: right;">-750</td> <td>—nonrecurring project.</td> </tr> <tr> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black; text-align: right;">-146</td> <td><i>Appropriation Decrease</i></td> <td></td> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black; text-align: right;">-775</td> <td><i>Appropriation Decrease</i></td> </tr> </table>	\$	-72	General Government Operations		\$	-25	Public Television Station Grants			—nonrecurring 2002-03 budgetary freeze amount.				—nonrecurring 2002-03 budgetary freeze amount.		-74	—to continue current program.			-750	—nonrecurring project.	\$	-146	<i>Appropriation Decrease</i>		\$	-775	<i>Appropriation Decrease</i>	<table border="0"> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">-25</td> <td>Public Television Station Grants</td> </tr> <tr> <td></td> <td></td> <td>—nonrecurring 2002-03 budgetary freeze amount.</td> </tr> <tr> <td></td> <td style="text-align: right;">-750</td> <td>—nonrecurring project.</td> </tr> <tr> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black; text-align: right;">-775</td> <td><i>Appropriation Decrease</i></td> </tr> </table>	\$	-25	Public Television Station Grants			—nonrecurring 2002-03 budgetary freeze amount.		-750	—nonrecurring project.	\$	-775	<i>Appropriation Decrease</i>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 5,181	\$ 3,607	\$ 3,461	\$ 3,461	\$ 3,461	\$ 3,461	\$ 3,461
Public Television Station Grants	7,796	8,546	7,771	7,771	7,771	7,771	7,771
TOTAL GENERAL FUND	\$ 12,977	\$ 12,153	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232	\$ 11,232



PUBLIC UTILITY COMMISSION

The mission of the Public Utility Commission is to provide for regulation of public utilities and includes establishing reasonable rates; providing for safe service; conducting audits; and ensuring compliance with public utility regulations.

The commission is comprised of five members appointed by the Governor with Senate confirmation.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
(R)General Government Operations.....	\$ 41,639	\$ 42,898	\$ 44,256
(F)Natural Gas Pipeline Safety.....	350	350	375
(F)Motor Carrier Safety (EA).....	875	0	0
(F)Motor Carrier Safety.....	0	860	1,125
(R)First Class City Taxicab Regulation (EA).....	2,120	1,841	1,807
(R)Philadelphia Taxicab Hospitality.....	0	2,000	0
Subtotal - Federal Funds.....	1,225	1,210	1,500
Subtotal - Restricted Revenues.....	43,759	46,739	46,063
Total - General Government.....	\$ 44,984	\$ 47,949	\$ 47,563
FEDERAL FUNDS.....	1,225	1,210	1,500
RESTRICTED REVENUES.....	43,759	46,739	46,063
GENERAL FUND TOTAL.....	\$ 44,984	\$ 47,949	\$ 47,563

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
REGULATION OF PUBLIC UTILITIES							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,225	1,210	1,500	1,500	1,500	1,500	1,500
OTHER FUNDS.....	43,759	46,739	46,063	44,256	44,256	44,256	44,256
SUBCATEGORY TOTAL.....	\$ 44,984	\$ 47,949	\$ 47,563	\$ 45,756	\$ 45,756	\$ 45,756	\$ 45,756
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,225	1,210	1,500	1,500	1,500	1,500	1,500
OTHER FUNDS.....	43,759	46,739	46,063	44,256	44,256	44,256	44,256
DEPARTMENT TOTAL.....	\$ 44,984	\$ 47,949	\$ 47,563	\$ 45,756	\$ 45,756	\$ 45,756	\$ 45,756



PROGRAM OBJECTIVE: To ensure that safe and adequate public utility services are available to the public at fair and reasonable rates.

Program: Regulation of Public Utilities

The Public Utility Code requires the Public Utility Commission (PUC), an arm of the General Assembly, to ensure that safe and adequate utility service is available to the public at fair and reasonable rates.

The commission regulates about 8,084 utilities which include electric, gas, steam heat, water, telephone, telegraph, and sewage collection and disposal services; transportation of passengers and property by railroad, aircraft, boat, ferry and motor carrier; and transportation of certain products by pipeline.

The Commission is funded by assessment of public utilities. Subject to budgetary approval, the Commission may assess up to three-tenths of one percent of gross interstate revenues to cover the cost of regulation. Public utility assessments and fees are deposited into a restricted account within the General Fund.

In 2001-02, the Public Utility Commission completed 16 fixed utility rate cases. Rate increases of nearly \$34 million were allowed. Rate increases of \$9.4 million requested by transportation utilities were also allowed.

Pennsylvania has taken a leadership role in the deregulation of the electric industry. Act 138 of 1996 has become model legislation for other states desiring to deregulate the electric industry with the intended effect of lowering electric utility rates through increased competition. Electric customers are able to choose the company that supplies their electricity.

Federal Law (P.L. 103-305) effective January 1, 1995, pre-empts State regulation of trucking rates and routes. The PUC's jurisdiction on motor carrier regulation has now been essentially limited to safety authority, insurance coverage, and transportation of household goods and passengers.

Act 21 of 1999 deregulated the natural gas industry. It allows for retail gas consumers to have the opportunity to choose their natural gas suppliers. The PUC provides educational information to the consumers to help them benefit from the legislative and regulatory changes.

Act 230 of 2002 transferred regulatory authority for the limousine and taxicab services in Philadelphia to the Philadelphia Parking Authority. Regulatory powers and duties including the First Class Taxicab Regulatory Fund will be transferred from the PUC to the Authority no later than July 1, 2004. The Act also provides for a one-time appropriation to improve services provided by Philadelphia taxicabs and limousines. All costs of the transition will be paid from the regulatory fund.

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:

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Utilities regulated:							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric generation	67	60	60	75	80	85	85
Other	1,305	1,325	1,350	1,375	1,400	1,425	1,425
Transportation	6,978	7,000	7,050	7,100	7,150	7,200	7,250

Electric generation suppliers regulated decrease from the projections shown in last year's budget due to fluctuations in the new competitive markets.

Public Utility Commission

Program: Regulation of Public Utilities (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Rate requests received:							
Fixed utilities	16	16	20	28	32	32	32
Transportation	102	100	100	100	100	100	100
Rate cases completed:							
Fixed utilities	16	16	20	28	32	32	32
Transportation	102	100	100	100	100	100	100
Audits conducted:							
Fixed utilities:							
Financial	24	32	23	20	20	20	21
Energy / fuel	48	69	53	47	47	45	45
Management	13	8	7	7	7	7	7
Enforcement/investigations:							
Fixed utilities	1,090	1,000	1,000	1,000	1,000	1,000	1,000
Transportation:							
Rail safety	28,163	30,000	30,000	30,000	30,000	30,000	30,000
Motor safety	26,026	20,000	20,000	20,000	20,000	20,000	20,000
Consumer services:							
Fixed utilities:							
Complaints received, investigated and resolved	107,300	112,000	112,000	112,000	112,000	112,000	112,000
Electric Deregulation:							
Homes eligible to participate (thousands)	4,581	4,590	4,605	4,620	4,635	4,650	4,665
Businesses eligible to participate (thousands)	622	635	650	665	680	695	710
Estimated Savings:							
Homes (millions)	\$645	\$436	\$416	\$465	\$424	\$308	\$329
Businesses (millions)	\$1,297	\$877	\$840	\$940	\$858	\$624	\$665

Fixed utility rate requests decrease from those shown in last year's budget due to changing economic conditions.

Financial audits decrease while energy / fuel audits increase compared to last year's estimates due to a reallocation of resources.

Motor safety investigations increased in 2001-02 from the projection shown in last year's budget based on activity.

Electric Deregulation: estimated savings for homes and businesses increase from the projections shown in last year's budget due to an improved methodology for estimating costs and recent rate cap settlements.

Program Recommendations:

This budget recommends the following from restricted accounts:
(Dollar Amounts in Thousands)

\$ 1,358	General Government Operations —to continue current program.	\$ -2,000	Philadelphia Taxicab Hospitality —nonrecurring program.
\$ -34	First Class City Taxicab Regulation —nonrecurring payments.		



DEPARTMENT OF PUBLIC WELFARE

The mission of the Department of Public Welfare is to promote, improve and sustain the quality of family life, break the cycle of dependency, and protect and serve Pennsylvania's most vulnerable citizens.

This mission is accomplished by promoting the financial independence of clients through a range of services including employment and training, work support, child care, medical assistance and transportation. The mission is also accomplished by providing community living arrangements for those in need of assistance with activities of daily living and, when necessary, through institutional care and treatment in settings that are responsive to human needs.



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 54,826	\$ 60,778	\$ 59,499
(F)Child Welfare Services - Administration.....	2,055	2,054	2,054
(F)Child Welfare - Title IV-E - Administration.....	2,702	3,000	3,961
(F)CCDFBG - Administration.....	9,994	17,421	12,490
(F)Medical Assistance - Administration.....	23,862	25,819	27,909
(F)TANFBG - Administration.....	3,913	4,724	6,193
(F)Food Stamps - Administration.....	4,070	5,000	4,701
(F)Developmental Disabilities - Basic Support.....	4,056	4,090	4,090
(F)Refugees and Persons Seeking Asylum - Administration.....	1,209	1,407	1,480
(F)Disabled Education - Administration.....	1,142	1,264	1,399
(F)MHSBG - Administration.....	250	158	158
(F)SSBG - Administration.....	3,691	3,691	3,691
(F)Training - Lead-Based Paint Abatement.....	136	137	137
(F)Community Based Family Resource and Support - Administration.....	689	689	689
(F)Real Choice Systems Change.....	50	1,167	462
(F)Medical Assistance Infrastructure.....	0	500	500
(A)Training Reimbursement.....	405	428	443
(A)Child Abuse Reviews.....	3,471	3,467	3,588
(A)Miscellaneous Reimbursements.....	96	29	63
Subtotal.....	\$ 116,617	\$ 135,823	\$ 133,507
Information Systems.....	41,851	53,494	54,904
(F)Medical Assistance - Information Systems.....	36,845	64,129 ^a	78,690
(F)Child Welfare - Title IV-E - Information Systems.....	648	3,202	4,543
(F)TANFBG - Information Systems.....	3,796	6,260 ^b	10,467
(F)Food Stamps - Information Systems.....	7,898	10,134	11,267
(F)Child Support Enforcement - Information Systems.....	762	7,010	6,808
(A)Intergovernmental Transfer - Technology.....	295	2,650	3,119
(A)Medical Data Exchange.....	0	84	0
Subtotal.....	\$ 92,095	\$ 146,963	\$ 169,798
County Administration - Statewide.....	46,490	46,166	41,323
(F)TANFBG - Statewide.....	4,421	4,421	3,996
(F)Medical Assistance - Statewide.....	44,306	51,343 ^c	43,461
(F)Food Stamps - Statewide.....	13,547	17,820	19,339
(F)Ryan White - Statewide.....	527	1,817	122
(F)June 2001 Storm Disaster-Individual & Family Assistance Adm.....	38	0	0
(A)Fee for Material from Outside Vendors.....	31	31	31
(A)Benefits Information Exchange.....	204	0	0
(A)Food Stamps - Retained Collections.....	3,489	2,914	2,914
(A)Intergovernmental Transfer.....	600	975	828
Subtotal.....	\$ 113,653	\$ 125,487	\$ 112,014
County Assistance Offices.....	248,498	255,806	252,318
(F)TANFBG - County Assistance.....	39,460	50,930	51,450
(F)Medical Assistance - County Assistance.....	78,557	73,962 ^d	81,911
(F)Food Stamps - County Assistance.....	67,533	75,003	79,200
(F)SSBG - County Assistance.....	6,262	6,262	6,262
(F)LIHEABG - Administration.....	6,963	7,912	6,423
Subtotal.....	\$ 447,273	\$ 469,875	\$ 477,564
Child Support Enforcement.....	15,939	17,772	11,998
(F)TANFBG - Child Support Enforcement.....	0	1,850	1,850
(F)Child Support Enforcement - Title IV - D.....	99,281	135,226	135,657
(A)Title IV - D Incentive Collections.....	3,408	8,093	9,804
(A)State Retained Support Collections.....	2,341	2,341	2,341
(A)Sale to Data Center.....	7,114	0	0
Subtotal.....	\$ 128,083	\$ 165,282	\$ 161,650
New Directions.....	70,874	71,664	64,252

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(F)TANFBG - New Directions.....	110,529	159,969 ^e	165,308
(F)Medical Assistance - New Directions.....	4,269	4,391	8,447
(F)Food Stamps - New Directions.....	11,921	12,661	10,896
(F)Welfare to Work.....	42,600	29,312	12,227
Subtotal.....	<u>\$ 240,193</u>	<u>\$ 277,997</u>	<u>\$ 261,130</u>
Subtotal - State Funds.....	\$ 478,478	\$ 505,680	\$ 484,294
Subtotal - Federal Funds.....	637,982	794,735	808,238
Subtotal - Augmentations.....	21,454	21,012	23,131
Total - General Government.....	<u>\$ 1,137,914</u>	<u>\$ 1,321,427</u>	<u>\$ 1,315,663</u>
Institutional:			
Youth Development Institutions and Forestry Camps.....	\$ 64,440	\$ 65,971	\$ 67,509
(F)SSBG - Basic Institutional Program.....	1,056	1,056	1,056
(F)Food Nutrition Services.....	750	1,015	1,015
(F)TANFBG - Youth Development Centers.....	5,873	6,907	7,907
(F)DFSC - Special Programs - Juvenile Aftercare Services (EA).....	960	0	0
(F)DFSC - Special Program - Juvenile Aftercare.....	0	1,225	1,225
(F)DCSI - Mental Health Initiatives (EA).....	82	0	0
(F)DCSI - Training Academy (EA).....	0	11	0
(A)Cafeteria Reimbursements.....	4	5	5
(A)Institutional Reimbursements.....	4	5	5
Subtotal.....	<u>\$ 73,169</u>	<u>\$ 76,195</u>	<u>\$ 78,722</u>
Mental Health Services.....	620,979	625,567	657,128
(F)Medical Assistance - Mental Health.....	211,545	218,914	196,598
(F)Medicare Services - State Mental Hospitals.....	12,500	11,067	10,178
(F)Homeless Mentally Ill.....	1,394	1,542	1,542
(F)MHSSBG - Community Mental Health Services.....	18,580	19,077 ^f	17,148
(F)SSBG - Community Mental Health Services.....	14,808	14,808	14,808
(F)Mental Health Data Infrastructure.....	85	100	100
(F)Sept. 2001 Disaster Relief - Crisis Counseling (EA).....	13	0	0
(F)Disaster Counseling Preparedness (EA).....	1,087	5,605	0
(F)Emergency Disaster Relief - SSBG (EA).....	200	0	0
(F)DCSI - Helping Communities Respond (EA).....	94	0	0
(A)Cafeteria Reimbursements.....	37	50	37
(A)Institutional Collections.....	11,494	11,118	10,547
(A)Miscellaneous Institutional Reimbursements.....	36	22	36
(A)Intergovernmental Transfer.....	15,288	13,350	8,644
(A)Miscellaneous.....	67	73	0
Subtotal.....	<u>\$ 908,207</u>	<u>\$ 921,293</u>	<u>\$ 916,766</u>
State Centers for the Mentally Retarded.....	113,921	112,005	111,523
(F)Medical Assistance - State Centers.....	132,945	134,814	135,488
(F)Medicare Services - State Centers.....	640	738 ^g	608
(A)Institutional Collections - State Centers.....	10,742	9,950	9,878
(A)Institutional Reimbursements.....	90	93	40
Subtotal.....	<u>\$ 258,338</u>	<u>\$ 257,600</u>	<u>\$ 257,537</u>
Subtotal - State Funds.....	\$ 799,340	\$ 803,543	\$ 836,160
Subtotal - Federal Funds.....	402,612	416,879	387,673
Subtotal - Augmentations.....	37,762	34,666	29,192
Total - Institutional.....	<u>\$ 1,239,714</u>	<u>\$ 1,255,088</u>	<u>\$ 1,253,025</u>
Grants and Subsidies:			
Cash Grants.....	\$ 271,774	\$ 304,674^h	\$ 313,493
(F)TANFBG - Cash Grants.....	279,040	199,394 ⁱ	204,453
(F)CCDFBG - Cash Grants.....	110,557	110,588	122,039
(F)Other Federal Support - Cash Grants.....	14,568	23,193	23,153
(F)LIHEABG - Low-Income Families and Individuals.....	92,894	162,632	157,227
(F)June 2001 Storm Disaster-Individual & Family Assistance.....	766	0	0
(A)Incentive Collections - Cash Grants.....	0	500	500

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal.....	\$ 769,599	\$ 800,981	\$ 820,865
Supplemental Grants - Aged, Blind and Disabled.....	159,857	149,608_j	152,336
(A)Intergovernmental Transfer.....	27,161	26,985	26,985
Subtotal.....	\$ 187,018	\$ 176,593	\$ 179,321
Medical Assistance - Outpatient.....	605,750	516,832_k	688,286
(F)Medical Assistance - Outpatient.....	851,023	830,110 _l	890,146
(A)Intergovernmental Transfer.....	101,317	155,065	52,294
Subtotal.....	\$ 1,558,090	\$ 1,502,007	\$ 1,630,726
Medical Assistance - Inpatient.....	417,512	407,104_m	372,614
(F)Medical Assistance - Inpatient.....	509,352	494,109 _n	478,036
(A)Intergovernmental Transfer.....	23	0	0
Subtotal.....	\$ 926,887	\$ 901,213	\$ 850,650
Medical Assistance - Capitation.....	1,711,084	1,867,646_o	2,064,547
(F)Medical Assistance - Capitation.....	1,990,093	2,484,679 _p	2,590,621
(A)Intergovernmental Transfer.....	0	150,000	0
Subtotal.....	\$ 3,701,177	\$ 4,502,325	\$ 4,655,168
Long-Term Care.....	560,677	358,744_q	446,038
(F)Medical Assistance - Long-Term Care.....	2,205,335	2,200,440 _r	2,088,713
(A)Intergovernmental Transfer.....	1,210,026	1,320,656	1,150,408
(A)Nursing Home Assessment.....	0	0	145,344
Subtotal.....	\$ 3,976,038	\$ 3,879,840	\$ 3,830,503
Medical Assistance - Transportation.....	29,648	32,380_s	32,380
(F)Medical Assistance - Transportation.....	25,599	28,622 _t	28,622
Subtotal.....	\$ 55,247	\$ 61,002	\$ 61,002
Expanded Medical Services for Women.....	8,686	8,686	8,686
(F)TANF - Alternatives to Abortion.....	0	1,000	1,000
Subtotal.....	\$ 8,686	\$ 9,686	\$ 9,686
AIDS Special Pharmaceutical Services.....	9,365	9,365	10,452
(F)AIDS - Ryan White.....	18,078	18,786 _u	22,035
Subtotal.....	\$ 27,443	\$ 28,151	\$ 32,487
Special Pharmaceutical Services.....	5,141	5,527	5,789
Behavioral Health Services.....	47,652	47,909	0
(A)Intergovernmental Transfer.....	17,107	17,107	0
Subtotal.....	\$ 64,759	\$ 65,016	\$ 0
Psychiatric Services in Eastern PA.....	3,500	3,500	0
Intermediate Care Facilities - Mentally Retarded.....	100,245	108,633	110,729
(F)Medical Assistance - ICF/MR.....	119,428	131,068	133,098
Subtotal.....	\$ 219,673	\$ 239,701	\$ 243,827
Community Mental Retardation Services.....	643,813	675,552	674,210
(F)Medical Assistance - Community MR Services.....	543,494	590,365 _v	610,473
(F)SSBG - Community MR Services.....	13,984	13,984	13,984
(A)Intergovernmental Transfer.....	5,484	5,000	4,331
Subtotal.....	\$ 1,206,775	\$ 1,284,901	\$ 1,302,998
Early Intervention.....	60,328	66,394	74,345
(F)SSBG - Early Intervention.....	2,195	2,195	2,195
(F)Medical Assistance - Early Intervention.....	14,814	15,448 _w	17,026
(F)Education for Children with Disabilities.....	12,483	12,733	12,758
Subtotal.....	\$ 89,820	\$ 96,770	\$ 106,324
Pennhurst Dispersal.....	3,102	3,093	2,939

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
MR Residential Services - Lansdowne.....	402	402	382
County Child Welfare.....	555,486	605,187	610,213
(F)Child Welfare Services.....	12,870	12,870	18,270
(F)Child Welfare - Title IV-E.....	345,144	350,111	392,003
(F)Medical Assistance - Child Welfare.....	3,809	4,154	4,808
(F)TANFBG - Child Welfare.....	264,446	296,373	295,940
(F)SSBG - Child Welfare.....	12,021	12,021	12,021
(F)Child Welfare Training and Certification.....	13,499	19,615	19,615
(F)Community Based Family Resource and Support.....	130	131	131
Subtotal.....	\$ 1,207,405	\$ 1,300,462	\$ 1,353,001
Community Based Family Centers.....	3,183	3,248	3,086
(F)Family Preservation - Family Centers.....	6,336	6,336	6,463
(F)Family Resource & Support - Family Centers.....	471	471	480
(F)CCDFBG - Family Centers.....	2,000	3,000	4,000
Subtotal.....	\$ 11,990	\$ 13,055	\$ 14,029
Child Care Services.....	57,983	59,683	59,683
(F)CCDFBG - Child Care.....	136,606	154,269	168,923
(F)CCDFBG - School Age.....	1,260	1,260	1,260
(F)SSBG - Child Care.....	30,977	30,977	30,977
(F)Head Start Collaboration Project.....	300	300	300
(F)TANFBG - Child Care Services.....	2,000	2,600	2,000
Subtotal.....	\$ 229,126	\$ 249,089	\$ 263,143
Domestic Violence.....	11,912	11,912	11,316
(F)Family Violence Prevention Services.....	3,400	3,400	3,400
(F)SSBG - Domestic Violence.....	1,205	1,205	1,205
(F)PHHSBG - Domestic Violence.....	150	150	150
(F)TANFBG - Domestic Violence.....	4,500	4,500	2,500
(F)DFSC - Special Programs for Domestic Violence (EA).....	425	0	0
(F)DFSC - Domestic Violence.....	0	425	425
(A)Marriage Law Fees.....	733	733	733
Subtotal.....	\$ 22,325	\$ 22,325	\$ 19,729
Rape Crisis.....	6,067	6,067	5,764
(F)PHHSBG - Rape Crisis.....	2,246	559	301
(F)SSBG - Rape Crisis.....	634	634	634
(F)TANFBG - Rape Crisis.....	2,087	2,087	1,587
(F)Rape Prevention and Education.....	0	1,806	1,806
(F)DFSC - Special Programs for Rape Crisis (EA).....	142	0	0
(F)DFSC - Special Programs for Rape Crisis.....	0	142	142
Subtotal.....	\$ 11,176	\$ 11,295	\$ 10,234
Breast Cancer Screening.....	1,575	1,575	1,496
(F)SSBG - Family Planning.....	3,845	3,845	3,845
Subtotal.....	\$ 5,420	\$ 5,420	\$ 5,341
Human Services Development Fund.....	36,803	36,803	3,500
(F)Refugees and Persons Seeking Asylum - Social Services.....	6,683	6,785	6,785
(A)Intergovernmental Transfer.....	684	4,049	0
Subtotal.....	\$ 44,170	\$ 47,637	\$ 10,285
Legal Services.....	2,600	2,600	2,470
(F)SSBG - Legal Services.....	5,049	5,049	5,049
(F)SSBG - Legal Services Systems Improvements.....	0	2,000	0
Subtotal.....	\$ 7,649	\$ 9,649	\$ 7,519
Homeless Assistance.....	24,212	24,212	23,001
(F)SSBG - Homeless Services.....	2,183	2,183	2,183
(F)Homeless Services - SABG.....	1,983	1,983	1,983
(F)TANFBG - Homeless Assistance.....	2,000	2,000	2,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal.....	\$ 30,378	\$ 30,378	\$ 29,167
Services to Persons with Disabilities.....	9,006	12,442	17,076
(F)SSBG - Services to Persons with Disabilities.....	120	120	120
(F)Medical Assistance - Services to Persons with Disabilities.....	19,017	21,140	26,231
(A)Intergovernmental Transfer.....	5,500	6,965	9,256
Subtotal.....	\$ 33,643	\$ 40,667	\$ 52,683
Attendant Care.....	24,566	26,838	32,579
(F)SSBG - Attendant Care.....	6,971	6,971	6,971
(F)Medical Assistance - Attendant Care.....	21,098	24,202x	25,785
(A)Attendant Care Parking Fines.....	103	103	103
(A)Intergovernmental Transfer.....	15,682	17,080	15,282
Subtotal.....	\$ 68,420	\$ 75,194	\$ 80,720
Acute Care Hospitals.....	19,050	17,600	0
Arsenal Family and Children's Center.....	155	152	143
Subtotal - State Funds.....	\$ 5,391,134	\$ 5,374,368	\$ 5,727,553
Subtotal - Federal Funds.....	7,719,310	8,305,020	8,445,872
Subtotal - Augmentations.....	1,383,820	1,704,243	1,405,236
Total - Grants and Subsidies.....	\$ 14,494,264	\$ 15,383,631	\$ 15,578,661
STATE FUNDS.....	\$ 6,668,952	\$ 6,683,591	\$ 7,048,007
FEDERAL FUNDS.....	8,759,904	9,516,634	9,641,783
AUGMENTATIONS.....	1,443,036	1,759,921	1,457,559
GENERAL FUND TOTAL.....	\$ 16,871,892	\$ 17,960,146	\$ 18,147,349
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Medical Care for Workers with Disabilities (EA).....	\$ 870	\$ 32,515	\$ 32,275
(F)Medical Assistance - Workers with Disabilities (EA).....	1,048	39,230	39,230
(A)Premium Payments.....	0	1,392	820
Subtotal.....	\$ 1,918	\$ 73,137	\$ 72,325
Uncompensated Care (EA).....	34,501	43,353	43,034
(F)Medical Assistance - Uncompensated Care (EA).....	41,577	52,328	51,824
Hospital Uncompensated Care.....	15,000	0	0
(F)Medical Assistance - Hospital Uncompensated Care (EA).....	18,077	0	0
Subtotal.....	\$ 109,155	\$ 95,681	\$ 94,858
Home and Community-Based Services (EA).....	9,682	44,209	37,746
(F)Medical Assistance - Community Services (EA).....	11,545	53,342	45,661
Subtotal.....	\$ 21,227	\$ 97,551	\$ 83,407
Long-Term Care Facilities - Tobacco.....	0	198,500	0
Subtotal - State Funds.....	\$ 60,053	\$ 318,577	\$ 113,055
Subtotal - Federal Funds.....	72,247	144,900	136,715
Subtotal - Augmentations.....	0	1,392	820
Total - Grants and Subsidies.....	\$ 132,300	\$ 464,869	\$ 250,590
STATE FUNDS.....	\$ 60,053	\$ 318,577	\$ 113,055
FEDERAL FUNDS.....	72,247	144,900	136,715
AUGMENTATIONS.....	0	1,392	820
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 132,300	\$ 464,869	\$ 250,590

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Annie E. Casey.....	\$ 290	\$ 695	\$ 0
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA).....	\$ 1,850	\$ 1,850	\$ 1,850
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance.....	\$ 918	\$ 3,800	\$ 113
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Head Injury Support.....	\$ 898	\$ 503	\$ 478
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 6,668,952	\$ 6,683,591	\$ 7,048,007
SPECIAL FUNDS.....	60,053	318,577	113,055
FEDERAL FUNDS.....	8,832,151	9,661,534	9,778,498
AUGMENTATIONS.....	1,443,036	1,761,313	1,458,379
OTHER FUNDS.....	3,956	6,848	2,441
TOTAL ALL FUNDS.....	\$ 17,008,148	\$ 18,431,863	\$ 18,400,380

^a Includes recommended supplemental appropriation of \$3,000,000.

^b Actually appropriated as \$9,063,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^c Actually appropriated as \$54,571,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^d Actually appropriated as \$76,578,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^e Actually appropriated as \$165,070,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^f Actually appropriated as \$20,602,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^g Includes recommended supplemental appropriation of \$81,000.

^h Includes recommended supplemental appropriation of \$3,214,000.

ⁱ Actually appropriated as \$225,465,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^j Includes recommended supplemental appropriation of \$1,827,000.

^k Includes recommended supplemental appropriation of \$17,777,000.

^l Includes recommended supplemental appropriation of \$6,509,000.

^m Includes recommended supplemental appropriation of \$10,300,000.

ⁿ Includes recommended supplemental appropriation of \$5,605,000.

^o Reflects recommended appropriation reduction of \$19,730,000.

^p Actually appropriated as \$2,494,679,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^q Reflects recommended appropriation reduction of \$17,320,000.

Footnotes to Summary by Fund and Appropriation

^r Actually appropriated as \$2,249,501,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^s Includes recommended supplemental appropriation of \$3,932,000.

^t Includes recommended supplemental appropriation of \$1,000,000.

^u Actually appropriated as \$22,512,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^v Actually appropriated as \$609,865,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^w Actually appropriated as \$16,478,000. Amount shown is the best current estimate of the amount available for 2002-03. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^x Includes recommended supplemental appropriation of \$1,016,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND.....	\$ 96,677	\$ 114,272	\$ 114,403	\$ 114,263	\$ 113,763	\$ 113,687	\$ 113,687
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	107,768	161,856	181,689	147,575	147,275	147,231	147,231
OTHER FUNDS.....	4,557	7,353	7,213	5,063	5,063	5,063	5,063
SUBCATEGORY TOTAL.....	\$ 209,002	\$ 283,481	\$ 303,305	\$ 266,901	\$ 266,101	\$ 265,981	\$ 265,981
MEDICAL ASSISTANCE							
GENERAL FUND.....	\$ 3,366,913	\$ 3,223,884	\$ 3,628,792	\$ 3,966,118	\$ 4,210,751	\$ 4,568,753	\$ 4,964,479
SPECIAL FUNDS.....	60,053	318,577	113,055	94,716	93,937	93,178	92,328
FEDERAL FUNDS.....	5,671,727	6,202,646	6,235,888	6,208,059	6,208,059	6,208,059	6,208,059
OTHER FUNDS.....	1,311,366	1,627,113	1,348,866	1,231,331	1,031,331	810,990	541,849
SUBCATEGORY TOTAL.....	\$ 10,410,059	\$ 11,372,220	\$ 11,326,601	\$ 11,500,224	\$ 11,544,078	\$ 11,680,980	\$ 11,806,715
INCOME MAINTENANCE							
GENERAL FUND.....	\$ 813,432	\$ 845,690	\$ 835,720	\$ 843,312	\$ 846,079	\$ 848,951	\$ 851,851
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,028,039	1,128,686	1,133,421	1,121,194	1,121,194	1,121,194	1,121,194
OTHER FUNDS.....	46,164	46,142	43,994	43,403	43,403	43,403	43,403
SUBCATEGORY TOTAL.....	\$ 1,887,635	\$ 2,020,518	\$ 2,013,135	\$ 2,007,909	\$ 2,010,676	\$ 2,013,548	\$ 2,016,448
MENTAL HEALTH							
GENERAL FUND.....	\$ 672,131	\$ 676,976	\$ 657,128	\$ 658,409	\$ 658,409	\$ 658,409	\$ 658,409
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	260,306	271,113	240,374	240,374	240,374	240,374	240,374
OTHER FUNDS.....	44,029	41,720	19,264	18,620	18,620	18,620	18,620
SUBCATEGORY TOTAL.....	\$ 976,466	\$ 989,809	\$ 916,766	\$ 917,403	\$ 917,403	\$ 917,403	\$ 917,403
MENTAL RETARDATION							
GENERAL FUND.....	\$ 921,811	\$ 966,079	\$ 974,128	\$ 978,535	\$ 978,535	\$ 978,535	\$ 978,535
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	839,983	901,345	925,630	926,472	926,472	926,472	926,472
OTHER FUNDS.....	16,316	15,043	14,249	9,918	9,918	9,918	9,918
SUBCATEGORY TOTAL.....	\$ 1,778,110	\$ 1,882,467	\$ 1,914,007	\$ 1,914,925	\$ 1,914,925	\$ 1,914,925	\$ 1,914,925
HUMAN SERVICES							
GENERAL FUND.....	\$ 797,988	\$ 856,690	\$ 837,836	\$ 871,970	\$ 904,006	\$ 937,644	\$ 972,964
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	924,328	995,888	1,061,496	1,061,496	1,055,896	1,055,896	1,055,896
OTHER FUNDS.....	24,560	30,790	27,234	27,234	27,234	27,234	27,234
SUBCATEGORY TOTAL.....	\$ 1,746,876	\$ 1,883,368	\$ 1,926,566	\$ 1,960,700	\$ 1,987,136	\$ 2,020,774	\$ 2,056,094

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 6,668,952	\$ 6,683,591	\$ 7,048,007	\$ 7,432,607	\$ 7,711,543	\$ 8,105,979	\$ 8,539,925
SPECIAL FUNDS.....	60,053	318,577	113,055	94,716	93,937	93,178	92,328
FEDERAL FUNDS.....	8,832,151	9,661,534	9,778,498	9,705,170	9,699,270	9,699,226	9,699,226
OTHER FUNDS.....	1,446,992	1,768,161	1,460,820	1,335,569	1,135,569	915,228	646,087
DEPARTMENT TOTAL.....	\$ 17,008,148	\$ 18,431,863	\$ 18,400,380	\$ 18,568,062	\$ 18,640,319	\$ 18,813,611	\$ 18,977,566

PROGRAM OBJECTIVE: To provide effective administrative and support systems through which the substantive programs of the department can be operated.

Program: Human Services Support

The Human Services Support program provides the policy direction, management and administrative systems required to implement, maintain and monitor the substantive programs of the department.

A key function is the development and operation of information technology systems that assure accurate and timely payments to clients and service providers and provide data for management analysis and program control. Web-based technology under development will allow on-line application for services and will maintain common client

and provider databases and case management systems for use across program lines.

Additionally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating child care and selected medical facilities, and provides direction for health programs for Pennsylvania residents who are unable to purchase adequate health care services.

A primary concern is to minimize administrative costs in relation to service costs.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Information Systems	
\$ -560	—nonrecurring 2002 budgetary freeze amount.	\$ -4,896	—nonrecurring 2002-03 budgetary freeze amount.
-719	—program reduction.	8,980	—transfer of Home and Community-Based Information System (HCSIS) costs from the Community Mental Retardation appropriation.
\$ -1,279	<i>Appropriation Decrease</i>	-528	—nonrecurring data center cost.
		-4,288	—program reductions.
		2,142	—Initiative — Home and Community-Based Information System Enhancements. To integrate the Home and Community-Based Information System with the new Medical Assistance payment system to verify services invoices with authorized service care plans.
		\$ 1,410	<i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 54,826	\$ 60,778	\$ 59,499	\$ 59,499	\$ 59,499	\$ 59,499	\$ 59,499
Information Systems	41,851	53,494	54,904	54,764	54,264	54,188	54,188
TOTAL GENERAL FUND	\$ 96,677	\$ 114,272	\$ 114,403	\$ 114,263	\$ 113,763	\$ 113,687	\$ 113,687

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.

Program: Medical Assistance

The Medical Assistance Program insures access to comprehensive health care services for low-income individuals and families or those with medical expenses exceeding available income. Qualified individuals may receive a complete package of benefits, including cash assistance, under the Temporary Assistance for Needy Families (TANF) Block Grant, Supplemental Security Income or General Assistance programs. Medically needy persons are individuals who do not receive cash assistance grants but spend a significant portion of their income for medical expenses. General Assistance-Medically Needy Only benefits restrict participation to families with children who do not otherwise qualify for cash benefits, individuals over the age of 59 and individuals that work at least 100 hours per month. A verifiable medical condition, which precludes work, will also allow participation. Eligibility has been expanded to include women diagnosed with breast or cervical cancer who qualify for treatment within enhanced Federal guidelines.

Disabled workers are able to participate in the Medical Assistance program through a purchase program authorized by Act 77 of 2001, the Tobacco Settlement Act. Workers with incomes under 250 percent of the Federal poverty guidelines pay a premium equal to five percent of their monthly income to participate in the complete package of benefits.

Program Element: Outpatient Services

Outpatient services include the majority of preventive services available to a person who does not need extended acute care in a health care facility. Outpatient services include medical or dental care in a clinic or office setting, outpatient surgery, rehabilitation, drug and alcohol treatment, pharmaceutical products, ambulance transportation, home health care, medical supplies and equipment and prosthetic devices.

Persons qualifying for comprehensive benefits are eligible for the complete array of services provided under the Outpatient Program, while medically needy persons are eligible for all services except pharmaceutical products, dental care, medical supplies and equipment and prosthetic devices. Additional service restrictions, comparable to private insurance, apply to adult general assistance recipients. An exception process is available for unusual circumstances.

In the outpatient component of the Medical Assistance Program, providers of service are primarily reimbursed on a fee-for-service basis according to the Medical Assistance Fee Schedule.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance patients in acute care, rehabilitation and private psychiatric hospitals.

The Inpatient Medical Assistance Program provides eligible recipients coverage on a 24-hour basis for room, board and professional services. A recipient is only eligible for admission under Medical Assistance upon the recommendation of a physician, dentist or podiatrist. Medical Assistance does not cover hospital care solely for cosmetic procedures, as well as diagnostic or therapeutic procedures solely for experimental, research or educational purposes. Individuals eligible for Medically Needy Only benefits pay an annual deductible of \$150.

The department uses a Prospective Payment System (PPS) to reimburse general hospitals. Acute care general hospitals are paid a predetermined amount per discharge based on the patient's diagnosis, the procedures performed and the patient's age, sex and discharge status. The Diagnosis Related Groups (DRG) system is used to classify the various diagnoses based on the amount of resources hospitals customarily use for treatment. The department's payment for compensable inpatient hospital services under the DRG payment system is the product of the hospital specific average cost per case multiplied by the relative value of the DRG assigned to the admission. The DRG system also accounts for certain cases that cannot fall into the predetermined reimbursement schedule. These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the physician, dentist, podiatrist or midwife who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees established under the Medical Assistance Fee Schedule through the Medical Assistance Outpatient appropriation.

Rehabilitation hospitals and psychiatric services, both in special wings of acute care hospitals and private psychiatric facilities, are paid through a prospective payment system.

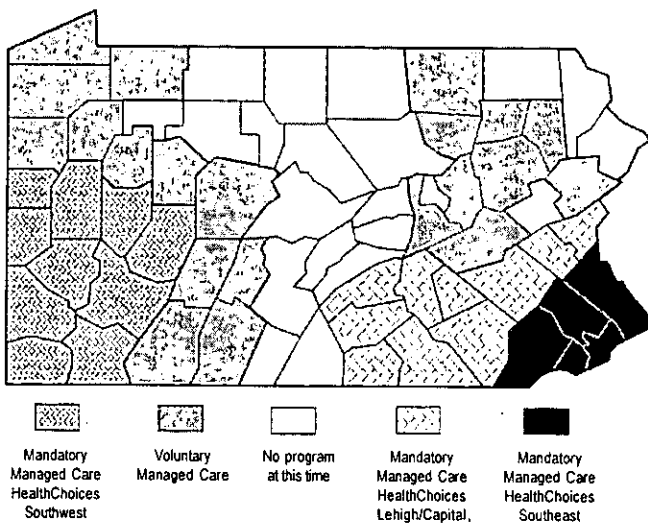
Act 77 of 2001, the Tobacco Settlement Act, authorized an additional payment to hospitals to partially offset the cost of uncompensated care or extraordinary medical services provided by hospitals to individuals with no, or inadequate, health care insurance.

Program: Medical Assistance (continued)

Program Element: Capitation

Alternative health care delivery systems for Medical Assistance recipients are available through Managed Care Organizations (MCOs). Generally referred to as Health Maintenance Organizations (HMOs), these mechanisms provide services utilizing a fixed rate per recipient enrolled. MCOs emphasize outpatient preventive health services as a means of controlling costs. The coordinated approach allows enhanced continuity of care, improves recipients' access to primary physician care and specialized behavioral health programs, provides strengthened oversight of operational standards and facilitates an efficient utilization of limited health care resources.

Managed Care in Pennsylvania



Mandatory managed care is provided to most eligible clients in five counties in Southeastern Pennsylvania, ten counties in Southwestern Pennsylvania and ten counties in the Lehigh/Capital region of Pennsylvania. Physical health care is provided through contracts with six HMOs while behavioral health is provided through contracts with the participating counties who utilize an independent MCO. Certain Healthy Horizons participants remain in the fee-for-service program and State-only General Assistance clients will be transferred to the fee-for-service program. Participation in managed care will remain voluntary for clients in the remainder of the State. The department currently contracts with four HMOs to provide services to recipients in the voluntary program.

HMOs have an incentive to effectively manage the primary care provided to enrolled recipients. If the recipient utilizes more health care than anticipated in the predetermined rate, expenditures increase and the HMO loses money. If service costs are controlled, the provider can make a profit.

Program Element: Long-Term Care

Long-term care is a continuum of services ranging from independent living at home with the support of community services to institutional care. The Department of Aging's Pre-Admission Assessment Program acts as a "gatekeeper" to manage access to this continuum.

Institutional services are provided to eligible persons by nursing facilities certified, in accordance with established standards, to participate in the Medical Assistance Program. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Nursing facilities are paid for services through a case mix prospective payment system that recognizes net operating and capital costs and is based on the resources required to meet individual care requirements. Residents at each facility are classified based on Resource Utilization Groups, Version III (RUG-III), which reflect both clinical variables and rehabilitation needs. The classifications are then ranked according to the resources utilized to provide care and a case mix factor is developed for each facility that reflects average resource requirements. Nursing facilities are placed into peer groups reflecting facility bed size and Metropolitan Statistical Areas. In each peer group, a median price is developed for the individual cost components. The net operating portion of the per diem rates is broken into resident care, other resident services and administrative cost components. The resident care cost component is adjusted to reflect the individual facility's case mix. Capital costs not related to resident care are added to the net operating rate. Facility capital costs reflect the fair market rental rate based on appraisals of each facility.

Older Pennsylvanians who are in need of nursing home care can receive services in the community through the Federal Medicaid Home and Community-Based Waiver Program. The program provides assistance with activities of daily living as well as nursing services while incorporating the informal supports available through family and friends. The program capacity will be expanded by 2,350 slots by the end of 2003-04 through funding authorized by Act 77 of 2001, the Tobacco Settlement Act.

Program Element: Medical Assistance Transportation Program

The Medical Assistance Transportation Program provides funding to county governments for Medical Assistance recipients who need assistance traveling to and from a health care service provider or a health care facility. Services include urgent care/same day coverage, parent/escort payments, select return trip reimbursement and door-to-door assistance under certain circumstances.



Program: Medical Assistance (continued)

County governments can provide this service directly, contract with an independent transportation agency or pay agencies that provide transportation as part of a whole human services system.

Sixty-six counties have elected to provide transportation directly. The department selected a provider from a competitive bidding process for the remaining county.

Program Element: Special Pharmaceutical Benefits Program

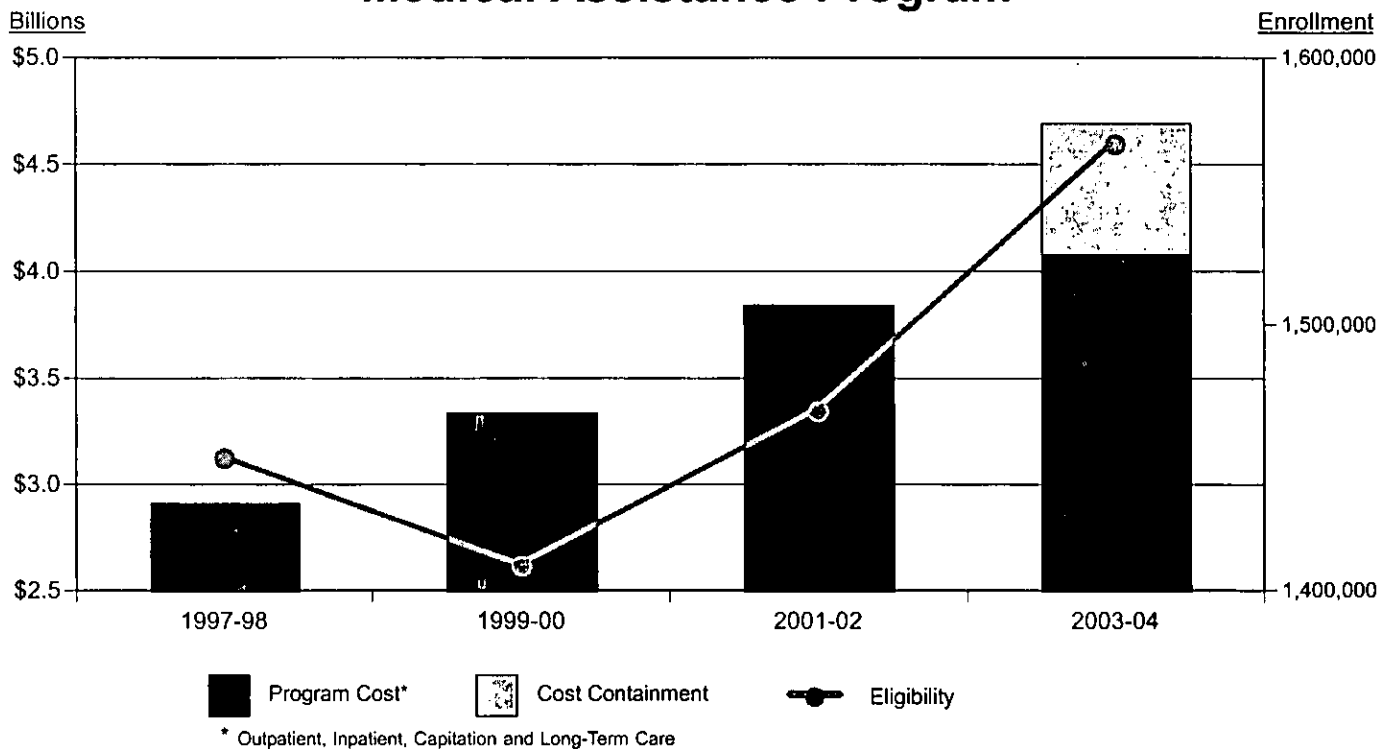
The Special Pharmaceutical Benefits programs (SPBP) pays for a limited number of drugs for low and moderate-income persons with HIV/AIDS disease and for limited mental health drug therapy for persons residing in the community who suffer from schizophrenia. People with a gross annual income of less than \$30,000 for an individual

or \$30,000 plus \$2,480 for each additional family member benefit from this program.

Program Element: Expanded Medical Services for Women

The Expanded Medical Services for Women Program provides a range of medical and counseling services to women. Services include counseling, pregnancy tests, pap smears, contraceptives, family planning, prenatal care referrals, adoption referrals, sexually-transmitted disease tests, laboratory analysis, and services providing alternatives to abortion. Follow-up of positive test results is done to insure that women are notified of needed medical treatment. Services are usually provided in conjunction with breast cancer screening.

Medical Assistance Program



Medical cost inflation and increased eligibility, in part due to the current economic conditions, would increase the State share of the Medical Assistance Program to \$4.7 billion in 2003-04. Cost containment measures of \$600 million are necessary to remain within available resources.



Program: Medical Assistance (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Persons participating in Medical Assistance (monthly average)	1,476,708	1,529,470	1,574,765	1,618,900	1,664,500	1,711,900	1,761,000
Medical Assistance recipients served: (monthly average)							
Fee-for-service delivery	519,421	488,568	526,049	554,400	600,000	647,400	696,500
Capitation programs	957,450	1,040,902	1,048,716	1,064,500	1,064,500	1,064,500	1,064,500
Outpatient							
Outpatient services/visits:							
Physicians	3,277,852	2,920,577	3,144,635	3,314,000	3,587,000	3,870,000	4,163,000
Dentists	713,454	635,690	689,523	733,000	792,000	853,000	719,000
Total clinic	2,712,883	2,417,188	2,602,627	2,743,000	2,969,000	3,203,000	3,446,000
Home health	30,573	27,241	29,330	30,900	33,400	36,100	38,800
Prescriptions filled	13,971,171	12,448,361	13,403,359	14,125,000	15,288,000	16,495,000	17,745,000
Inpatient							
Recipients served:							
General hospitals	97,043	86,466	93,099	98,100	106,200	114,600	123,300
Rehabilitation hospitals	4,029	3,590	3,865	4,070	4,410	4,760	5,120
Private psychiatric hospitals	19,762	17,608	18,959	20,000	21,600	23,300	25,100
Average admissions per recipient:							
General hospitals	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Rehabilitation hospitals	1.24	1.24	1.24	1.24	1.24	1.24	1.24
Private psychiatric hospitals	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Average cost per case/admission:							
General hospitals	\$3,842	\$4,018	\$4,184	\$4,357	\$4,537	\$4,724	\$4,919
Rehabilitation hospitals	\$7,044	\$7,367	\$7,671	\$7,988	\$8,318	\$8,662	\$9,020
Private psychiatric hospitals	\$4,107	\$4,295	\$4,472	\$4,657	\$4,849	\$5,049	\$5,258
Capitation							
Average voluntary enrollment	91,438	83,572	91,490	95,500	95,500	95,500	95,500
Average HealthChoices Southeast enrollment	478,757	488,223	481,741	486,000	486,000	486,000	486,000
Average HealthChoices Southwest enrollment	270,946	276,174	275,095	278,000	278,000	278,000	278,000
Average HealthChoices Lehigh/Capital enrollment	116,309	192,933	200,390	205,000	205,000	205,000	205,000
Percent of total eligibles enrolled	64.83%	68.06%	66.60%	65.75%	63.95%	62.18%	60.45%
Transportation Program							
One-way trips (in thousands)	5,390	5,587	5,587	5,590	5,590	5,590	5,590
Long-Term Care							
Recipients receiving institutional long-term care (monthly average)	78,489	76,315	75,586	74,800	74,800	74,800	74,800
Recipients receiving home and community based waiver services	8,892	11,783	14,385	14,385	14,385	14,385	14,385
Recipients receiving services through the Long-Term Care Capitated Assistance Program	515	1,120	1,585	1,960	2,320	3,000	3,000
Medical Care for Workers with Disabilities							
Recipients enrolled in program	721	2,326	3,587	4,950	6,300	7,700	9,000

All measures in the 2003-04 and future years reflect the transfer of State-only General Assistance clients from the Capitation appropriation to the fee-for-service appropriations.

Outpatient services/visits for dentists increased from the projection shown in last year's budget because fee adjustments resulted in increased access to services.

Number of recipients receiving home and community-based services (PDA waiver) increased from the projections shown in last year's budget due to copay changes in the Department of Aging's programs.

Number of recipients receiving services through the Long-Term Care Capitated Assistance Program decreased from the projections shown in last year's budget due to delayed start up of new facilities.

Medical Care for Workers with Disabilities enrollees decreased from the projection shown in last year's budget because of slower than anticipated initial demand.

Program: Medical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	6,460	—transfer of HealthChoices related contracts from County Administration-Statewide.
	Medical Assistance—Outpatient		
\$ 31,059	—change in caseload and utilization.	-1,284	—annualization of prior year initiatives.
17,391	—average drug price increase of ten percent.	-799	—reduction in ongoing operating costs.
11,101	—average drug utilization increase of five percent.	-16,767	—to provide for administrative and other cash flow changes.
-13,307	—to provide for administrative and other cash flow changes.	-2,135	—revision of Federal financial participation from 54.69% to 54.76%.
7,897	—to reflect an increase in cost and clients eligible for Medicare Part B premiums.		
100,614	—transfer of State-only General Assistance recipients from the Capitation appropriation to the fee-for-service program.	\$ 196,901	<i>Appropriation Increase</i>
100,000	—replacement of Intergovernmental Transfer funds.	\$ -108,176	Long-Term Care
-10,000	—utilization of prior year Federal funds.	45,598	—nonrecurring 2002-03 budgetary freeze amount.
-26,871	—annualization of prior year cost containment initiatives.	11,036	—for projected per diem rate increase.
-27,205	—program elimination - hospital outpatient disproportionate share payments.	33,000	—for long-term care capitation sites, including two additional sites.
-18,175	—program elimination - non-hospital residential services for substance abuse treatment.	80,947	—replacement of nonrecurring prior year funds.
-150	—nonrecurring project.	198,500	—replacement of Intergovernmental Transfer Funds.
-900	—revision of Federal financial participation from 54.69% to 54.76%.	198,500	—replacement of one-time Tobacco Settlement Funds used to offset Long-Term Care costs.
		-2,455	—revision of Federal financial participation from 54.69% to 54.76%.
\$ 171,454	<i>Appropriation Increase</i>	-9,358	—to provide for administrative and other cash flow changes.
		-16,454	—for decreased caseload and utilization.
		-145,344	—nursing home assessment offset.
		\$ 87,294	<i>Appropriation Increase</i>
	Medical Assistance—Inpatient		
\$ 5,112	—change in caseload and utilization.	\$ 1,087	AIDS Special Pharmaceutical Services
27,614	—transfer of State-only General Assistance recipients from the Capitation appropriation to the fee-for-service program.		—to reflect Federal matching requirement.
11,393	—to annualize 2002-03 hospital rate increase.		
1,604	—increase in costs and clients eligible for Medicare Part A premiums.	\$ -144	Special Pharmaceutical Services
-498	—revision of Federal financial participation from 54.69% to 54.76%.	260	—nonrecurring 2002-03 budgetary freeze amount.
-3,275	—to provide for administrative and other cash flow changes.	146	—to provide a four percent growth in utilization.
-2,851	—to annualize prior year initiatives.	\$ 262	—to reflect a five percent growth in drug price.
-10,000	—utilization of prior year Federal funds.		<i>Appropriation Increase</i>
-29,777	—nonrecurring projects.		
-33,812	—program elimination - medical education.	\$ -17,600	Acute Care
\$ -34,490	<i>Appropriation Decrease</i>		—nonrecurring project.
	Medical Assistance—Capitation		
\$ -3,874	—nonrecurring 2002-03 budgetary freeze amount.		TOBACCO SETTLEMENT FUND
-234,080	—transfer of State-only General Assistance recipients from the Capitation appropriation to the fee-for-service program.	\$ -240	Medical Care for Workers with Disabilities (EA)
104,235	—annualization of 2002-03 rate increases in the HealthChoices programs.		—reduction in Tobacco Settlement Funds available for transfer.
65,440	—for increased utilization in the HealthChoices programs.	\$ -319	Hospital Uncompensated Care
5,402	—annualization of 2002-03 rate increases in the voluntary HMO programs.		—reduction in Tobacco Settlement Funds available for transfer.
4,918	—for increased utilization in the voluntary HMO programs.	\$ -6,463	Home and Community-Based Services (EA)
150,000	—replacement of Intergovernmental Transfer funds.		—transfer to the companion program in the Department of Aging.
90,500	—nonrecurring prior year Federal funds.	\$ -198,500	Long-Term Care Facilities - Tobacco
28,885	—nonrecurring prior year carryover.		—nonrecurring funds.

Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Medical Assistance - Outpatient	\$ 605,750	\$ 516,832	\$ 688,286	\$ 749,480	\$ 735,557	\$ 740,353	\$ 745,181
Medical Assistance - Inpatient	417,512	407,104	372,614	400,936	410,038	429,308	449,519
Medical Assistance - Capitation	1,711,084	1,867,646	2,064,547	2,231,952	2,337,113	2,605,149	2,905,918
Long-Term Care	560,677	358,744	446,038	526,443	670,736	736,636	806,554
Medical Assistance - Transportation	29,648	32,380	32,380	32,380	32,380	32,380	32,380
Expanded Medical Services for Women ..	8,686	8,686	8,686	8,686	8,686	8,686	8,686
AIDS Special Pharmaceutical Services	9,365	9,365	10,452	10,452	10,452	10,452	10,452
Special Pharmaceutical Services	5,141	5,527	5,789	5,789	5,789	5,789	5,789
Acute Care Hospitals	19,050	17,600	0	0	0	0	0
TOTAL GENERAL FUND	\$ 3,366,913	\$ 3,223,884	\$ 3,628,792	\$ 3,966,118	\$ 4,210,751	\$ 4,568,753	\$ 4,964,479
TOBACCO SETTLEMENT FUND:							
Medical Care for Workers with							
Disabilities (EA)	\$ 870	\$ 32,515	\$ 32,275	\$ 27,040	\$ 26,817	\$ 26,601	\$ 26,359
Uncompensated Care (EA)	34,501	43,353	43,034	36,053	35,757	35,468	35,144
Hospital Uncompensated Care	15,000	0	0	0	0	0	0
Home and Community-Based							
Services (EA)	9,682	44,209	37,746	31,623	31,363	31,109	30,825
Long-Term Care Facilities - Tobacco	0	198,500	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT							
FUND	\$ 60,053	\$ 318,577	\$ 113,055	\$ 94,716	\$ 93,937	\$ 93,178	\$ 92,328

Program Objective: To promote personal and parental responsibility and encourage economic independence and self-sufficiency through temporary cash assistance, job training and child care for families or individuals.

Program: Income Maintenance

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation and other support services and cash.

Program Element: Income Assistance

Cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements.

The cornerstone of the program is an Agreement of Mutual Responsibility (AMR) established between the client and the Commonwealth. Caseworkers in the County Assistance Offices (CAO) meet with applicants for cash assistance, medical assistance and food stamps to review financial and nonfinancial criteria to determine eligibility for benefits. As a condition of eligibility for cash assistance, recipients are required to sign and comply with the obligations in the AMR. The AMR outlines the personal and parental obligations that the individual must fulfill to maintain eligibility for benefits. Most adult welfare recipients are required to immediately look for work upon applying for welfare benefits and, within two years, work or participate in a work-related activity for at least twenty hours per week.

Upon application or redetermination for cash, data is entered into the department's client information system and is available for Medical Assistance program determinations as well as cash assistance and food stamps. All final

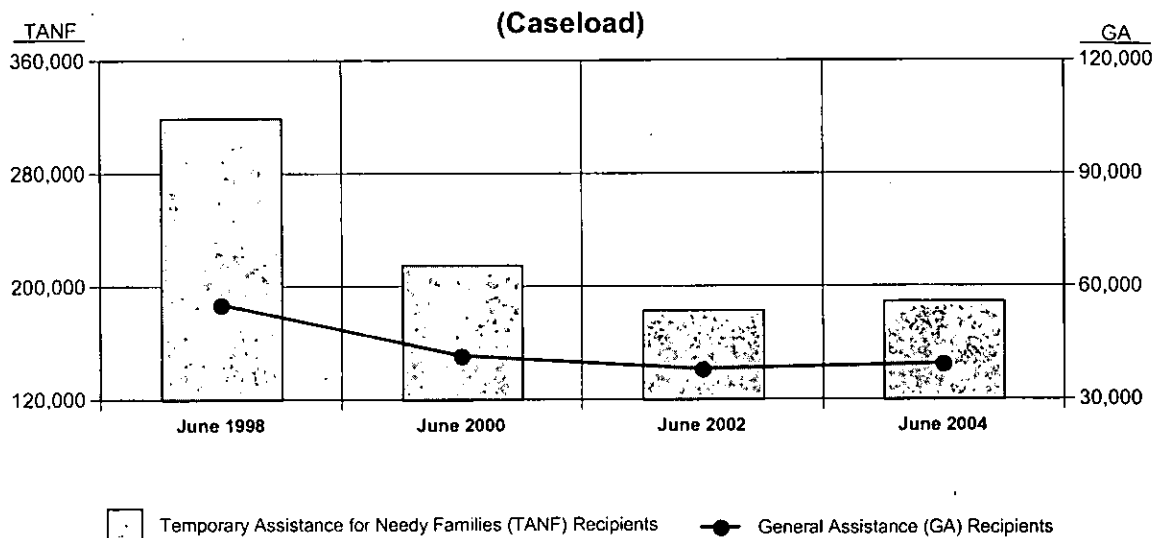
Medical Assistance claims payments and most Cash Grants payments are generated through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the State General Assistance (GA) and the State Blind Pension (SBP) programs. The TANF block grant provides Federal funds for temporary cash support for families in transition to self-sufficiency. TANF payments are funded by Federal and State dollars. GA and SBP, on the other hand, are entirely State-funded programs. Most GA recipients are individuals or married couples with no dependent children but with disabilities that prevent employment. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

Federal regulations that place a five-year lifetime limit on cash assistance benefits for most adult recipients allow a hardship exemption for up to twenty percent of the caseload. The five-year limit was reached in March, 2002. The department has implemented regulations that define the hardship exemption and make stringent provisions for extending eligibility.

The Low Income Home Energy Assistance Program (LIHEAP) assists eligible households by offsetting the burden of high energy costs and intervening in energy crisis situations. The eligibility standard, which is subject to annual revision based on the availability of funding, includes every

Cash Grants



Program: Income Maintenance (continued)

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 \$579.00 and \$872.00 for couples. Pennsylvania will contribute a supplemental grant of \$27.40 for an individual and \$43.70 for couples to SSI recipients through the Federal Government. A special monthly State supplement is paid to SSI eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is \$60.00 a month. The department administers a Disability Advocacy Program (DAP) to assist mentally and physically disabled individuals in establishing their eligibility for Federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. Pennsylvania's employment and training for welfare clients emphasizes work first. Training and education programs are designed to prepare individuals unable to secure employment to get and keep available jobs. Job retention, advancement, rapid reemployment and case management services are also offered to help individuals retain employment. In order to meet the employment needs of Pennsylvania's diverse welfare population, various strategies such as rapid attachment, grant diversion and education activities are being implemented. The department will continue the Single Point of Contact Program (SPOC), subsidized employment and other education and training programs in conjunction with the Departments of Community and Economic Development and Labor and Industry that respond to the needs of the local business community. In addition to training for welfare clients, programs to assist noncustodial parents to enter and advance in the workplace are provided to improve family economic viability.

Program Element: Child Care and Supportive Services

Child care and supportive services are provided to facilitate a welfare client's transition to independence. In addition to the cash grant paid to welfare clients, child care is provided to those participating in training or a work activity or who have obtained employment. Child care can continue after the employed client no longer requires TANF assistance as long as the family needs child care and remains income eligible. In addition to child care, the grant can provide other supportive services, such as transportation.

Program Element: Child Support Enforcement

Child Support Enforcement Program services are provided at the local level through Cooperative Agreements between the Department of Public Welfare and the Domestic Relations Section of the County Courts of Common Pleas. The services include the establishment of paternity for children born outside of marriage, the determination, establishment and enforcement of a financial child support obligation paid by a noncustodial parent to meet the ongoing daily needs of the children, the procurement of medical support including health insurance and/or the reimbursement of uninsured medical expenses for the children, and child care support designed to help offset the cost of child care if the custodial parent works or is enrolled in an education/training program to secure employment.

Child support enforcement services are available to children from birth to the age of 18 or until the child graduates from high school or is emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs — excluding college tuition — exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the Department of Public Welfare to reimburse cash assistance benefits issued to the child's family.

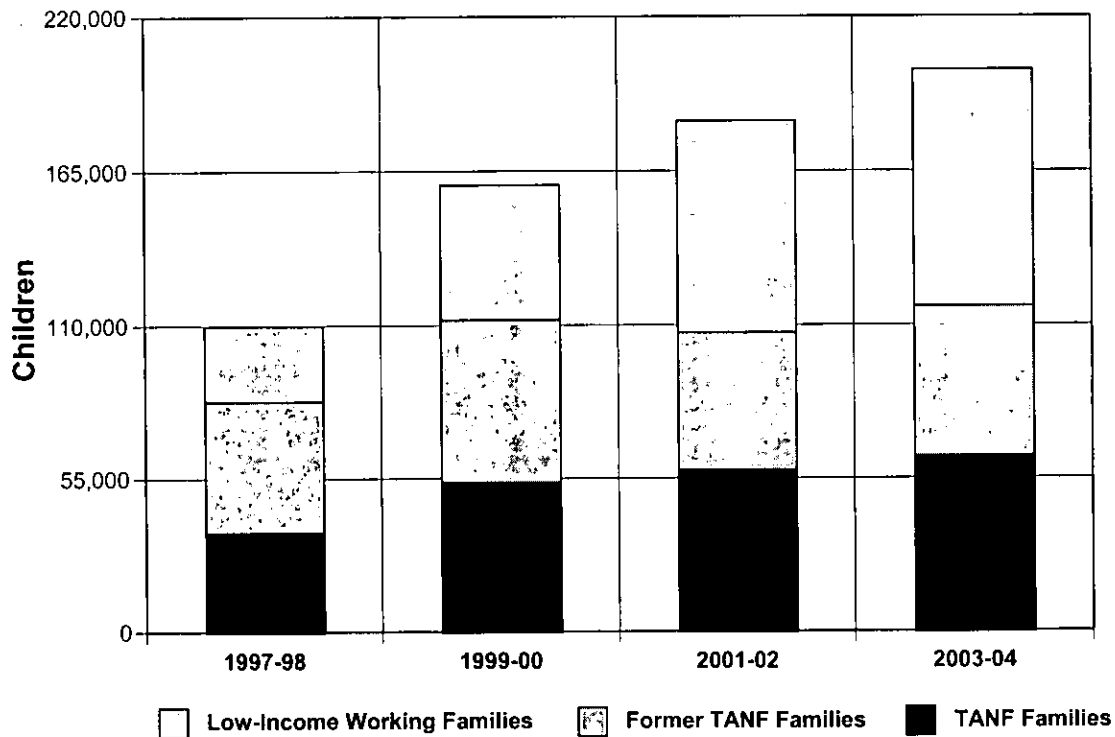
Child Care Funding	
(\$ in Thousands)	
	<u>2003-04</u>
Low-Income Working Families	
State Funds*	\$ 59,683
Federal Funds	203,460
Total	<u>\$ 263,143</u>
TANF Recipients / Former TANF Recipients	
State Funds**	\$ 64,452
Federal Funds	146,534
Total	<u>\$ 210,986</u>
Grand Total	<u><u>\$ 474,129</u></u>

* Child Care Services appropriation.
** Cash Grants appropriation.

Program: Income Maintenance (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Persons receiving cash assistance, monthly average	229,660	221,020	222,365	222,365	222,365	222,365	222,365
Children of welfare recipients and former welfare recipients receiving child care ..	107,850	109,675	117,045	117,045	117,045	117,045	117,045
Average monthly child care system capacity	54,555	55,480	59,210	59,210	59,210	59,210	59,210
Persons receiving State Supplemental Grants, monthly average	301,780	308,465	312,275	312,275	312,275	312,275	312,275
Households receiving energy cash payments	368,357	417,940	384,660	384,660	384,660	384,660	384,660

Child Care



In 2003-04, the child care system will serve an estimated 57,100 more children of low-income working families than in 1997-98, an increase of 231%.

Program: Income Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>County Administration-Statewide</p> <p>\$ -422 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>2,039 —to continue current program.</p> <p>-6,460 —to transfer HealthChoices contracts to Medical Assistance-Capitation.</p> <hr/> <p>\$ -4,843 <i>Appropriation Decrease</i></p> <p>County Assistance Offices</p> <p>\$ -5,507 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>4,256 —to continue current program.</p> <p>-2,237 —program reduction.</p> <hr/> <p>\$ -3,488 <i>Appropriation Decrease</i></p> <p>Child Support Enforcement</p> <p>\$ -5,663 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>-163 —decrease in the operation of the Financial Institution Data Match.</p> <p>52 —to continue current program.</p> <hr/> <p>\$ -5,774 <i>Appropriation Decrease</i></p>	<p>New Directions</p> <p>\$ -2,014 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>194 —to continue current program.</p> <p>-2,867 —change in job retention and advancement activities.</p> <hr/> <p>-2,725 —nonrecurring projects.</p> <hr/> <p>\$ -7,412 <i>Appropriation Decrease</i></p> <p>Cash Grants</p> <p>\$ 10,576 —increase in Federal Maintenance of Effort requirement for Temporary Assistance for Needy Families Block Grant.</p> <p>1,900 —impact of caseload increases.</p> <p>-3,367 —increased child support collections.</p> <p>-290 —change in State share of restitution and reimbursement collections.</p> <hr/> <p>\$ 8,819 <i>Appropriation Increase</i></p> <p>Supplemental Grants - Aged, Blind, Disabled</p> <p>\$ 1,799 —for increased caseload.</p> <p>929 —to reflect Federal administrative fee increases.</p> <hr/> <p>\$ 2,728 <i>Appropriation Increase</i></p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
County Administration - Statewide	\$ 46,490	\$ 46,166	\$ 41,323	\$ 41,323	\$ 41,323	\$ 41,323	\$ 41,323
County Assistance Offices	248,498	255,806	252,318	252,318	252,318	252,318	252,318
Child Support Enforcement	15,939	17,772	11,998	11,998	11,998	11,998	11,998
New Directions	70,874	71,664	64,252	64,252	64,252	64,252	64,252
Cash Grants	271,774	304,674	313,493	318,493	318,493	318,493	318,493
Supplemental Grants - Aged, Blind and Disabled	159,857	149,608	152,336	154,928	157,695	160,567	163,467
TOTAL GENERAL FUND	\$ 813,432	\$ 845,690	\$ 835,720	\$ 843,312	\$ 846,079	\$ 848,951	\$ 851,851

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Mental Health

This program provides for an integrated mental health system consisting of comprehensive community mental health services and State operated hospitals. Community mental health services are administered under the Pennsylvania Mental Health and Mental Retardation (MH/MR) Act of 1966 and the Mental Health Procedures Act (MHPA) of 1976. There are nine mental hospitals and one restoration (long-term care) center in the State mental hospital system.

Program Element: Community Mental Health Services

The MH/MR Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, support for families caring for members with mental disorders and community residential programs. Community services are targeted to adults with serious mental illness and children/adolescents with or at risk of serious emotional disturbance. A key for all community care is case management designed to assist both families and residents of care facilities to access and manage needed

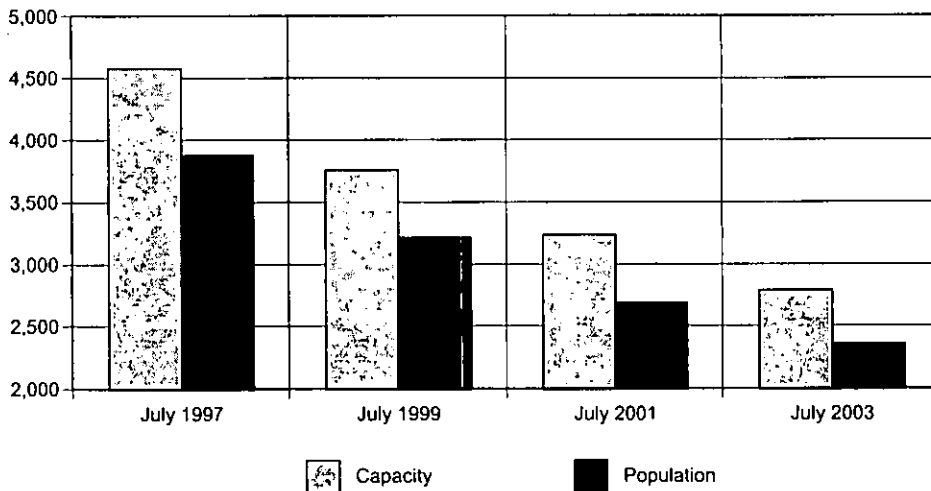
services. Non-residential services include family-based support, outpatient care, partial hospitalization, emergency and crisis intervention and after care. Community residential services consist of housing support, residential treatment, inpatient care, crisis services and community residential rehabilitation (CRR) care. Services are administered by single counties, county joinders or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with State funds and county matching funds.

Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive inpatient treatment or individuals who have no available alternatives. Additionally, they provide specialized inpatient care for adolescents, criminal offenders and elderly (long-term) populations. Efforts continue to transfer patients to community mental health programs, providing a less restrictive level of care through the Community/Hospital Integration Projects Program (CHIPPs).

Mental Hospitals

Population Compared to Capacity



As more people receive mental health services in the community, the population at State mental hospitals has declined by 1,524, or 39%, since July 1997.

Program: Mental Health (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Persons provided mental health services (unduplicated)	207,269	209,342	173,301	173,400	173,400	173,400	173,400
State mental hospital population at end of fiscal year	2,377	2,393	2,393	2,393	2,393	2,393	2,393
Reduction of State Mental Hospital capacity through Community Hospital Integration Projects Program	2,170	2,203	2,236	2,236	2,236	2,236	2,236
Percentage of adults readmitted to State Mental Hospitals within one year of last discharge	14%	13%	12%	11%	10%	9%	8%
Persons served in community residential mental health facilities	7,485	7,560	7,668	7,670	7,670	7,670	7,670
Persons receiving intensive case management	16,859	17,028	17,198	17,200	17,200	17,200	17,200
Persons receiving family based mental health services	4,549	4,594	4,640	4,640	4,640	4,640	4,640

State mental hospital population at the end of fiscal year represents an actual count in the 2001-02 year but all projections represent the number of fully staffed beds available for occupancy.

The percentage of adults readmitted to State Mental Hospitals within one year of last discharge decreases from the projections shown in last year's budget because of expanded capacity of the counties to treat discharged patients and provide better aftercare programs.

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year:

State Mental Hospitals	Population July 2001	Population July 2002	Projected Population July 2003	Projected Bed Capacity July 2003	Projected Percent of Capacity July 2003
Allentown.....	189	174	170	210	81.0%
Clarks Summit.....	238	217	215	265	81.1%
Danville.....	174	147	147	170	86.5%
Harrisburg.....	312	277	273	300	91.0%
Mayview.....	414	372	360	400	90.0%
Norristown.....	481	421	427	457	93.4%
South Mountain.....	182	162	165	230	71.7%
Torrance.....	255	220	236	270	87.4%
Warren.....	238	205	215	250	86.0%
Wernersville.....	209	182	185	240	77.1%
TOTAL.....	2,692	2,377	2,393	2,792	85.7%

Program: Mental Health (continued)

	2001-02	2002-03	2003-04		2001-02	2002-03	2003-04
	Actual	Available	Budget		Actual	Available	Budget
Allentown				South Mountain State Restoration Center			
State Funds.....	\$ 24,729	\$ 26,561	\$ 27,241	State Funds.....	\$ 10,300	\$ 11,290	\$ 11,668
Federal Funds.....	2,473	1,926	1,894	Federal Funds.....	10,702	10,329	10,451
Augmentations.....	1,685	1,776	1,675	Augmentations.....	1,838	1,833	1,783
TOTAL.....	<u>\$ 28,887</u>	<u>\$ 30,263</u>	<u>\$ 30,810</u>	TOTAL.....	<u>\$ 22,840</u>	<u>\$ 23,452</u>	<u>\$ 23,902</u>
Clarks Summit				Torrance			
State Funds.....	\$ 27,094	\$ 28,571	\$ 29,598	State Funds.....	\$ 31,725	\$ 33,000	\$ 33,780
Federal Funds.....	4,492	4,170	4,537	Federal Funds.....	3,426	3,421	2,984
Augmentations.....	1,900	2,051	1,951	Augmentations.....	1,950	1,986	1,967
TOTAL.....	<u>\$ 33,486</u>	<u>\$ 34,792</u>	<u>\$ 36,086</u>	TOTAL.....	<u>\$ 37,101</u>	<u>\$ 38,407</u>	<u>\$ 38,731</u>
Danville				Warren			
State Funds.....	\$ 22,991	\$ 24,389	\$ 25,077	State Funds.....	\$ 29,017	\$ 30,198	\$ 31,585
Federal Funds.....	2,515	2,024	2,010	Federal Funds.....	3,944	3,221	2,583
Augmentations.....	1,595	1,538	1,498	Augmentations.....	1,929	1,932	1,899
TOTAL.....	<u>\$ 27,101</u>	<u>\$ 27,951</u>	<u>\$ 28,585</u>	TOTAL.....	<u>\$ 34,890</u>	<u>\$ 35,351</u>	<u>\$ 36,067</u>
Eastern State School and Hospital				Wernersville			
State Funds.....	\$ 202	\$ 0	\$ 0	State Funds.....	\$ 26,845	\$ 28,468	\$ 28,982
Federal Funds.....	0	0	0	Federal Funds.....	3,870	3,382	3,320
Augmentations.....	0	0	0	Augmentations.....	1,790	1,839	1,842
TOTAL.....	<u>\$ 202</u>	<u>\$ 0</u>	<u>\$ 0</u>	TOTAL.....	<u>\$ 32,505</u>	<u>\$ 33,659</u>	<u>\$ 34,144</u>
Harrisburg				Administrative Cost			
State Funds.....	\$ 34,472	\$ 36,619	\$ 37,231	State Funds.....	\$ 4,412	\$ 4,281	\$ 3,445
Federal Funds.....	3,456	2,865	3,447	Federal Funds.....	224	369	0
Augmentations.....	2,424	2,080	1,955	Augmentations.....	62	375	0
TOTAL.....	<u>\$ 40,352</u>	<u>\$ 41,564</u>	<u>\$ 42,633</u>	TOTAL.....	<u>\$ 4,698</u>	<u>\$ 5,025</u>	<u>\$ 3,445</u>
Mayview				Community Programs			
State Funds.....	\$ 55,155	\$ 52,971	\$ 54,931	State Funds.....	\$ 288,083	\$ 283,203	\$ 305,202
Federal Funds.....	4,588	4,726	4,467	Federal Funds.....	214,100	229,139	199,566
Augmentations.....	2,249	2,066	2,010	Augmentations.....	7,293	4,993	644
TOTAL.....	<u>\$ 61,992</u>	<u>\$ 59,763</u>	<u>\$ 61,408</u>	TOTAL.....	<u>\$ 509,476</u>	<u>\$ 517,335</u>	<u>\$ 505,412</u>
Norristown				Maintenance and security costs for closed facilities			
State Funds.....	\$ 65,055	\$ 65,306	\$ 67,982	State Funds.....	\$ 899	\$ 710	\$ 406
Federal Funds.....	6,516	5,541	5,115				
Augmentations.....	2,207	2,144	2,040				
TOTAL.....	<u>\$ 73,778</u>	<u>\$ 72,991</u>	<u>\$ 75,137</u>				

Program: Mental Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Mental Health Services</p> <p>\$ -3,167 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>1,357 —to annualize prior year community placements and diversion costs.</p> <p>-239 —revision of Federal financial participation from 54.69% to 54.76%.</p> <p>12,112 —to continue current program for State mental hospitals including impact of Federal earnings.</p> <p>20,217 —to replace nonrecurring Federal disproportionate share earnings.</p> <p>1,281 —Initiative—Expanding Community Mental Health Services. To provide home and community-based services for 33 persons currently residing in State hospitals.</p> <hr/> <p>\$ 31,561 <i>Appropriation Increase</i></p>	<p>Behavioral Health Services</p> <p>\$ -47,909 —program elimination.</p> <p>Psychiatric Services in Eastern Pennsylvania</p> <p>\$ -3,500 —nonrecurring project.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Mental Health Services	\$ 620,979	\$ 625,567	\$ 657,128	\$ 658,409	\$ 658,409	\$ 658,409	\$ 658,409
Behavioral Health Services	47,652	47,909	0	0	0	0	0
Psychiatric Services in Eastern PA	3,500	3,500	0	0	0	0	0
TOTAL GENERAL FUND	\$ 672,131	\$ 676,976	\$ 657,128	\$ 658,409	\$ 658,409	\$ 658,409	\$ 658,409

PROGRAM OBJECTIVE: To maximize each individual's capacity for more independent living and participation in community life by providing needed training and support services.

Program: Mental Retardation

The Department of Public Welfare supports a comprehensive array of services for people with mental retardation including community residential and non-residential programs, which are either administered or operated by the counties, and institutional programs operated by the State and private providers. In addition to State and Federal funding, local funding is provided for community programs as required by the Mental Health and Mental Retardation Act of 1966.

The mental retardation program is evolving from a predominately facility-based system, comprised of large congregate residential facilities, to a flexible and dynamic system of community supports and services tailored to the needs of persons living in the community. The trend is toward using formalized services to enhance the natural supports that exist in the family and the community.

Program Element: Institutional Services

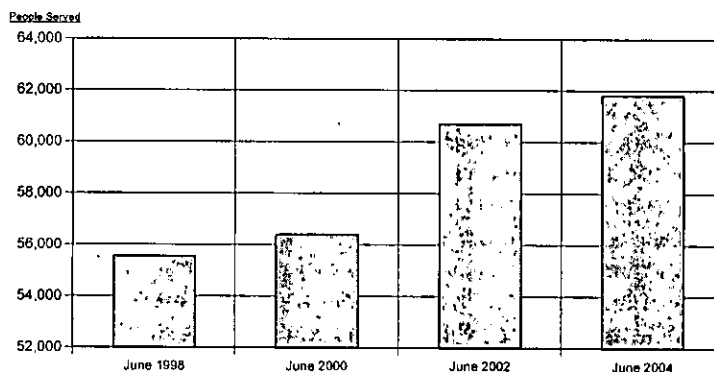
The Department of Public Welfare operates or provides funding for privately operated institutional care for people with mental retardation. The Commonwealth provides services through six State centers. The primary goal is to develop each resident's ability to function more independently thus preparing them to live in less restrictive environments. All facilities are currently certified for Medical Assistance under standards established by the Federal Center for Medicare and Medicaid Services. Private ICF/MR facilities also provide intensive habilitative services to persons with mental retardation. Large facilities are single or multiple buildings on campus-like sites accommodating more than eight persons while small facilities may be located in the community and serve eight persons or less.

Program Element: Community Mental Retardation Services

The Mental Health and Mental Retardation Act of 1966 provides the statutory basis for the development of community-based services for people with mental retardation. Community residential facilities include group

homes, single apartments with a roommate, or a family living setting with family or friends. Day services such as supported employment, training and recreation are provided to residential and non-residential clients living in the community. A wide array of services is also available to support families caring for a child or sibling with mental retardation. Services include case management, mobility training, employment training and opportunities and adult day care. Some services are eligible for Federal funds under the Medicaid Home and Community-Based Waiver Program.

Community Mental Retardation Services



Expansion of the community care program has reduced the waiting list and increased the number of people served by 6,272 since 1998. Over the same period, the State Centers population will have decreased by 41%.

Program Element: Early Intervention

The Department of Public Welfare administers the Early Intervention Program for children from birth through age two. Services include health care, skill development and social services. These services are intended to minimize developmental delay and the need for special education, to enhance potential for independent living, and to assist families in meeting their children's special needs.

Program: Mental Retardation (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Persons receiving MR services during fiscal year	82,220	85,138	87,496	87,496	87,496	87,496	87,496
Persons receiving community non-residential services:							
Early Intervention	19,862	21,848	23,860	23,860	23,860	23,860	23,860
Adult day services	27,211	28,276	28,390	28,390	28,390	28,390	28,390
Family support services	22,031	22,031	22,030	22,030	22,030	22,030	22,030
Persons receiving residential services (at end of fiscal year):							
Residents of community residential facilities (CRF)	18,199	18,682	18,797	18,797	18,797	18,797	18,797
Residents in private ICF/MRs	2,644	2,624	2,568	2,568	2,568	2,568	2,568
Residents in State Centers	1,638	1,493	1,453	1,413	1,373	1,333	1,293
Residents transferred to more independent settings during fiscal year from:							
Community residential facilities	240	240	240	240	240	240	240
State Centers and MR units	122	145	10	10	10	10	10

Persons receiving non-residential family support services increased from the projections shown in last year's budget due to a change in data source and methodology.

Residents transferring to more independent settings from State Centers decreased in 2001-02 from the projection shown in last year's budget due to delays in site acquisition and difficulty in staff recruitment.

State Centers Population for the Prior, Current and Upcoming Year:

	Population July 2001	Population July 2002	Projected Population July 2003	Projected Bed Capacity July 2003	Projected Percent Capacity July 2003
State Centers					
Altoona.....	108	101	91	148	61.5%
Ebensburg.....	315	300	288	400	72.0%
Hamburg.....	197	177	143	225	63.6%
Polk.....	453	423	398	500	79.6%
Selinsgrove.....	450	414	378	500	75.6%
White Haven.....	235	223	195	275	70.9%
TOTAL STATE CENTERS.....	1,758	1,638	1,493	2,048	72.9%
Mayview Unit for Mentally Retarded.....	2	0	0	0	N/A
GRAND TOTAL.....	1,760	1,638	1,493	2,048	72.9%



Program: Mental Retardation (continued)

Proposed Expenditures by Center:

	2001-02 Actual	2002-03 Available	2003-04 Budget		2001-02 Actual	2002-03 Available	2003-04 Budget
ALTOONA				SELINGSGROVE			
State funds.....	\$ 4,744	\$ 4,861	\$ 4,902	State funds.....	\$ 29,927	\$ 28,388	\$ 28,626
Federal funds.....	6,325	6,137	6,195	Federal funds.....	35,356	35,199	35,596
Augmentations.....	582	546	539	Augmentations.....	3,031	2,616	2,584
TOTAL.....	\$ 11,651	\$ 11,544	\$ 11,636	TOTAL.....	\$ 68,314	\$ 66,203	\$ 66,806
EBENSBURG				WHITE HAVEN			
State funds.....	\$ 19,754	\$ 19,769	\$ 19,934	State funds.....	\$ 15,320	\$ 15,033	\$ 15,159
Federal funds.....	23,925	24,618	24,852	Federal funds.....	18,406	18,600	18,777
Augmentations.....	1,865	1,852	1,829	Augmentations.....	1,370	1,365	1,348
TOTAL.....	\$ 45,544	\$ 46,239	\$ 46,615	TOTAL.....	\$ 35,096	\$ 34,998	\$ 35,284
HAMBURG				MAYVIEW			
State funds.....	\$ 12,137	\$ 12,437	\$ 12,541	State funds.....	\$ 388	\$ 0	\$ 0
Federal funds.....	15,261	15,338	15,484	Federal funds.....	4	0	0
Augmentations.....	1,020	973	961	Augmentations.....	17	0	0
TOTAL.....	\$ 28,418	\$ 28,748	\$ 28,986	TOTAL.....	\$ 409	\$ 0	\$ 0
POLK				Mayview no longer serves patients with mental retardation. Funds shown are residual costs.			
State funds.....	\$ 28,212	\$ 27,751	\$ 27,983	Excess Federal	\$ 0	\$ 740	\$ 0
Federal funds.....	34,308	34,920	35,192				
Augmentations.....	2,947	2,691	2,657				
TOTAL.....	\$ 65,467	\$ 65,362	\$ 65,832				
The following institutions are closed. Funds shown below are for security and maintenance pending final disposition of the facility.							
	2001-02 Actual	2002-03 Available	2003-04 Budget				
State Funds							
Embreeville.....	\$ 1,555	\$ 1,673	\$ 1,424				
Laurelton.....	918	993	0				
Western.....	966	1,100	954				
TOTAL.....	\$ 3,439	\$ 3,766	\$ 2,378				

Program: Mental Retardation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

State Centers for the Mentally Retarded		Community Mental Retardation Services	
\$ 5,418	—to continue current program.	\$ -644	—revision of Federal financial participation from 54.69% to 54.76%.
-163	—revision of Federal financial participation from 54.69% to 54.76%	-8,980	—transfer of Home and Community-Based Information Systems (HCSIS) costs to the Information Systems appropriation.
-993	—nonrecurring maintenance cost for Laurelton.	8,763	—to annualize previous program revisions providing enhanced community services.
-4,744	—to reflect annualization of community placements and the impact of limited admissions and patient attrition.	2,688	—to reflect conversion of ICF/MR beds to the community program.
<u>\$ -482</u>	<i>Appropriation Decrease</i>	-4,896	—program reductions.
		1,727	—Initiative— Expanded Community Mental Retardation Services. To provide home and community-based services for 56 additional persons with mental retardation.
Intermediate Care Facilities—Mentally Retarded		<u>\$ -1,342</u>	<i>Appropriation Decrease</i>
\$ 2,093	—to provide a two percent per diem increase.	\$ -22	Early Intervention
3,386	—to annualize facility per diem rates including waivers.	4,217	—revision of Federal financial participation from 54.69% to 54.76%.
-3,228	—to annualize prior bed transfers to the community program and provide for various cash flow changes.	3,756	—to annualize children added in 2002-03.
-155	—revision of Federal financial participation from 54.69% to 54.76%.	<u>\$ 7,951</u>	—to provide services to 1,150 additional children.
<u>\$ 2,096</u>	<i>Appropriation Increase</i>		<i>Appropriation Increase</i>
		\$ -154	Pennhurst Dispersal
			—program reduction.
		\$ -20	MR Residential Services - Lansdowne
			—program reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
State Centers for the Mentally Retarded ..	\$ 113,921	\$ 112,005	\$ 111,523	\$ 111,523	\$ 111,523	\$ 111,523	\$ 111,523
Intermediate Care Facilities -							
Mentally Retarded	100,245	108,633	110,729	110,729	110,729	110,729	110,729
Community Mental Retardation Services ..	643,813	675,552	674,210	674,861	674,861	674,861	674,861
Early Intervention	60,328	66,394	74,345	78,101	78,101	78,101	78,101
Pennhurst Dispersal	3,102	3,093	2,939	2,939	2,939	2,939	2,939
MR Residential Services - Lansdowne	402	402	382	382	382	382	382
TOTAL GENERAL FUND	<u>\$ 921,811</u>	<u>966,079</u>	<u>974,128</u>	<u>978,535</u>	<u>978,535</u>	<u>978,535</u>	<u>978,535</u>



PROGRAM OBJECTIVE: To enhance the social and economic well being of families and individuals through the provision of an array of services and support programs.

Program: Human Services

The department operates a variety of programs designed to provide supportive services to people while they overcome an adverse behavior or circumstance that has affected their lives.

Program Element: Family Support Service

Providing services to children who are in need of care and protection is the joint responsibility of the Department of Public Welfare and county government. Each county is responsible for developing and administering a program of services designed to treat and prevent child abuse, neglect and exploitation and to provide services that reduce dependency and delinquency. The County Children and Youth Program includes services to parents and children to enable children to remain in their own homes and communities. However, the safety of children is a paramount concern of this program. Policies and procedures have been instituted to protect children from harm and to minimize time in foster homes and institutions. Court oversight for children who have been abused and neglected has been increased and new emphasis has been placed on parental responsibility for children.

Counties provide services including temporary placement for children who cannot live with their own family, assistance to provide a permanent legal family for any child who cannot be returned to his own family, adoption assistance, day treatment services, child protective services, emergency shelter, counseling and juvenile detention.

Special programs have been developed to support the delivery of services by county child welfare agencies. One program provides equalized access to adoption services for all eligible children through a Statewide adoption network. Facilitated by the Adoptions and Safe Families Act, this includes services to children who are in foster placement and cannot be returned to their natural parents. Community Based Family Centers also provide coordinated services to children and their families in a neighborhood setting.

The courts may order any service or care for children who have been adjudicated dependent or delinquent. This may include youth adjudicated delinquent but remanded to private residential treatment programs. Treatment is reviewed on a periodic basis.

Program Element: Youth Development Service

Pennsylvania's juvenile justice system is designed to minimize institutionalization while recognizing that confinement in a treatment environment is necessary for certain juveniles who pose a threat to themselves or others. The court may sentence youth to either the Youth Development Center and Youth Forestry Camp (YDC/YFC) System or a private facility. Both systems can provide

residential programs for the treatment of Pennsylvania's serious juvenile offenders and those with special problems in a secure setting. The purpose of the system is to bring about positive changes in the juveniles by developing skills and attitudes that will enable them to become responsible, productive members of society.

Administrative Complex	July 2001 Population	July 2002 Population	Projected July 2003 Population	Projected July 2003 Capacity	Projected July 2003 % of Capacity
YFC - Hickory Run	43	41	42	49	85.7%
YFC - Trough Creek	56	50	58	50*	116.0%
New Castle	288	314	301	318	94.7%
Loysville	353	349	354	364	97.3%
Total Current Programs	740	754	755	781	96.7%

* Reduced outward bound capacity

The YDCs/YFCs have a total capacity of 781 youth. Included in the system are specialized treatment services for sex offenders, arsonists, drug and alcohol abusers, and emotionally disturbed and mentally retarded youth.

The Master Case Planning System guides treatment of youth within the YDCs/YFCs. This system requires comprehensive diagnosis and assessment of each youth in care, development of an individualized treatment plan, implementation strategies, periodic reviews and revisions of each plan, and identification of aftercare needs. Individual and group counseling forms the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to promote youth competency, victim awareness, social and financial restitution and public safety and protection. Each program provides training and education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are required to use a portion of their earnings for restitution.

Education is a major component of the YDC/YFC system. Each program includes both academic and vocational curricula. Educational diagnostic testing precedes all academic placements and is utilized in the development of Individual Education Plans (IEPs) for each youth.

Program Element: Child Care

Subsidized child care is provided for low-income families needing child care to maintain employment. A local Child Care Information Service (CCIS) Agency offers parents a choice of child care services and provides information on how to select good child care. The subsidy encourages families to be self-supporting and self-sufficient. Both State and Federal funds supplement the parent's copayments.

Program: Human Services (continued)

Parents can receive subsidized child care from various child care facilities including licensed centers, group child care homes, registered family child care homes and relatives or neighbors. Relative/neighbor providers are required to undergo the child abuse and criminal history background check mandated for other types of providers. An exemption from the check is available for all providers affirmed by the parent as being the child's grandparent, aunt or uncle by blood or marriage.

All child care facilities must meet health and safety standards developed by the department. Nonlicensed care providers must register with the local Child Care Information Service Agency to participate in the program. A 3-year demonstration program to improve the quality of care provided in regulated child care facilities was undertaken in 2002-03.

Local program administration is designed to allow more licensed/registered providers to participate in the State subsidized system and allow the Commonwealth to purchase services at rates that assure adequate access to care.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to 200 clinics in the State.

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is all new family planning clients, all women 35 years of age and older and women with a family history of breast cancer.

Program Element: Services to the Disabled

A variety of services are provided which enable people with severe physical or cognitive impairments to attain their highest functioning level and live in the community. People served through these programs do not qualify for services from other programs provided by the department. Home and community based services for persons with disabilities will be administered through six Community Resource Centers (CRC). The CRCs will provide intake, assessment, referral to the appropriate disability program in the department and case management for services.

The attendant care program serves adults ages 18-59 through a variety of program models. Personal assistance services such as dressing and grooming are provided enabling recipients to remain in or return to their own homes and maintain an independent lifestyle. Persons age 60 and over receive attendant care through funding provided by the Department of Aging.

People with physical disabilities such as cerebral palsy and other impairments (not including mental illness) are served both in nursing homes and community residential

settings. Persons who are developmentally disabled have limitations in the areas of self-care, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. The services assist consumers to function as independently as possible. Many of the people served had been in nursing homes but were able to live in the community with support. Others are able to avoid institutionalization through supports offered by the program.

Similar services are provided to individuals with cognitive disabilities such as, but not limited to traumatic brain injury or autism, who do not have other related disabilities. These services are provided to enable the consumers to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. This population requires a special mix of services to address short-term memory issues through functional rather than medical supports.

Program Element: Legal Services

The department contracts with the Pennsylvania Legal Services Center, a private, nonprofit corporation, to provide civil legal assistance for low-income persons with family, consumer, employment and other problems. The emphasis of the service delivery is to provide emergency legal services in situations that threaten the basic needs of individuals. These services do not include political activities, services to organizations, or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a Statewide coalition which, in turn, subcontracts for services at the local level. The services to victims of domestic violence include: crisis intervention, counseling, victim advocacy, information and referral and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community at large.

Rape crisis services are provided through a contract with a Statewide coalition which, in turn, subcontracts for services at the local level. Rape crisis programs provide crisis intervention services, counseling, victim advocacy, information and referral and accompaniment through police, medical and judicial systems. Prevention and educational programs are also provided to lessen the risk of sexual assault for adults and children in the community at large.

Program Element: Homeless Assistance

The Homeless Assistance Program operates through counties to provide temporary shelter to homeless individuals and rental assistance to those in immediate danger of becoming homeless. Shelter may be provided in large mass shelters or in hotels and motels through a voucher system.

Program: Human Services (continued)

Housing assistance can include a cash payment to an individual or family to prevent or end homelessness or intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are utilized to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Specialized residences for the mentally ill homeless are being provided in a small number of counties with concentrations of these individuals. The program provides housing for an indefinite period of time, coupled with supportive services that will enable the client to move to a long-term semi-independent or independent living situation.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Youth Development Centers							
YDC — youth served	1,880	1,880	1,880	1,880	1,880	1,880	1,880
YDC — occupancy rates	95%	95%	95%	95%	95%	95%	95%
YDC — youth in work experience	445	445	445	450	450	450	450
Family Support Services							
Children receiving child welfare services at home	167,685	183,267	178,000	178,000	178,000	178,000	178,000
Out of home placement in:							
Community residential programs	19,072	22,894	21,400	21,400	21,400	21,400	21,400
Institutional care programs	5,599	5,954	6,200	6,200	6,200	6,200	6,200
Agency arranged adoptions	1,766	1,775	1,775	1,775	1,775	1,775	1,775
Children waiting for adoption	4,144	4,150	4,150	4,150	4,150	4,150	4,150
Children receiving child care	75,226	79,546	84,080	84,080	84,080	84,080	84,080
Average monthly subsidized child care system capacity	44,000	45,455	48,260	48,260	48,260	48,260	48,260
Percent of child abuse reports substantiated	20.7%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Homeless Assistance							
Total persons receiving homeless services	104,984	102,000	95,000	95,000	95,000	95,000	95,000
Other Human Services							
Domestic violence victims served	50,309	50,310	47,800	47,800	47,800	47,800	47,800
Rape crisis/sexual assault persons served	19,335	19,335	18,370	18,370	18,370	18,370	18,370
Breast cancer screening clients	115,013	115,908	110,105	110,105	110,105	110,105	110,105
Legal service clients	20,425	22,725	21,590	21,590	21,590	21,590	21,590
Attendant care persons served	4,715	4,937	5,338	5,340	5,340	5,340	5,340
Persons with developmental disabilities served in nursing facilities	652	648	648	650	650	650	650
Persons with developmental disabilities served in the community	765	1,086	1,153	1,153	1,153	1,153	1,153

Out of home placement in Community residential programs decreased in 2001-02 from the projection shown in last year's budget because efforts to maintain children in their own homes have been successful.

Domestic violence victims served decreased in 2001-02 from the projection shown in last year's budget because more service time per person is required than was estimated resulting in fewer persons served.

Legal services clients decreased in 2001-02 from the projection shown in last year's budget because cases required more time than estimated resulting in fewer clients being served.

Persons with developmental disabilities served in the community increased in 2002-03 because of the implementation of a Federal waiver providing services to persons with traumatic brain injury.

Program: Human Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Youth Development Institutions and Forestry Camps</p> <p>\$ -720 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>1,979 —to continue current program.</p> <p>-192 —nonrecurring projects.</p> <p>471 —to continue contractor operated secure treatment facilities.</p> <hr/> <p>\$ 1,538 <i>Appropriation Increase</i></p> <p>County Child Welfare</p> <p>\$ -4,548 —nonrecurring 2002-03 budgetary freeze amount.</p> <p>39,666 —for county needs-based budgets as mandated by Act 30 of 1991.</p> <p>-16,601 —projected underspending.</p> <p>-13,491 —program reduction.</p> <hr/> <p>\$ 5,026 <i>Appropriation Increase</i></p> <p>Community Based Family Centers</p> <p>\$ -162 —program reduction.</p> <p>Domestic Violence</p> <p>\$ -596 —program reduction.</p> <p>Rape Crisis</p> <p>\$ -303 —program reduction.</p> <p>Breast Cancer Screening</p> <p>\$ -79 —program reduction.</p>	<p>\$ -33,303</p> <p>\$ -130</p> <p>\$ -1,211</p> <p>\$ 2,181</p> <p>2,484</p> <p>-31</p> <hr/> <p>\$ 4,634 <i>Appropriation increase</i></p> <p>\$ 1,989</p> <p>2,212</p> <p>1,916</p> <p>-346</p> <p>-30</p> <hr/> <p>\$ 5,741 <i>Appropriation Increase</i></p> <p>\$ -9</p>	<p>Human Services Development Fund</p> <p>—program reduction.</p> <p>Legal Services</p> <p>—program reduction.</p> <p>Homeless Assistance</p> <p>—program reduction.</p> <p>Services to Persons with Disabilities</p> <p>—to continue current program.</p> <p>—to provide service to 142 additional persons with disabilities.</p> <p>—revision of Federal financial participation from 54.69% to 54.76%</p> <hr/> <p><i>Appropriation increase</i></p> <p>Attendant Care</p> <p>—to continue current program.</p> <p>—to provide service to 372 additional persons with disabilities.</p> <p>—replace nonrecurring Intergovernmental Transfer funds.</p> <p>—nonrecurring start-up funding for redesigned administrative structure.</p> <p>—revision of Federal financial participation from 54.69% to 54.76%.</p> <hr/> <p><i>Appropriation Increase</i></p> <p>Arsenal Family and Children's Center</p> <p>—program reduction.</p>
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All other appropriations are recommended at the current year funding levels.

This budget also recommends a total of \$16,500,000 in Federal funds for child care program enhancements, including \$10,900,000 to provide subsidized child care services to approximately 4,000 additional children, \$3,600,000 to increase the number of providers participating in the Keystone Stars quality improvement program, and \$2,000,000 for wage and retention grants for qualified child care workers.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	\$ 64,440	\$ 65,971	\$ 67,509	\$ 67,509	\$ 67,509	\$ 67,509	\$ 67,509
County Child Welfare	555,486	605,187	610,213	640,724	672,760	706,398	741,718
Community Based Family Centers	3,183	3,248	3,086	3,086	3,086	3,086	3,086
Child Care Services	57,983	59,683	59,683	59,683	59,683	59,683	59,683
Domestic Violence	11,912	11,912	11,316	11,316	11,316	11,316	11,316
Rape Crisis	6,067	6,067	5,764	5,764	5,764	5,764	5,764
Breast Cancer Screening	1,575	1,575	1,496	1,496	1,496	1,496	1,496
Human Services Development Fund	36,803	36,803	3,500	3,500	3,500	3,500	3,500
Legal Services	2,600	2,600	2,470	2,470	2,470	2,470	2,470
Homeless Assistance	24,212	24,212	23,001	23,001	23,001	23,001	23,001
Services to Persons with Disabilities	9,006	12,442	17,076	18,354	18,354	18,354	18,354
Attendant Care	24,566	26,838	32,579	34,924	34,924	34,924	34,924
Arsenal Family and Children's Center	155	152	143	143	143	143	143
TOTAL GENERAL FUND	\$ 797,988	\$ 856,690	\$ 837,836	\$ 871,970	\$ 904,006	\$ 937,644	\$ 972,964





DEPARTMENT OF REVENUE

The mission of the Department of Revenue is to administer the tax laws of the Commonwealth in a fair and equitable manner. The Department of Revenue also administers the State lottery which generates funds for programs that benefit older Pennsylvanians.

The Department of Revenue collects all tax levies as well as various fees, fines and other monies due the Commonwealth. The department also supervises the administration and collection of monies for the first and second class county sales tax and various special funds.

The department prepares the official estimates of the tax yield due the Commonwealth and analyzes the effect on revenues of proposed changes in either the laws or the tax structure of the Commonwealth.



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
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GENERAL FUND:**General Government:**

General Government Operations	\$ 136,389	\$ 140,526	\$ 133,564
(A)Cigarette Fines and Penalties.....	9	15	15
(A)Cigarette Tax Enforcement.....	490	500	500
(A)Services to Special Funds.....	7,490	7,996	8,141
(A)EDP and Staff Support.....	6,380	6,405	6,526
(A)Tax Information.....	173	177	177
(A)Private Letter Valuation Charges.....	1	1	1
(A)Local Sales Tax.....	2,819	2,890	2,948
(A)Small Games of Chance.....	208	213	213
General Operations - Lottery Administration	45,529	46,141	28,744
(A)License Fees.....	111	15	120
(A)Winning Number.....	68	66	64
(A)Annuity Assignment Fees.....	26	50	25
(A)Sales of Automobiles.....	3	0	0
(A)Lottery Number Publications.....	1	0	0
Revenue Enforcement	0	0	2,000
Commissions - Inheritance & Realty Transfer Taxes (EA)	6,349	6,064	6,664
Subtotal - State Funds.....	\$ 188,267	\$ 192,731	\$ 170,972
Subtotal - Augmentations.....	17,779	18,328	18,730
Total - General Government.....	\$ 206,046	\$ 211,059	\$ 189,702

Grants and Subsidies:

Distribution of Public Utility Realty Tax.....	\$ 34,470	\$ 36,300	\$ 41,750
STATE FUNDS.....	\$ 222,737	\$ 229,031	\$ 212,722
AUGMENTATIONS.....	17,779	18,328	18,730
GENERAL FUND TOTAL	\$ 240,516	\$ 247,359	\$ 231,452

MOTOR LICENSE FUND:**General Government:**

Collections - Liquid Fuels Tax	\$ 12,057	\$ 13,032	\$ 13,237
(A)Fuel Tax Enforcement.....	0	25	25
Subtotal - State Funds.....	\$ 12,057	\$ 13,032	\$ 13,237
Subtotal - Augmentations.....	0	25	25
Total - General Government.....	\$ 12,057	\$ 13,057	\$ 13,262

Refunds:

Refunding Liquid Fuels Tax (EA).....	\$ 9,000	\$ 9,200	\$ 9,200
STATE FUNDS.....	\$ 21,057	\$ 22,232	\$ 22,437
AUGMENTATIONS.....	0	25	25
MOTOR LICENSE FUND TOTAL	\$ 21,057	\$ 22,257	\$ 22,462

LOTTERY FUND:**General Government:**

Lottery Advertising (EA).....	\$ 0	\$ 15,262	\$ 30,000
Player Activated Terminal Costs (EA).....	0	0	3,000
On-Line Vendor Commissions (EA).....	41,811	45,840	48,270
Instant Vendor Commissions (EA).....	16,369	19,007	17,856
Auditor General's Audit Costs (EA).....	86	86	86
Payment of Prize Money (EA).....	171,819	246,173	227,765

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Total - General Government.....	\$ 230,085	\$ 326,368	\$ 326,977
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 119,713	\$ 122,180	\$ 120,375
LOTTERY FUND TOTAL.....	\$ 349,798	\$ 448,548	\$ 447,352
<u>RACING FUND:</u>			
General Government:			
Collections - State Racing (EA).....	\$ 228	\$ 231	\$ 233
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 222,737	\$ 229,031	\$ 212,722
SPECIAL FUNDS.....	371,083	471,011	470,022
AUGMENTATIONS.....	17,779	18,353	18,755
TOTAL ALL FUNDS.....	\$ 611,599	\$ 718,395	\$ 701,499

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND.....	\$ 188,267	\$ 192,731	\$ 170,972	\$ 170,972	\$ 170,972	\$ 170,972	\$ 170,972
SPECIAL FUNDS.....	251,370	348,831	349,647	366,518	368,789	371,057	373,375
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,779	18,353	18,755	18,650	18,755	18,650	18,755
SUBCATEGORY TOTAL.....	\$ 457,416	\$ 559,915	\$ 539,374	\$ 556,140	\$ 558,516	\$ 560,679	\$ 563,102
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND.....	\$ 34,470	\$ 36,300	\$ 41,750	\$ 41,738	\$ 43,824	\$ 46,015	\$ 48,316
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.....	\$ 34,470	\$ 36,300	\$ 41,750	\$ 41,738	\$ 43,824	\$ 46,015	\$ 48,316
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	119,713	122,180	120,375	119,900	119,425	118,950	118,500
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 119,713	\$ 122,180	\$ 120,375	\$ 119,900	\$ 119,425	\$ 118,950	\$ 118,500
ALL PROGRAMS:							
GENERAL FUND.....	\$ 222,737	\$ 229,031	\$ 212,722	\$ 212,710	\$ 214,796	\$ 216,987	\$ 219,288
SPECIAL FUNDS.....	371,083	471,011	470,022	486,418	488,214	490,007	491,875
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,779	18,353	18,755	18,650	18,755	18,650	18,755
DEPARTMENT TOTAL.....	\$ 611,599	\$ 718,395	\$ 701,499	\$ 717,778	\$ 721,765	\$ 725,644	\$ 729,918

PROGRAM OBJECTIVE: To assure the availability of resources for the Commonwealth's programs through the equitable and efficient administration of Pennsylvania's revenue system.

Program: Revenue Collection and Administration

This program administers the Commonwealth's revenue statutes by assessing and collecting various taxes. Major revenue sources for the General Fund include corporation, personal income, inheritance, sales and use, cigarette, beverage and realty transfer taxes. Tax revenue is also collected for the first and second class county sales taxes and for the Motor License and Racing Funds.

The department continues to expand the use of automated procedures thereby permitting quick deposit of funds and review of a tax return's accuracy. It has added automated processes that assist taxpayers in filing accurately and more efficiently such as the Pennsylvania Tax Information Data Exchange System (PA TIDES), the Electronic Data Interchange (EDI) Tax Filing Program, and Telefile. Additionally, an internet version of PA TIDES has been implemented for tax filing enhancements. Revenue

collection efforts are being enhanced to improve violation enforcement and improve business practices. This has permitted the department to keep the cost of collection under \$0.90 for every \$100 collected.

To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the Commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians. Current expansions include participation in the multi-state Powerball Game, midday drawings, and Player Activated Terminal installations.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Collections from delinquent accounts (in millions)	\$566	\$577	\$589	\$601	\$612	\$625	\$637
Amounts due as a result of audit assessments (in millions)	\$173	\$176	\$180	\$184	\$187	\$191	\$195
Personal Income Tax:							
Returns Processed	5,901,402	5,905,000	5,910,000	5,915,000	5,920,000	5,925,000	5,930,000
Corporation Taxes Settlement Time:							
Tax Liabilities Less Than \$50,000							
Settled in 9 months or less	99,472	110,000	125,000	130,000	135,000	140,000	145,000
Settled in 10 months or longer	190,216	125,900	121,400	121,200	121,000	120,800	120,600
Tax Liabilities Greater than \$50,000							
Settled in 9 months or less	149	200	200	200	200	200	200
Settled in 10 to 13 months	5,771	5,900	5,400	5,600	5,800	6,000	6,200
Returns requiring manual processing	15,700	18,000	18,000	18,000	18,000	18,000	18,000
Total Settled Accounts	311,308	260,000	270,000	275,000	280,000	285,000	290,000
Total Active Accounts	250,433	255,000	260,000	265,000	270,000	275,000	280,000
Lottery operating costs as a percent of ticket sales	4.96%	5.35%	5.13%	5.11%	5.09%	5.08%	5.06%

Amounts due as a result of audit assessments have been updated from last year's budget projections based on actual data and the latest evaluation of future year estimates.

The various Corporation Taxes Settled have been updated from last year's budget projections based on actual data and the latest evaluation of future year estimates.

Program: Revenue Collection and Administration (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND: General Government Operations \$ -2,811 —nonrecurring 2002-03 budgetary freeze amount. -4,151 —program reductions. <hr/> \$ -6,962 <i>Appropriation Decrease</i></p> <p>General Operations - Lottery Administration \$ -1,475 —nonrecurring 2002-03 budgetary freeze amount. -15,000 —nonrecurring advertising projects. -922 —program reductions. <hr/> \$ -17,397 <i>Appropriation Decrease</i></p> <p>Revenue Enforcement \$ 2,000 —enhanced revenue collection projects.</p> <p>Commissions - Inheritance & Realty Transfer Taxes (EA) \$ 600 —based on current revenue estimates.</p> <p>MOTOR LICENSE FUND: Collections - Liquid Fuels Tax \$ 205 —to continue current program.</p>	<p>LOTTERY FUND: Lottery Advertising (EA) \$ 14,738 —to continue current program.</p> <p>Player Activated Terminal Costs (EA) \$ 3,000 —to widen player accessibility through self-service vending machines where players can purchase on-line products such as the Daily Number, Big Four, Cash Five, Super Six Lotto, and Powerball.</p> <p>On-Line Vendor Commissions (EA) \$ 2,430 —based on the latest projection of program requirements.</p> <p>Instant Vendor Commissions (EA) \$ -1,151 —based on the latest projection of program requirements.</p> <p>Payment of Prize Money (EA) \$ -18,408 —based on the latest projection of program requirements.</p> <p>RACING FUND: Collections - Racing (EA) \$ 2 —to continue current program.</p>
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 136,389	\$ 140,526	\$ 133,564	\$ 133,564	\$ 133,564	\$ 133,564	\$ 133,564
General Operations - Lottery Administration	45,529	46,141	28,744	28,744	28,744	28,744	28,744
Revenue Enforcement	0	0	2,000	2,000	2,000	2,000	2,000
Commissions - Inheritance & Realty Transfer Taxes (EA)	6,349	6,064	6,664	6,664	6,664	6,664	6,664
TOTAL GENERAL FUND	\$ 188,267	\$ 192,731	\$ 170,972	\$ 170,972	\$ 170,972	\$ 170,972	\$ 170,972
MOTOR LICENSE FUND:							
Collections - Liquid Fuels Tax	\$ 12,057	\$ 13,032	\$ 13,237	\$ 13,237	\$ 13,237	\$ 13,237	\$ 13,237
Refunding Liquid Fuels Tax (EA)	9,000	9,200	9,200	9,200	9,200	9,200	9,200
TOTAL MOTOR LICENSE FUND	\$ 21,057	\$ 22,232	\$ 22,437	\$ 22,437	\$ 22,437	\$ 22,437	\$ 22,437
LOTTERY FUND:							
Lottery Advertising (EA)	\$ 0	\$ 15,262	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Player Activated Terminal Costs (EA)	0	0	3,000	5,000	5,100	5,205	5,315
On-Line Vendor Commissions (EA)	41,811	45,840	48,270	49,547	49,968	50,377	50,797
Instant Vendor Commissions (EA)	16,369	19,007	17,856	18,295	18,744	19,205	19,677
Auditor General's Audit Costs (EA)	86	86	86	86	86	86	86
Payment of Prize Money (EA)	171,819	246,173	227,765	240,920	242,221	243,514	244,830
TOTAL LOTTERY FUND	\$ 230,085	\$ 326,368	\$ 326,977	\$ 343,848	\$ 346,119	\$ 348,387	\$ 350,705
RACING FUND:							
Collections - State Racing (EA)	\$ 228	\$ 231	\$ 233	\$ 233	\$ 233	\$ 233	\$ 233

PROGRAM OBJECTIVE: To equitably distribute the Public Utility Realty Tax to all reporting local taxing authorities.

Program: Community Development and Preservation

A 1968 amendment to the State Constitution exempted public utilities from locally administered property taxes and authorized the collection of a similar Statewide tax known as the Public Utility Realty Tax. The proceeds of the tax are distributed to each local taxing authority thereby providing local revenue while insuring fair treatment for utilities. Act 4 of 1999 revised the definition of public utility property and specifically removed, after December 31, 1999, electricity generation facilities from the definition.

This was done in conjunction with electric de-regulation which opened market competition and moved away from previous public utility definitions for power generation.

The distribution is based on the ratio between the total tax receipts of a local taxing authority and the total tax receipts of all reporting tax authorities. This ratio is then applied to the total amount of taxes that reporting authorities could have collected had they been able to directly tax public utility realty.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Taxing authorities receiving funds	3,016	3,016	3,016	3,016	3,016	3,016	3,016

Program Recommendation:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

Distribution of Public Utility Realty Tax
 \$ 5,450 —reflects normal fluctuations in tax assessments.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax	\$ 34,470	\$ 36,300	\$ 41,750	\$ 41,738	\$ 43,824	\$ 46,015	\$ 48,316

PROGRAM OBJECTIVE: To increase economic stability by assisting eligible Pennsylvania citizens to maintain their homes.

Program: Homeowners and Renters Assistance

This program allows older Pennsylvanians, surviving spouses over 50 and permanently disabled citizens to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 53 of 1985 set the income ceiling for program eligibility at \$15,000 per household. The assistance declines from a

maximum benefit of 100 percent of the tax or \$500 whichever is less. Act 30 of 1999 excludes 50 percent of Social Security Income and Railroad Retirement Benefits from the income eligibility calculation. In 2001-02, the average tax assistance payment was \$354.54 and the average rent rebate was \$384.86.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Households provided property tax or rent assistance	328,917	323,113	316,485	310,005	303,669	297,475	291,418

Program Recommendation:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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	Property Tax & Rent Assistance for Older Pennsylvanians (EA)	
\$ -1,805	—in spite of increases in eligibility the erosion in the base of recipients is higher than anticipated.	

Appropriations within this Program:	(Dollar Amounts in Thousands)
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	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA)	\$ 119,713	\$ 122,180	\$ 120,375	\$ 119,900	\$ 119,425	\$ 118,950	\$ 118,500



SECURITIES COMMISSION

The mission of the Securities Commission is to protect Pennsylvania investors from fraudulent and abusive practices in the offer and sale of securities in the Commonwealth, and to foster legitimate capital formation activities to grow Pennsylvania businesses.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 2,188	\$ 2,177	\$ 2,110
(A)Consumer Protection.....	4,622	5,413	5,219
Subtotal - State Funds.....	\$ 2,188	\$ 2,177	\$ 2,110
Subtotal - Augmentations.....	4,622	5,413	5,219
Total - General Government.....	\$ 6,810	\$ 7,590	\$ 7,329
STATE FUNDS.....	\$ 2,188	\$ 2,177	\$ 2,110
AUGMENTATIONS.....	4,622	5,413	5,219
GENERAL FUND TOTAL.....	\$ 6,810	\$ 7,590	\$ 7,329

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
SECURITIES INDUSTRY REGULATION							
GENERAL FUND.....	\$ 2,188	\$ 2,177	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,622	5,413	5,219	5,219	5,219	5,219	5,219
SUBCATEGORY TOTAL.....	\$ 6,810	\$ 7,590	\$ 7,329	\$ 7,329	\$ 7,329	\$ 7,329	\$ 7,329
ALL PROGRAMS:							
GENERAL FUND.....	\$ 2,188	\$ 2,177	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,622	5,413	5,219	5,219	5,219	5,219	5,219
DEPARTMENT TOTAL.....	\$ 6,810	\$ 7,590	\$ 7,329	\$ 7,329	\$ 7,329	\$ 7,329	\$ 7,329



PROGRAM OBJECTIVE: To reduce fraud and to protect public investors involved in securities transactions as well as to facilitate legitimate capital formation in the State.

Program: Securities Industry Regulation

The primary function of the Pennsylvania Securities Commission is to encourage the financing of legitimate business and industry in the Commonwealth while protecting the investing public from fraudulent and unfair practices in the securities industry.

The commission protects the investing public through the registration and regulation of salespersons and companies dealing in securities. It also issues cease and desist orders to persons and corporations attempting to sell securities without approval, as well as pursuing prosecution of violators of the Pennsylvania Securities Act.

The commission works with other State, Federal and independent regulatory agencies and the various stock exchanges to develop uniform filing requirements to eliminate duplicative State and Federal examination and registration requirements. The commission is increasing the use of information technology to monitor the offering and sale of securities via electronic means. Fees collected from the securities industry support compliance and enforcement activities, as well as a portion of ongoing operations of the commission.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Securities filings received	4,541	4,600	4,600	4,600	4,600	4,600	4,600
Securities filings cleared	4,424	4,500	4,500	4,500	4,500	4,500	4,500
Dollar amounts of securities cleared for sale (trillions):	\$194	\$194	\$194	\$194	\$194	\$194	\$194
Broker-dealers registered	2,589	2,654	2,720	2,788	2,858	2,929	3,010
Agents registered	145,157	156,000	167,000	178,000	189,000	200,000	210,000
Investment advisers registered	1,527	1,649	1,781	1,924	2,077	2,244	2,450
Investment adviser representatives registered	2,800	2,950	3,100	3,250	3,400	3,550	3,700
Formal investigations conducted	478	500	525	550	600	625	650

Securities filings received and cleared decrease from the projections shown in last year's budget due to market trends.

Dollar amounts of securities cleared for sale are higher than the projections shown in last year's budget based on actual activity.

Formal investigations conducted increase from the projections shown in last year's budget due to the inclusion of compliance investigations in the measure.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations
\$ -44	—nonrecurring 2002-03 budgetary freeze amount.
-23	—to continue current program.
\$ -67	Appropriation Decrease

Appropriations within this Program: (Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 2,188	\$ 2,177	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110	\$ 2,110



DEPARTMENT OF STATE

The mission of the Department of State is to monitor and enforce the standards of ethics and competence in a variety of areas, including professional licensure, corporate law, charitable solicitation, the electoral process and professional boxing and wrestling.

The Department of State is administered by the Secretary of the Commonwealth and includes the Bureau of Charitable Organizations, the Bureau of Commissions, Elections and Legislation, the Corporation Bureau, the State Athletic Commission, the Bureau of Enforcement and Investigation, and the Bureau of Professional and Occupational Affairs, which provides support to 27 professional and occupational licensing boards.



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 5,658	\$ 4,073	\$ 4,073
(F)Federal Election Reform.....	0	32,000 ^a	57,600
(A)Departmental Services.....	0 ^b	0 ^b	0 ^b
(R)Professional and Occupational Affairs.....	18,031 ^c	19,421 ^c	21,183 ^c
(R)State Board of Medicine.....	3,523 ^c	6,747 ^c	8,210 ^c
(R)State Board of Osteopathic Medicine.....	632 ^c	1,172 ^c	1,391 ^c
(R)State Board of Podiatry.....	181 ^c	262 ^c	269 ^c
(R)State Athletic Commission.....	346 ^c	364 ^c	381 ^c
(R)Athletic Commission-Transfer to General Fund (EA).....	600 ^d	300 ^d	0
(R)Corporation Bureau (EA).....	4,596 ^d	5,252 ^d	3,698 ^d
Subtotal.....	\$ 33,567	\$ 69,591	\$ 96,805
Voter Registration	9,328	1,411	3,015
Publishing Constitutional Amendments (EA)	600	742	466
Publishing State Reapportionment Maps	988	0	0
Publishing Federal Reapportionment Maps	212	0	0
Subtotal - State Funds.....	\$ 16,786	\$ 6,226	\$ 7,554
Subtotal - Federal Funds.....	0	32,000	57,600
Subtotal - Restricted Revenues.....	27,909	33,518	35,132
Total - General Government.....	\$ 44,695	\$ 71,744	\$ 100,286
Grants and Subsidies:			
Voting of Citizens in Military Service	\$ 8	\$ 8	\$ 8
County Election Expenses (EA)	600	510	0
Total - Grants and Subsidies.....	\$ 608	\$ 518	\$ 8
STATE FUNDS.....	\$ 17,394	\$ 6,744	\$ 7,562
FEDERAL FUNDS.....	0	32,000	57,600
RESTRICTED REVENUES.....	27,909	33,518	35,132
GENERAL FUND TOTAL	\$ 45,303	\$ 72,262	\$ 100,294
OTHER FUNDS:			
PATIENT SAFETY TRUST FUND:			
General Operations (EA).....	\$ 0	\$ 5,000	\$ 5,000
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA).....	\$ 400	\$ 100	\$ 100
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 17,394	\$ 6,744	\$ 7,562
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	0	32,000	57,600
RESTRICTED.....	27,909	33,518	35,132
OTHER FUNDS.....	400	5,100	5,100
TOTAL ALL FUNDS	\$ 45,703	\$ 77,362	\$ 105,394

^a Includes recommended supplemental appropriation of \$22,000,000.

^b Not added to the total to avoid double counting: 2001-02 Actual is \$2,801,000, 2002-03 Available is \$3,367,000, and 2003-04 Budget is \$3,402,000.

^c Appropriated from a restricted revenue account.

^d Executive Authorization from a restricted revenue account.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
CONSUMER PROTECTION							
GENERAL FUND.....	\$ 17,394	\$ 6,744	\$ 7,562	\$ 8,820	\$ 8,831	\$ 8,576	\$ 6,262
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	32,000	57,600	10,000	10,000	10,000	10,000
OTHER FUNDS.....	28,309	38,618	40,232	40,232	40,232	40,232	40,232
SUBCATEGORY TOTAL.....	\$ 45,703	\$ 77,362	\$ 105,394	\$ 59,052	\$ 59,063	\$ 58,808	\$ 56,494
ALL PROGRAMS:							
GENERAL FUND.....	\$ 17,394	\$ 6,744	\$ 7,562	\$ 8,820	\$ 8,831	\$ 8,576	\$ 6,262
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	32,000	57,600	10,000	10,000	10,000	10,000
OTHER FUNDS.....	28,309	38,618	40,232	40,232	40,232	40,232	40,232
DEPARTMENT TOTAL.....	\$ 45,703	\$ 77,362	\$ 105,394	\$ 59,052	\$ 59,063	\$ 58,808	\$ 56,494

PROGRAM OBJECTIVE: To protect the consumer from fraudulent solicitation and unqualified professional and occupational practitioners and establishments.

Program: Consumer Protection

The Department of State administers several program elements within the Consumer Protection Program.

Program Element: Protection of the Electoral Process

This program element is directed towards insuring efficiency, honesty and uniformity in the administration of the Election Code. Act 25 of 1995, the Pennsylvania Voter Registration Act, integrated voter registration into driver's license applications and made other voter registration changes to comply with the National Voter Registration Act. Nomination petitions for Statewide and legislative offices are reviewed for compliance with statutory standards and are processed for inclusion on the ballot. Campaign expense reports are filed and reviewed as required by the Election Code. The public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the Commonwealth's 9,424 election precincts.

Act 61 of 2001 amended the Pennsylvania Voter Registration Act and requires the department to develop a Statewide Uniform Registry of Electors (SURE) – an integrated voter registration database containing all electors in the Commonwealth. The act also created an advisory board to establish the requirements of a SURE system.

Other functions in this program include commissioning gubernatorial appointees to boards and commissions and preparing commissions for judges, justices of the peace and notaries public as well as enforcement of the Notary Public Law. In addition, a record of all legislation passed by the General Assembly is maintained by docketing the bills and assigning act numbers.

Program Element: Protection of Professional Licensing

The focus of this program element is on assuring acceptable professional and technical services to the Commonwealth's residents. To accomplish this, twenty-seven boards of the Bureau of Professional and Occupational Affairs (BPOA) utilize licensing, enforcement and administrative authority to regulate and service the various professions.

The department investigates complaints against licensees for legal or ethical violations that may result in disciplinary action by the boards.

Mechanisms utilized in controlling the quality of practitioners include regulating education, experience and degree of technical expertise demonstrated through applications and subsequent written examination and/or demonstrated practical ability. Requirements for continuing education also serve as a means of meeting the constantly

changing developments in the various professions and occupations.

Act 124 of 1978 created a restricted Professional Licensure Augmentation Account (PLAA) enabling this program to be funded from fees and fines collected by the Bureau of Professional and Occupational Affairs. Thus, the bureau operates entirely out of restricted funds, considered for budgetary purposes as Other Funds, rather than from a General Fund appropriation.

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act further provides for medical malpractice liability insurance, tort reform, mandatory reporting by and to State licensing boards and continuing medical education. The Act established the Patient Safety Authority to review and recommend improvements in patient safety.

Fees are revised according to the specific enabling legislation for each board.

Program Element: Regulation of Consumer Products and Promotion of Fair Business Practices

This program element encompasses the activities of the Corporation Bureau, the Bureau on Charitable Organizations and the State Athletic Commission.

The Corporation Bureau is responsible for both profit and nonprofit businesses incorporation filings and submission of Uniform Commercial Code (UCC) filings. There are approximately 2 million corporate entities in the database and the bureau processes approximately 36,000 new corporations annually. It also registers approximately 23,000 trademarks and fictitious names as well as 130,000 UCC filings annually. The primary goals of the Corporation Bureau are to make the registration process as efficient as possible and to enhance public access in order to promote a more favorable business climate within the Commonwealth.

Act 198 of 1990 established a restricted account with funding levels to be executively authorized by the Governor to fund the Corporation Bureau.

The Bureau on Charitable Organizations is responsible for the registration of charitable organizations, professional fundraisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The major objective of the bureau is to increase the awareness and understanding of the Charitable Solicitations Act among Pennsylvania consumers and charitable organizations.

Act 55 of 1997 increased the number of charities required to register with the Department of State and established a system of mandatory arbitration to resolve complaints of

Program: Consumer Protection (continued)

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, timekeeper and trainer.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Voter registration transactions	721,314	800,000	900,000	1,000,000	800,000	800,000	800,000
Professional licenses and renewals issued	379,179	393,000	393,000	393,000	393,000	393,000	393,000
Disciplinary actions by boards	2,295	3,200	3,450	3,700	3,950	4,250	4,450
Case files closed (BPOA)	6,830	14,000	15,000	16,000	17,000	18,000	19,000
Case files opened (BPOA)	7,118	15,000	17,000	18,000	19,000	20,000	21,000
Uniform Commercial Code financing statement filings and information requests fulfilled	150,551	151,000	151,000	151,000	151,000	151,000	151,000
Charity registrations	7,409	7,500	7,500	7,500	7,500	7,500	7,500
Open charities investigations	200	330	330	330	350	350	350
Closed charities investigations	238	330	330	330	330	330	330
Reviews of fictitious names, business corporations, corporations and trademark applications	116,464	116,464	116,464	116,464	116,464	116,464	116,464
Corporation information requests processed	250,590	250,000	250,000	250,000	250,000	250,000	250,000

Voter registration transactions decreased in 2001-02 from the projection shown in last year's budget based on actual activity.

Disciplinary actions by boards decreased in 2001-02 from the projection shown in last year's budget because of delays in enactment of reform legislation. They are expected to increase in 2002-03 because of the enactment of Act 13 of 2002, the Medical Care Availability and Reduction of Error Act.

Case files opened and closed increase beginning in 2002-03 from the projections shown in last year's budget due to the enactment of Act 13 of 2002, the Medical Care Availability and Reduction of Error Act.

Open and closed charities investigations decreased in 2001-02 from the projections shown in last year's budget due to an increase in large cases requiring a higher percentage of resources.

Reviews of fictitious names, business corporations, and trademark applications decrease from the projections shown in last year's budget because of data automation improvements that have eliminated some data entry transactions.

Corporation information requests processed decrease from the projections shown in last year's budget due to improvements in access to information through the department's Open for Business Website.

Program: Consumer Protection (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Voter Registration \$ 4 —to continue current program. 1,600 — Initiative — Statewide Uniform Registry of Electorate. To continue implementation of the Statewide Uniform Registry of Electorate system.</p> <hr/> <p>\$ 1,604 <i>Appropriation Increase</i></p> <p>Publishing Constitutional Amendments \$ -276 —nonrecurring costs.</p> <p>County Election Expenses \$ -510 —nonrecurring costs.</p> <p>General Government Operations and Voting of Citizens in Military Service are recommended at the current year funding levels.</p> <p>In addition, this budget recommends the following changes in appropriations and an executive authorization from restricted accounts:</p> <p>Professional and Occupational Affairs \$ -242 —nonrecurring information technology. 2,004 —to continue current program.</p> <hr/> <p>\$ 1,762 <i>Appropriation Increase</i></p>	<p>State Board of Medicine \$ -45 —nonrecurring information technology. 1,508 —to continue current program.</p> <hr/> <p>\$ 1,463 <i>Appropriation Increase</i></p> <p>State Board of Osteopathic Medicine \$ 219 —to continue current program.</p> <p>State Board of Podiatry \$ 7 —to continue current program.</p> <p>State Athletic Commission \$ 17 —to continue current program.</p> <p>Athletic Commission - Transfer to General Fund (EA) \$ -300 —nonrecurring surplus transfer from the Athletic Commission Augmentation Account.</p> <p>Corporation Bureau (EA) \$ -1,554 —nonrecurring projects.</p>
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Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 5,658	\$ 4,073	\$ 4,073	\$ 4,073	\$ 4,073	\$ 4,073	\$ 4,073
Voter Registration	9,328	1,411	3,015	4,251	4,284	4,029	1,715
Publishing Constitutional Amendments (EA)	600	742	466	466	466	466	466
Electoral College	0	0	0	10	0	0	0
Publishing State Reapportionment Maps ..	988	0	0	0	0	0	0
Publishing Federal Reapportionment Maps	212	0	0	0	0	0	0
Voting of Citizens in Military Service	8	8	8	20	8	8	8
County Election Expenses (EA)	600	510	0	0	0	0	0
TOTAL GENERAL FUND	\$ 17,394	\$ 6,744	\$ 7,562	\$ 8,820	\$ 8,831	\$ 8,576	\$ 6,262



STATE EMPLOYEES' RETIREMENT SYSTEM

The mission of the State Employees' Retirement System is to administer the retirement benefits plan for State employees and elected officials in accordance with Pennsylvania statutes; provide effective services to all active and retired members; to accumulate, manage and disburse the retirement fund assets in accordance with fiduciary standards and at a reasonable cost to Commonwealth taxpayers; and to maximize investment return while exercising a "prudent person" investment policy.

The State Employees' Retirement System is responsible for administering the State Employees' Retirement Fund and the supplemental retirement allowances and cost-of-living increases for annuitants. The system also administers the Commonwealth Deferred Compensation Program.

State Employees' Retirement System

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
National Guard - Employer Contribution.....	\$ 0	\$ 0	\$ 2
OTHER FUNDS:			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration.....	\$ 20,078	\$ 20,869	\$ 22,162
Directed Commissions.....	871	1,400	1,000
STATE EMPLOYEES' RETIREMENT FUND TOTAL.....	\$ 20,949	\$ 22,269	\$ 23,162
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 2
SPECIAL FUNDS.....	0	0	0
OTHER FUNDS.....	20,949	22,269	23,162
TOTAL ALL FUNDS.....	\$ 20,949	\$ 22,269	\$ 23,164

State Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
STATE EMPLOYEES' RETIREMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	20,949	22,269	23,162	23,162	23,162	23,162	23,162
SUBCATEGORY TOTAL.....	\$ 20,949	\$ 22,269	\$ 23,164	\$ 23,164	\$ 23,164	\$ 23,164	\$ 23,164
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	20,949	22,269	23,162	23,162	23,162	23,162	23,162
DEPARTMENT TOTAL.....	\$ 20,949	\$ 22,269	\$ 23,164	\$ 23,164	\$ 23,164	\$ 23,164	\$ 23,164



State Employees' Retirement System

PROGRAM OBJECTIVE: To provide an effective administrative system for the operation of the retirement system for State employees.

Program: State Employees' Retirement

The State Employees' Retirement System was established to administer the pension system created in 1924. Contributions by the employees and the employing agencies are made to the State Employees' Retirement Fund that uses those moneys and interest earnings for payment of annuities and disability benefits and for administration of the system. The State Employees' Retirement Fund is shown in the Special Funds Appendix.

The net assets available for benefits are in excess of \$24 billion dollars. The system is funded in accordance with generally accepted actuarial standards; the funding is reviewed annually by a contracted actuarial firm and an experience review is completed every five years.

The three major sources of current income to the system are earnings from investments, and employer and member contributions. The employer contribution rate is established annually by the board upon the recommendation of the actuary. Employer contribution rates differ in accordance

with the class of employees for which they are contributing. There is additional cost for employees in safety positions, the Legislature and the Judiciary. As a result of Act 9 of 2001, effective January 2002, most system members contribute six and one-quarter percent of pay to the system, depending upon individual employee election of membership. Normal retirement from the system is at age 60, age 50 for safety employees and members of the Legislature, or at any age with 35 years of service. Retirement before those times is possible after five years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement.

The State Employees' Retirement Board is responsible for the administration of the Commonwealth Deferred Compensation Program that allows Commonwealth employees to defer a portion of their salaries to a retirement savings account. The Deferred Compensation Fund is shown in the Special Funds Appendix.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Benefit payments processed	6,929	7,000	7,000	7,000	7,000	7,000	7,000
Return on investment (in millions)	-\$2,097	\$1,968	\$2,036	\$2,102	\$2,182	\$2,282	\$2,396

The average processing time for benefit payments is 12 days.

Return on investment in the actual year is lower than the projections shown in last year's budget. The expected returns for 2002-03 and beyond are based upon actuarially-based normal returns.

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		STATE EMPLOYEES' RETIREMENT FUND	
\$	2		
	National Guard - Employer Contribution		State Employees' Retirement Administration
	—to continue current program.	\$ 993	—to continue current program.
		300	—to continue implementation of a new customer service software program.
		\$ 1,293	<i>Appropriation Increase</i>

In addition to this appropriation, \$1,000,000 in Directed Commission expenditures are anticipated for the budget year.

State Employees' Retirement System

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
National Guard - Employer Contribution ...	\$ 0	\$ 0	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement							
Administration	\$ 20,078	\$ 20,869	\$ 22,162	\$ 22,162	\$ 22,162	\$ 22,162	\$ 22,162
Directed Commissions	871	1,400	1,000	1,000	1,000	1,000	1,000
TOTAL STATE EMPLOYEES' RETIREMENT FUND	\$ 20,949	\$ 22,269	\$ 23,162	\$ 23,162	\$ 23,162	\$ 23,162	\$ 23,162





STATE POLICE

The mission of the State Police is to promote traffic safety, effectively investigate crime and reduce criminal activity and to provide investigative assistance and support services to all law enforcement agencies within the Commonwealth. In addition, the State Police maintains and provides to criminal justice agencies, up-to-date law enforcement information, continually evaluates the competence level of law enforcement within the Commonwealth and provides prompt, competent service in emergency situations. The State Police ensures personal protection and security for the Governor and other persons designated by proper authority and enforces all other State statutes as directed by proper authority.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
 2001-02 2002-03 2003-04
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

	\$		\$		\$
General Government Operations.....	143,156		142,454		148,219
(F)Cyber Security (EA).....	0		4,100		0
(F)Law Enforcement Preparedness (EA).....	0		2,988		0
(F)Drug Enforcement.....	230		260		400
(F)Bulletproof Vests.....	760		1,473		1,473
(F)Identification System Integration.....	10		43		0
(F)Marijuana Eradication.....	80		100		100
(F)DCSI - Digital Wiretap Network(EA).....	88		529		0
(F)DCSI - Minority Recruitment(EA).....	129		212		30
(F)Program Management(EA).....	8		20		20
(F)Motor Carrier Safety(EA).....	1,666		2,145		2,799
(F)DUI Enforcement(EA).....	317		600		600
(F)Safety Education(EA).....	25		25		50
(F)Interstate Highway Enforcement(EA).....	190		375		375
(F)Sobriety Test Training(EA).....	24		24		24
(F)Construction Zone Patrolling(EA).....	4,500		5,000		7,500
(F)Corridor Safety(EA).....	16		150		75
(F)Occupant Protection(EA).....	398		920		870
(F)In-Car Video Cameras.....	250		250		500
(F)Hazardous Materials Suits(EA).....	250		0		0
(F)Hazardous Materials Suits.....	0		250		0
(F)Lab Improvements(EA).....	174		0		0
(F)Lab Improvements.....	0		173		0
(F)Improvements for Lab Systems.....	0		0		250
(F)Computer Crime Prevention(EA).....	111		0		0
(F)Computer Crime Prevention.....	0		488		400
(F)DCSI-Local Computer Crime Prevention(EA).....	0		380		0
(F)Criminal History Information(EA).....	232		0		0
(F)Criminal History Information.....	0		254		0
(F)Uniform Crime Report Redesign(EA).....	313		0		0
(F)Uniform Crime Report Redesign.....	0		400		200
(F)DNA Analysis Outsourcing (EA).....	311		0		0
(F)DNA Analysis Outsourcing.....	0		343		0
(F)Central Repository.....	0		213		0
(F)Crime Lab Enhancements(EA).....	676		0		0
(F)Crime Lab Enhancements.....	0		628		0
(F)Combat Underage Drinking(EA).....	360		0		0
(F)Combat Underage Drinking.....	0		360		360
(F)Staff and Command Training.....	0		173		173
(F)Crash Reduction(EA).....	17		150		150
(F)June 2001 Storm Disaster - Disaster Assistance(EA).....	5		0		0
(F)DNA Backlog Reduction.....	0		0		140
(F)Fugitive Apprehension.....	0		0		80
(F)Operation Triggerlock.....	0		0		72
(F)Operation Triggerlock (EA).....	0		72		0
(F)Area Computer Crime.....	0		0		957
(F)Bar Coding System.....	0		0		90
(F)Radiation Emergency Response Fund.....	0		0		10
(F)Domestic Terrorism Equipment.....	0		0		300
(F)Forensic Lab Improvement.....	0		0		139
(F)Megan's Law Improvements.....	0		0		105
(A)Turnpike Commission.....	22,971		24,000		25,000
(A)Sale of Automobiles.....	213		80		120
(A)Criminal History Record Checks.....	7,259		7,600		7,800
(A)Training Fees.....	37		67		67
(A)Reimbursement for Services.....	393		788		1,324
(A)Criminal History Fees - DPW.....	76		78		80
(A)Police Pursuits.....	55		55		0
(A)Bank Alarm Fees.....	0		40		40
(A)Fingerprint Record Checks.....	148		165		165
(A)Enforcement Reimbursements.....	0		40		0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(A)Registry of Protection.....	126	128	130
(A)Purchasing Card Rebates.....	28	30	35
(A)Transfer from Motor License Fund.....	0 ^a	0 ^a	0 ^a
Subtotal.....	\$ 185,602	\$ 198,623	\$ 201,222
CLEAN System.....	10,965	22,791	15,000
(A)Transfer from Motor License Fund.....	0 ^a	0 ^a	0 ^a
Municipal Police Training.....	4,504	5,616	4,243
(A)Transfer from Motor License Fund.....	0 ^a	0 ^a	0 ^a
Patrol Vehicles.....	2,801	2,989	2,768
(A)Automobile Sales.....	2,326	1,675	1,675
(A)Transfer from Motor License Fund.....	0 ^a	0 ^a	0 ^a
Subtotal.....	\$ 5,127	\$ 4,664	\$ 4,443
Automated Fingerprint Identification System.....	618	2,163^b	2,247
(F)Latent Print Transmission.....	0	250	500
(F)Fingerprint Card Archiving.....	0	397	397
(F)Fingerprint Card Scanner.....	0	160	160
Subtotal.....	\$ 618	\$ 2,970	\$ 3,304
Gun Checks.....	2,201	2,200	2,156
(R)Firearm Records Check.....	1,765	2,494	2,370
(F)Equipment Upgrades.....	0	22	22
Subtotal.....	\$ 3,966	\$ 4,716	\$ 4,548
Subtotal - State Funds.....	\$ 164,245	\$ 178,213	\$ 174,633
Subtotal - Federal Funds.....	11,140	23,927	19,321
Subtotal - Augmentations.....	33,632	34,746	36,436
Subtotal - Restricted Revenues.....	1,765	2,494	2,370
Total - General Government.....	\$ 210,782	\$ 239,380	\$ 232,760
STATE FUNDS.....	\$ 164,245	\$ 178,213	\$ 174,633
FEDERAL FUNDS.....	11,140	23,927	19,321
AUGMENTATIONS.....	33,632	34,746	36,436
RESTRICTED REVENUES.....	1,765	2,494	2,370
GENERAL FUND TOTAL.....	\$ 210,782	\$ 239,380	\$ 232,760
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 304,990	\$ 310,144	\$ 314,965
CLEAN System.....	23,567	49,419	30,000
Municipal Police Training.....	5,158	5,731	4,243
Patrol Vehicles.....	6,052	6,481	5,882
Subtotal.....	\$ 339,767	\$ 371,775	\$ 355,090
Total - General Government.....	\$ 339,767	\$ 371,775	\$ 355,090
MOTOR LICENSE FUND TOTAL.....	\$ 339,767	\$ 371,775	\$ 355,090
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - Federal.....	\$ 1,202	\$ 300	\$ 300
State Drug Act Forfeiture Funds.....	0	210	350
State Criminal Enforcement Forfeiture Funds.....	518	10	50
Crime Lab User Fees.....	0	200	300
Auto Theft and Arson Fund.....	138	1,420	1,483



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Insurance Fraud Prevention.....	0	250	250
GENERAL FUND TOTAL.....	\$ 1,858	\$ 2,390	\$ 2,733
DNA DETECTION FUND:			
DNA Detection of Offenders(EA).....	\$ 174	\$ 155	\$ 226
STATE STORES FUND:			
Liquor Control Enforcement.....	\$ 17,206	\$ 18,738	\$ 19,113
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 164,245	\$ 178,213	\$ 174,633
SPECIAL FUNDS.....	339,767	371,775	355,090
FEDERAL FUNDS.....	11,140	23,927	19,321
AUGMENTATIONS.....	33,632	34,746	36,436
RESTRICTED.....	1,765	2,494	2,370
OTHER FUNDS.....	19,238	21,283	22,072
TOTAL ALL FUNDS.....	\$ 569,787	\$ 632,438	\$ 609,922

^a Not added to total to avoid double counting. See Motor License Fund section of this summary for dollar amounts.

^b Includes \$83,000 actually appropriated as part of the Executive Offices State Match for DCSI Subgrant appropriations.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 164,245	\$ 178,213	\$ 174,633	\$ 173,247	\$ 173,247	\$ 173,247	\$ 173,247
SPECIAL FUNDS.....	339,767	371,775	355,090	355,090	355,090	355,090	355,090
FEDERAL FUNDS.....	11,140	23,927	19,321	18,661	18,661	18,661	18,661
OTHER FUNDS.....	54,635	58,523	60,878	60,878	60,878	60,878	60,878
SUBCATEGORY TOTAL.....	\$ 569,787	\$ 632,438	\$ 609,922	\$ 607,876	\$ 607,876	\$ 607,876	\$ 607,876
ALL PROGRAMS:							
GENERAL FUND.....	\$ 164,245	\$ 178,213	\$ 174,633	\$ 173,247	\$ 173,247	\$ 173,247	\$ 173,247
SPECIAL FUNDS.....	339,767	371,775	355,090	355,090	355,090	355,090	355,090
FEDERAL FUNDS.....	11,140	23,927	19,321	18,661	18,661	18,661	18,661
OTHER FUNDS.....	54,635	58,523	60,878	60,878	60,878	60,878	60,878
DEPARTMENT TOTAL.....	\$ 569,787	\$ 632,438	\$ 609,922	\$ 607,876	\$ 607,876	\$ 607,876	\$ 607,876



PROGRAM OBJECTIVE: The State Police enforce the law and preserve the peace through detection of crime and apprehension of criminals, patrol of highways, and enforcement of the vehicle and liquor codes.

Program: Public Protection and Law Enforcement

Program Element: Management

This program element provides direction and coordination for all line and staff activities of the State Police, including administrative and overhead systems for the operation of various law enforcement programs. Protection for the Governor and visiting dignitaries, security of the executive residence, and background investigations on State job applicants are components of this program.

The department's Information Technology Strategic Plan will utilize state-of-the-art technology to automate a full range of State Police functions. The Incident Information Management System (IIMS) is currently being implemented. Data terminals have been installed in patrol vehicles, and bar-coding capabilities are being installed to process evidence. Dispatching services will be improved through the use of global positioning systems and mapping programs to identify and assign the nearest available patrol unit to any incident, significantly reducing response times. When fully implemented, the IIMS will enhance the effectiveness and efficiency of troopers patrolling the highways by supplying critical crime and traffic information directly to their vehicles thus reducing the time they spend on paperwork.

Program Element: Vehicle Standards Control

The vehicle inspection program within the Commonwealth is currently conducted jointly by the Department of Transportation and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the Commonwealth's highways. The administrative supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers was transferred to the Department of Transportation on January 1, 1998. State Police continue to administer the school bus and mass transit vehicle inspection function and investigate complaints of improper practices by official inspection stations and motor vehicle dealers.

Program Element: Traffic Supervision

Enforcing the Commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic accidents and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. Traffic patrolling and enforcement is provided by the State Police in those municipalities where there are no full-time police departments and on all Interstate highways. Traffic assistance is also provided, upon request, to municipalities with full-time police departments.

The State Police utilize various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic accidents. In this regard, the State Police attempt to allocate patrol activities to those areas and locations with high traffic and accident volume. Supplemental patrolling is provided in construction zones for the safety of motorists and construction workers. Aircraft piloted by State Police troopers routinely monitor the speeds of vehicles on interstate and secondary highways. This method of speed enforcement is especially effective against commercial vehicles and other vehicles equipped with citizen band radios and radar detecting devices.

Emphasis continues on two special traffic enforcement programs. Operation Centipede targets speeding violators by positioning multiple radar equipped patrol vehicles within a short distance of one another. The Ticket the Aggressive Driver (TAG-D) program focuses on crash reduction through enforcement that concentrates on drivers who display aggressive and dangerous driving behavior.

The department continues the use of DUI Sobriety Checkpoints to combat drunk driving. Operation Nighthawk was initiated as a statewide training and enforcement program providing legal updates, development strategies and operational tactics combined with saturation DUI enforcement teams.

The Commonwealth Commercial Vehicle Enforcement Program is a combined effort of the Pennsylvania State Police and the Pennsylvania Department of Transportation. One permanent facility along Interstate 80 and 26 mobile weight teams throughout the State enforce the Commonwealth's vehicle weight and size limitations. The State Police also participate in the Federal Motor Carrier Safety Assistance Program (MCSAP). MCSAP consists of 217 active inspectors throughout the State enforcing Federal Motor Carrier Safety Regulations. These regulations pertain to drivers, equipment, documents, loads and hazardous materials transportation. Federal regulations are applicable to both interstate and intrastate motor carrier vehicles. In addition, the State Police aggressively conduct a program to reduce the number of truck crashes occurring in Pennsylvania through the Troop Truck Crash Prevention Initiative (TTCPI). TTCPI concentrates on the detection and enforcement of moving traffic violations committed by commercial motor vehicle drivers. The operations are directed toward reducing crashes on specific highways and areas that have been identified as having a high number of commercial vehicle crashes.

Program: Public Protection and Law Enforcement (continued)

In a program sponsored by the National Highway Traffic Safety Administration, 192 Pennsylvania State Troopers have been trained and certified as child passenger safety technicians. In February 2001, the State Police implemented permanent child safety fitting stations. Each station conducts inspections on a designated date at posted times at least once a month.

Program Element: Crime Prevention

Combating crime is not the responsibility of police alone. It requires the active, organized involvement of the public if any significant results are to be realized. The State Police crime prevention mission is to reduce the incidence of crime through citizen involvement and educational crime prevention techniques. This includes programs such as neighborhood crime watch groups, block parents, and crime stoppers.

The State Police also provide assistance to municipalities in suppression of violent crime through the Operation Triggerlock Program. Under this program, the State Police jointly work hand-in-hand with federal and local law enforcement officials to purge violent crime from urban neighborhoods. Community involvement, intelligence gathering, and saturation patrols are essential components of this operation.

The Citizens' Police Academy Program offers a 10-12 week seminar providing members of the public with an opportunity to learn about various law enforcement issues and resources. Speakers from the Pennsylvania State Police, federal and local agencies discuss law enforcement topics such as patrol techniques and criminal investigations, DNA analysis, and the role of the State Police Special Emergency Response Team.

Program Element: Criminal Law Enforcement

The majority of State Police efforts in criminal law enforcement are performed at the station level and consists of investigations of violence and property crimes. At the Statewide level, there are special investigations involving drugs and narcotics, organized crime, terrorism, white-collar crime, public corruption, arson, computer crime, and criminal personality profiling.

The Bureau of Drug Law Enforcement is composed of Tactical Narcotic Teams and other special units that investigate the importation, manufacture, distribution and use of illegal drugs in the Commonwealth. State Police troopers, along with municipal, State and Federal agencies, target major drug trafficking organizations utilizing a comprehensive strategy that involves intelligence gathering, financial background information, criminal investigation and asset forfeiture proceedings.

On February 20, 2002, the Pennsylvania State Police instituted a non-family child abduction alert notification system called the Pennsylvania Amber Alert Plan. This utilizes the Emergency Alert System to inform the public of an abduction of a child under the age of 16 or under the age of 18 with a proven mental or physical disability; and in

instances in which the police believe the child is in danger of serious bodily harm or death.

A Computer Crime Unit provides investigative assistance to all local, State, and Federal law enforcement agencies in cases where a computer has been utilized for a criminal purpose. The unit is equipped with the newest technology and is comprised of several full-time and part-time computer crime investigators assigned at strategic locations throughout the state. The Computer Crime Unit also provides educational information for local law enforcement agencies and prosecutors.

Program Element: Emergency Assistance

The State Police are normally called upon whenever any emergency situation occurs within the Commonwealth. The department has primary police jurisdiction in large areas of the Commonwealth and also provides assistance to a variety of local and State agencies, particularly law enforcement agencies. A special emergency response team has been trained and equipped to assist with high-risk and emergency situations. The department classifies emergency assistance into two separate categories: civil disorder and disturbances, and emergency management.

Civil disorder and disturbances are incidents that are or may become criminal in nature in such categories as prison disturbances, labor disorders, strikes, campus-school disorders, youth group disorders, terrorism and hostage situations. Emergency management deals with prevention, mitigation and response to natural and/or man-made hazards to prevent loss of life and property, economic loss and disruption of normal living conditions.

The Special Emergency Response Team (SERT) is comprised of carefully selected, uniquely trained, and specially equipped troopers responsible for an incident-specific approach to high-risk and special emergency situations. Specially trained K-9 Dog Teams provide drug, arson, and explosive detection during emergency incidents. The department's fleet of seven helicopters and eight airplanes are frequently called upon to provide assistance during emergencies.

Program Element: Liquor Control Enforcement

The Bureau of Liquor Control Enforcement directs and controls a coordinated enforcement effort toward violations of the Pennsylvania Liquor Code and related sections of the Crimes Code. Operations include covert and overt investigations, assisting municipal police agencies, conducting routine license investigations, and performing establishment audits and border patrols. The State Police have implemented a high school and middle school education program to deter minors from using alcoholic beverages. Called "Choices", the program involves a liquor control enforcement officer speaking to school students. During the 2001-02 school year, over 469 programs were presented to 23,556 Pennsylvania school students.

Program: Public Protection and Law Enforcement (continued)

The State Police have recently implemented the Enforcing the Underage Drinking Laws Program to effect a change in the culture of college students to reduce binge drinking and deglamorize underage drinking. The project consists of establishing partnerships with college administrators,

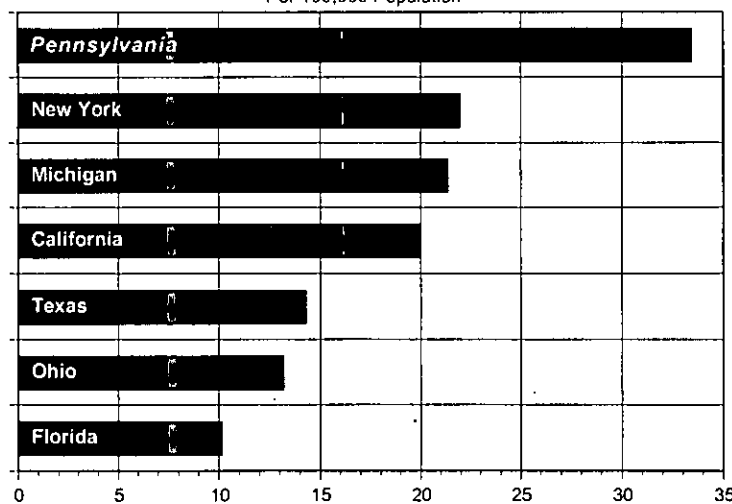
college students, the alcohol industry and community members to determine and implement effective measures to reduce the harmful consequences caused by underage and binge drinking.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Vehicle Standards Control							
School bus and mass transit vehicle inspections	26,467	26,000	26,000	26,000	26,000	26,000	26,000
Traffic Supervision							
Accidents per 1,000 miles of highway in Pennsylvania	1,340	1,344	1,348	1,352	1,356	1,360	1,364
Accidents per 1,000 miles of highway patrolled by State Police	586	632	634	636	638	640	642
Traffic citations issued	503,352	485,000	485,000	485,000	485,000	485,000	485,000
Crime Prevention							
Crimes per 100,000 population in State Police jurisdiction areas:							
Against persons	138	140	142	144	146	148	150
Against property	1,174	1,179	1,184	1,189	1,194	1,199	1,204
Criminal Law Enforcement							
Crimes against persons:							
Persons arrested	2,962	3,100	3,200	3,300	3,400	3,500	3,600
Clearance rate	69%	66%	66%	66%	66%	66%	66%
Percent of those arrested who are convicted	48%	52%	52%	52%	52%	52%	52%
Crimes against property:							
Persons arrested	9,638	9,730	9,770	9,810	9,850	9,890	9,930
Clearance rate	24%	23%	23%	23%	23%	23%	23%
Percent of those arrested who are convicted	77%	83%	83%	83%	83%	83%	83%
Liquor Control Enforcement							
Enforcement investigations	34,488	36,000	36,000	36,000	36,000	36,000	36,000

Crimes against persons - percent of those arrested who are convicted decreased in 2001-02 from the projection shown in last year's budget due to the courts being unable to hear cases and render decisions because of the volume of cases in the court system.

State Police

Per 100,000 Population



Full-time law enforcement officers as of October 2001.

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		Automated Fingerprint Identification System
\$ 10,586	—to continue current program.	\$ 1,678	—Initiative – Automated Fingerprint Identification System Upgrade. To provide resources for additional storage capacity and off-site back-up capability for the AFIS database and new equipment for fingerprint retrieval and submission to the FBI.
	CLEAN System		
-4,558	—nonrecurring 2002-03 budgetary freeze amount.		
-22,652	—program reduction.		
<u>\$ -27,210</u>	<i>Appropriation Decrease</i>	-42	—nonrecurring 2002-03 budgetary freeze amount.
	Municipal Police Training	-1,552	—program reduction.
\$ -250	—nonrecurring 2002-03 budgetary freeze amount.	<u>\$ 84</u>	<i>Appropriation Increase</i>
-2,611	—program reduction.		
<u>\$ -2,861</u>	<i>Appropriation Decrease</i>		
	Patrol Vehicles		
\$ -640	—nonrecurring 2002-03 budgetary freeze amount.		
-180	—to continue current program.		
<u>\$ -820</u>	<i>Appropriation Decrease</i>	\$ -44	Gun Checks
			—to continue current program.
			STATE STORES FUND:
		\$ 375	Liquor Control Enforcement
			—to continue current program.

In addition, the Automated Fingerprint Identification System Upgrade Initiative provides \$410,000 in Federal funds for new equipment for fingerprint retrieval and submission to the FBI.

Appropriations within this Program:

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 143,156	\$ 142,454	\$ 148,219	\$ 148,219	\$ 148,219	\$ 148,219	\$ 148,219
CLEAN System	10,965	22,791	15,000	15,000	15,000	15,000	15,000
Municipal Police Training	4,504	5,616	4,243	4,243	4,243	4,243	4,243
Patrol Vehicles	2,801	2,989	2,768	2,768	2,768	2,768	2,768
Automated Fingerprint Identification System	618	2,163	2,247	861	861	861	861
Gun Checks	2,201	2,200	2,156	2,156	2,156	2,156	2,156
TOTAL GENERAL FUND	<u>\$ 164,245</u>	<u>\$ 178,213</u>	<u>\$ 174,633</u>	<u>\$ 173,247</u>	<u>\$ 173,247</u>	<u>\$ 173,247</u>	<u>\$ 173,247</u>
MOTOR LICENSE FUND:							
General Government Operations	\$ 304,990	\$ 310,144	\$ 314,965	\$ 314,965	\$ 314,965	\$ 314,965	\$ 314,965
CLEAN System	23,567	49,419	30,000	30,000	30,000	30,000	30,000
Municipal Police Training	5,158	5,731	4,243	4,243	4,243	4,243	4,243
Patrol Vehicles	6,052	6,481	5,882	5,882	5,882	5,882	5,882
TOTAL MOTOR LICENSE FUND	<u>\$ 339,767</u>	<u>\$ 371,775</u>	<u>\$ 355,090</u>	<u>\$ 355,090</u>	<u>\$ 355,090</u>	<u>\$ 355,090</u>	<u>\$ 355,090</u>
STATE STORES FUND:							
Liquor Control Enforcement	\$ 17,206	\$ 18,738	\$ 19,113	\$ 19,113	\$ 19,113	\$ 19,113	\$ 19,113





TAX EQUALIZATION BOARD

The mission of the State Tax Equalization Board is to provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 1,373	\$ 1,366	\$ 1,335
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Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 1,373	\$ 1,366	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335
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.....	\$ 1,373	\$ 1,366	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,373	\$ 1,366	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335
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.....	\$ 1,373	\$ 1,366	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335



PROGRAM OBJECTIVE: To provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Program: Education Support Services

The Tax Equalization Board is an independent administrative board created to ensure equitable distribution of tax funds among the State's school districts. The board, in accordance with Act 147 of 1947, determines annually the aggregate market value of taxable real property in each of the more than 2,500 municipalities and 501 school districts in the Commonwealth and certifies the market value to the Secretary of Education. The results are used in determining distribution of State subsidies to school districts

and local libraries, limitations on real estate taxes in school districts lying in more than one county, tax limitations in financing community colleges, and overall tax limitations for political subdivisions and school districts. The program includes holding hearings and analyzing real estate values and transactions. Act 267 of 1982 requires the board to establish annually a common level ratio of assessed value to market value in each county for the prior calendar year.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		General Government Operations
\$	-27	—nonrecurring 2002-03 budgetary freeze amount.
	-4	—program reduction.
\$	-31	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
General Government Operations	\$ 1,373	\$ 1,366	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335	\$ 1,335



DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide, through the active involvement of customers, employes and partners, an intermodal transportation system and services that exceed the expectation of those who use them.



Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Transit and Rail Freight Operations	\$ 1,942	\$ 1,981	\$ 1,907
(F)FTA - Technical Studies Grants.....	2,839	3,127	3,129
(F)Capital Assistance.....	131	151	155
(F)Surface Transportation Assistance.....	465	927	940
(F)FTA - Capital Improvement Grants.....	3,900	4,300	4,300
(F)Title IV Rail Assistance.....	5	45	36
(R)Project Management Oversight - PTAF (EA).....	552	1,000	1,000
(A)PTAF - Oversight.....	0 ^a	0 ^a	0 ^a
Rail Safety Inspection	455	455	434
Vehicle Sales Tax Collections	1,948	1,948	1,829
Welcome Centers	1,974	2,300	2,370
Voter Registration	959	996	938
Organ Donor Operations	101	102	99
Comprehensive Rail Freight Study	122	124	0
<hr/>			
Subtotal - State Funds.....	\$ 7,501	\$ 7,906	\$ 7,577
Subtotal - Federal Funds.....	7,340	8,550	8,560
Subtotal - Restricted Revenues.....	552	1,000	1,000
<hr/>			
Total - General Government.....	\$ 15,393	\$ 17,456	\$ 17,137

Grants and Subsidies:

Mass Transportation Assistance	\$ 270,019	\$ 270,019	\$ 253,919
Regional Mass Transit Planning & Assistance	0	2,000	0
Rural Transportation Assistance	1,000	1,000	1,000
(F)TANFBG - Access to Jobs.....	8,906	11,320	10,000
(F)TEA 21 - Access to Jobs.....	0	2,000	2,000
Fixed Route Transit	17,460^b	27,800	26,394
Intercity Transportation	5,723^c	6,513	7,013
(F)Surface Transportation - Operating.....	8,094	9,000	10,000
(F)Surface Transportation Assistance Capital.....	970	4,000	4,000
(F)FTA - Capital Improvements.....	7	27,000	25,000
(F)FTA - Intelligent Vehicles - Public Transit.....	355	3,890	3,890
(F)FTA - Intelligent Transit System Deployment.....	0	20,000	20,000
(R)Technical Assistance - PTAF (EA).....	2,504	5,251	1,505
(R)Community Transportation Equipment Grants - PTAF (EA).....	3,201	2,959	2,300
(R)Mass Transit Grants (EA).....	69,000	69,000	69,666
(R)Rural Transit Grants (EA).....	4,800	4,800	4,134
(R)Community Transportation (EA).....	1,646	1,676	1,200
Rail Freight Assistance	4,890	4,250	4,250
(A)Reimbursement - Rail Freight Assistance.....	159	200	10
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Subtotal - State Funds.....	\$ 299,092	\$ 311,582	\$ 292,576
Subtotal - Federal Funds.....	18,332	77,210	74,890
Subtotal - Augmentations.....	159	200	10
Subtotal - Restricted Revenues.....	81,151	83,686	78,805
<hr/>			
Total - Grants and Subsidies.....	\$ 398,734	\$ 472,678	\$ 446,281
<hr/>			
STATE FUNDS.....	\$ 306,593	\$ 319,488	\$ 300,153
FEDERAL FUNDS.....	25,672	85,760	83,450
AUGMENTATIONS.....	159	200	10
RESTRICTED REVENUES.....	81,703	84,686	79,805
<hr/>			
GENERAL FUND TOTAL	\$ 414,127	\$ 490,134	\$ 463,418

MOTOR LICENSE FUND:

General Government:

General Government Operations.....	\$ 46,258	\$ 48,067	\$ 48,657
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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Highway Systems Technology	25,000	17,100	17,100
Refunding Collected Monies (EA)	4,030	4,250	4,250
(F)Federal Aid - Intelligent Transportation System.....	301	67	475
(A)Reimbursement - Other Agencies.....	111	80	80
(A)Mass Transportation.....	101	135	135
(A)Duplicating Services.....	54	114	114
(A)Aviation Restricted Revenue.....	133	161	161
(A)Administrative Hearings.....	40	40	40
(A)Litter Fine Receipts.....	9	9	9
Subtotal.....	<u>\$ 76,037</u>	<u>\$ 70,023</u>	<u>\$ 71,021</u>
Highway and Safety Improvements	196,750	188,000	150,000
Security Wall Pilot Program	10,000	10,000	10,000
Highway Capital Projects (EA)	210,200	210,776	222,050
(F)Highway Research, Planning and Construction.....	937,881	1,214,284	1,136,073
(F)Highway Safety Program.....	18	100	100
(A)Transfer from Highway Capital Projects (EA).....	0 ^d	0 ^d	0 ^d
(A)Transfer from Highway Capital Projects - Excise Tax (EA).....	0 ^e	0 ^e	0 ^e
(A)Transfer from Security Walls Pilot Project Appropriation.....	0 ^f	0 ^f	0 ^f
(A)Highway Construction Contributions.....	9,397	7,600	7,700
(A)Joint Use Leases.....	2	0	0
(A)Intern Program - PHEAA Reimbursement.....	123	0	0
(A)Reimbursement - Other Agencies.....	4,018	0	0
(R)Highway Capital Projects - Excise Tax (EA).....	55,347	56,407	57,175
(R)Highway Bridge Projects (EA).....	64,676	90,000	80,000
(R)Bridges - Excise Tax (EA).....	35,824	43,135	50,222
(F)Federal Aid - Highway Bridge Projects.....	173,239	190,000	170,000
(F)Federal Disaster Reimbursement - FHWA.....	1,136	0	0
(A)Bridge Construction Contributions.....	2,427	1,800	1,800
(A)Bridge Reimbursement from Local Governments.....	1	200	200
Subtotal.....	<u>\$ 1,701,039</u>	<u>\$ 2,012,302</u>	<u>\$ 1,885,320</u>
Highway Maintenance	662,750	666,000	651,000
Secondary Road - Maintenance and Resurfacing (EA)	61,870	64,562	65,230
Highway Maintenance Safety Projects	15,000	15,000	0
Smoother Roads	0	0	50,000
Reinvestment - Facilities	9,140	9,540	9,540
(F)Highway Research, Planning and Construction.....	154,648	205,000	211,000
(F)State and Community Highway Safety.....	2,152	4,000	4,000
(F)Federal Disaster Reimbursement - DEP.....	548	0	0
(F)Federal Disaster Reimbursement - FHWA.....	827	0	0
(R)Highway Maintenance - Excise Tax (EA).....	136,740	139,358	141,256
(R)Highway Maintenance Enhancement (EA).....	198,513	203,989	207,148
(A)Highway Maintenance Contributions.....	7,719	10,800	11,000
(A)Sale of Automobiles.....	161	400	400
(A)Sale of Gas, Oil and Antifreeze.....	23	90	90
(A)Sale of Equipment.....	2,536	4,000	5,000
(A)Heavy Hauling - Bonded Roads.....	346	500	500
(A)Sale of Signs.....	191	300	300
(A)Accident Damage Claims.....	3,091	5,000	5,000
(A)Recovered Permit Compliance Cost.....	5	5	10
(A)Intern Program - PHEAA Reimbursement.....	213	300	300
(A)Reimbursement - Maintenance of Drivers Exam Sites.....	0 ^g	0 ^g	0 ^g
Subtotal.....	<u>\$ 1,256,473</u>	<u>\$ 1,328,844</u>	<u>\$ 1,361,774</u>
Safety Administration and Licensing	119,141	120,492	130,529
(F)State and Community Highway Safety.....	777	600	600
(F)Reimbursement - Drivers License Suspension/Denial.....	0	100	100
(F)Reimbursement - Advertising Emission Inspection.....	0	750	750
(F)Reimbursement - Child Support Enforcement Costs.....	313	0	300
(F)Congestion Mitigation Air Quality.....	0	1,000	700
(A)Administrative Support.....	111	100	252
(A)Computer Support.....	103	300	300
(A)Photo ID Program.....	12,161	13,700	14,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
(A)Vehicle Sales Tax Collections.....	0 ^h	0 ^h	0 ^h
(A)Emission Mechanic Training Courses.....	42	10	50
(A)Reimbursement - Special Plates Administrative Costs.....	18	175	175
(A)Reimbursement - Data Line Charges.....	155	350	350
(A)Reimbursement - Organ Donor Program.....	0 ⁱ	0 ⁱ	0 ⁱ
Enhanced Titling and Registration.....	6,035	0	0
Subtotal.....	<u>\$ 138,856</u>	<u>\$ 137,577</u>	<u>\$ 148,106</u>
(R)Aviation Operations.....	4,489 ^j	4,885 ^j	5,799 ^j
(F)Aviation Planning.....	445	13	13
(F)Reimbursement - Statewide Program.....	0	1,260	457
(F)Airport Inspections.....	38	12	12
(A)Reimbursement - Flight Operations.....	743	805	884
(A)Airport Inspections and Licensing.....	8	6	6
(A)General Fund Reimbursement.....	7	0	0
(A)Reimbursement - Statewide Program.....	38	60	60
(A)Airport Improvement Program - Other State Airports.....	8	0	0
(A)Reimbursement - Other State Airports.....	16	0	0
Subtotal.....	<u>\$ 5,792</u>	<u>\$ 7,041</u>	<u>\$ 7,231</u>
Subtotal - State Funds.....	<u>\$ 1,366,174</u>	<u>\$ 1,353,787</u>	<u>\$ 1,358,356</u>
Subtotal - Federal Funds.....	<u>1,272,323</u>	<u>1,617,186</u>	<u>1,524,580</u>
Subtotal - Augmentations.....	<u>44,111</u>	<u>47,040</u>	<u>48,916</u>
Subtotal - Restricted Revenues.....	<u>495,589</u>	<u>537,774</u>	<u>541,600</u>
Total - General Government.....	<u>\$ 3,178,197</u>	<u>\$ 3,555,787</u>	<u>\$ 3,473,452</u>
 Grants and Subsidies:			
Local Road Maintenance and Construction Payments.....	<u>\$ 180,772</u>	<u>\$ 184,879</u>	<u>\$ 189,239</u>
Supplemental Local Road Maintenance and Construction Payment.....	5,000	5,000	5,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
(R)Local Road Payments - Excise Tax (EA).....	39,092	39,817	40,357
(R)Payments to Municipalities (EA).....	27,357	27,872	28,248
(R)Local Grants for Bridge Projects (EA).....	13,073	25,000	25,000
(R)County Bridges - Excise Tax (EA).....	2,679	6,453	7,535
(F)Federal Aid - Local Grants for Bridge Projects.....	747	1,000	1,000
(F)Federal Aid - County Bridges.....	110	200	200
(A)Local Governments.....	62	200	200
(R)Toll Roads - Excise Tax (EA).....	45,512	46,288	47,062
(R)Annual Maintenance Payments - Highway Transfer (EA).....	10,930	11,575	11,895
(R)Restoration Projects - Highway Transfer (EA).....	5,593	8,347	9,405
(R)Airport Development.....	7,462 ^j	9,000 ^j	17,000 ^j
(F)Federal Reimbursement - Airport Development.....	17,805	18,000	18,000
(R)Real Estate Tax Rebate.....	231 ^j	250 ^j	250 ^j
Subtotal.....	<u>\$ 384,425</u>	<u>\$ 411,881</u>	<u>\$ 428,391</u>
Subtotal - State Funds.....	<u>\$ 213,772</u>	<u>\$ 217,879</u>	<u>\$ 222,239</u>
Subtotal - Federal Funds.....	<u>18,662</u>	<u>19,200</u>	<u>19,200</u>
Subtotal - Augmentations.....	<u>62</u>	<u>200</u>	<u>200</u>
Subtotal - Restricted Revenues.....	<u>151,929</u>	<u>174,602</u>	<u>186,752</u>
Total - Grants and Subsidies.....	<u>\$ 384,425</u>	<u>\$ 411,881</u>	<u>\$ 428,391</u>
STATE FUNDS.....	<u>\$ 1,579,946</u>	<u>\$ 1,571,666</u>	<u>\$ 1,580,595</u>
FEDERAL FUNDS.....	<u>1,290,985</u>	<u>1,636,386</u>	<u>1,543,780</u>
AUGMENTATIONS.....	<u>44,173</u>	<u>47,240</u>	<u>49,116</u>
RESTRICTED REVENUES.....	<u>647,518</u>	<u>712,376</u>	<u>728,352</u>
MOTOR LICENSE FUND TOTAL.....	<u>\$ 3,562,622</u>	<u>\$ 3,967,668</u>	<u>\$ 3,901,843</u>
 LOTTERY FUND:			
Grants and Subsidies:			
Older Pennsylvanians Shared Rides (EA).....	<u>\$ 63,243</u>	<u>\$ 71,063</u>	<u>\$ 75,122</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Older Pennsylvanians Free Transit (EA).....	55,756	66,059	62,000
Total - Grants and Subsidies.....	\$ 118,999	\$ 137,122	\$ 137,122
LOTTERY FUND TOTAL.....	\$ 118,999	\$ 137,122	\$ 137,122
OTHER FUNDS:			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation.....	\$ 0	\$ 250	\$ 1,000
Child Passenger Restraint Fund.....	81	50	50
GENERAL FUND TOTAL.....	\$ 81	\$ 300	\$ 1,050
MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program.....	\$ 6,316	\$ 6,600	\$ 6,600
Reimbursements to Municipalities - Vehicle Code Fines.....	13,075	16,000	16,000
Federal Reimbursements - Flood Related Costs.....	548	2,000	2,000
Reimbursements to Other States- Apportioned Registration Plan.....	33,463	35,000	35,000
Federal Reimbursements - Bridge Projects.....	27,802	40,000	40,000
Federal Reimbursement - Delisting HIA.....	14	0	0
Motorcycle Safety Education.....	1,657	2,000	2,000
Equipment Rental Security Deposits.....	0	1,000	1,000
Payments to Blind/Visually Handicapped.....	1,563	1,600	1,600
Federal Reimbursements - Political Subdivisions.....	72,592	50,000	60,000
License and Registration Pickups.....	0	15	15
Engineering Software Maintenance.....	453	200	200
Federal Reimbursement - Backup Withholding.....	12	0	0
MOTOR LICENSE FUND TOTAL.....	\$ 157,495	\$ 154,415	\$ 164,415
HIGHWAY BEAUTIFICATION FUND:			
Control of Junkyards (EA).....	\$ 0	\$ 15	\$ 15
Control of Outdoor Advertising (EA).....	297	700	700
HIGHWAY BEAUTIFICATION FUND TOTAL.....	\$ 297	\$ 715	\$ 715
INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA).....	\$ 2,353	\$ 10,000	\$ 10,118
LIQUID FUELS TAX FUND:			
Payments to Counties.....	\$ 31,082	\$ 31,000	\$ 31,000
Auditor General's Audit Costs (EA).....	130	500	500
LIQUID FUELS TAX FUND TOTAL.....	\$ 31,212	\$ 31,500	\$ 31,500
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation.....	\$ 128	\$ 212	\$ 150
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Transfer to General Fund (EA).....	\$ 0k	\$ 0k	\$ 0k
Mass Transit Grants (EA).....	172,005	169,551	186,056
Rural Transit Grants (EA).....	4,871	4,801	4,455
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL.....	\$ 176,876	\$ 174,352	\$ 190,511

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 306,593	\$ 319,488	\$ 300,153
SPECIAL FUNDS.....	1,698,945	1,708,788	1,717,717
FEDERAL FUNDS.....	1,316,657	1,722,146	1,627,230
AUGMENTATIONS.....	44,332	47,440	49,126
RESTRICTED.....	729,221	797,062	808,157
OTHER FUNDS.....	368,442	371,494	398,459
TOTAL ALL FUNDS.....	\$ 4,464,190	\$ 4,966,418	\$ 4,900,842

^a Not added to the total to avoid double counting: 2001-02 Actual is \$8,000, 2002-03 Available is \$10,000, and 2003-04 Budget is \$10,000.

^b 2001-02 actually appropriated as \$21,580,000. Amount shown is net of transfer to Intercity Transportation.

^c 2001-02 Actual includes \$4,120,000 actually appropriated as a part of Fixed Route Transit.

^d Not added to the total to avoid double counting: 2001-02 Actual is \$210,200,000, 2002-03 Available is \$210,776,000 and 2003-04 Budget is \$222,050,000.

^e Not added to the total to avoid double counting: 2001-02 Actual is \$55,347,000, 2002-03 Available is \$56,407,000, and 2003-04 Budget is \$57,154,000.

^f Not added to the total to avoid double counting: 2001-02 Actual is \$10,000, 2002-03 Available is \$10,000,000, and 2003-04 Budget is \$10,000,000.

^g Not added to the total to avoid double counting: 2001-02 Actual is \$0, 2002-03 Available is \$ 5,000 and 2003-04 Budget is \$0.

^h Not added to the total to avoid double counting: 2001-02 Actual is \$1,948,000, 2002-03 Available is \$1,948,000, and 2003-04 Budget is \$1,948,000.

ⁱ Not added to the total to avoid double counting: 2001-02 Actual is \$202,000, 2002-03 Available is \$102,000, and 2003-04 Budget is \$105,000.

^j Appropriated from a restricted revenue account.

^k Not added to the total to avoid double counting: 2001-02 Actual is \$4,754,000, 2002-03 Available is \$4,796,000, and 2003-04 Budget is \$4,805,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 2,064	\$ 2,105	\$ 1,907	\$ 1,907	\$ 1,907	\$ 1,907	\$ 1,907
SPECIAL FUNDS.....	75,288	69,417	70,007	70,007	70,007	70,007	70,007
FEDERAL FUNDS.....	7,641	8,617	9,035	8,660	8,660	8,660	8,660
OTHER FUNDS.....	1,093	1,589	1,589	1,589	1,589	1,589	1,589
SUBCATEGORY TOTAL.....	\$ 86,086	\$ 81,728	\$ 82,538	\$ 82,163	\$ 82,163	\$ 82,163	\$ 82,163
STATE HIGHWAY AND BRIDGE CONSTRUCTION/RECONSTRUCTION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	444,950	436,776	410,050	448,050	448,050	448,050	448,050
FEDERAL FUNDS.....	1,112,274	1,404,384	1,306,173	1,146,963	1,053,572	1,052,365	1,052,365
OTHER FUNDS.....	190,922	219,810	211,570	201,893	193,666	190,470	197,304
SUBCATEGORY TOTAL.....	\$ 1,748,146	\$ 2,060,970	\$ 1,927,793	\$ 1,796,906	\$ 1,695,288	\$ 1,690,885	\$ 1,697,719
STATE HIGHWAY AND BRIDGE MAINTENANCE							
GENERAL FUND.....	\$ 1,974	\$ 2,300	\$ 2,370	\$ 2,370	\$ 2,370	\$ 2,370	\$ 2,370
SPECIAL FUNDS.....	748,760	755,102	775,770	752,770	777,770	802,770	829,770
FEDERAL FUNDS.....	158,175	209,000	215,000	219,000	219,000	224,000	224,000
OTHER FUNDS.....	387,473	412,477	425,826	420,174	427,488	434,855	442,367
SUBCATEGORY TOTAL.....	\$ 1,296,382	\$ 1,378,879	\$ 1,418,966	\$ 1,394,314	\$ 1,426,628	\$ 1,463,995	\$ 1,498,507
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	185,772	189,879	194,239	194,239	194,239	194,239	194,239
FEDERAL FUNDS.....	857	1,200	1,200	1,200	1,200	1,200	1,200
OTHER FUNDS.....	243,467	256,764	270,140	248,867	245,211	246,556	247,922
SUBCATEGORY TOTAL.....	\$ 430,096	\$ 447,843	\$ 465,579	\$ 444,306	\$ 440,650	\$ 441,995	\$ 443,361
MASS TRANSPORTATION							
GENERAL FUND.....	\$ 271,474	\$ 273,474	\$ 255,353	\$ 255,353	\$ 255,353	\$ 255,353	\$ 255,353
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	8,906	13,320	12,000	14,500	14,500	14,500	14,500
OTHER FUNDS.....	245,876	243,352	260,177	271,050	274,342	278,332	282,591
SUBCATEGORY TOTAL.....	\$ 526,256	\$ 530,146	\$ 527,530	\$ 540,903	\$ 544,195	\$ 548,185	\$ 552,444
INTERCITY TRANSPORTATION							
GENERAL FUND.....	\$ 10,613	\$ 10,763	\$ 11,263	\$ 11,263	\$ 11,263	\$ 11,263	\$ 11,263
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	9,426	63,890	62,890	62,890	62,890	62,890	62,890
OTHER FUNDS.....	7,463	10,501	6,649	6,660	6,668	6,678	6,689
SUBCATEGORY TOTAL.....	\$ 27,502	\$ 85,154	\$ 80,802	\$ 80,813	\$ 80,821	\$ 80,831	\$ 80,842

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
AIR TRANSPORTATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	18,288	19,285	18,482	18,482	18,482	18,482	18,482
OTHER FUNDS.....	13,016	15,006	23,999	23,999	23,999	23,999	23,999
SUBCATEGORY TOTAL.....	\$ 31,304	\$ 34,291	\$ 42,481	\$ 42,481	\$ 42,481	\$ 42,481	\$ 42,481
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND.....	\$ 3,008	\$ 3,046	\$ 2,866	\$ 2,866	\$ 2,866	\$ 2,866	\$ 2,866
SPECIAL FUNDS.....	125,176	120,492	130,529	130,529	130,529	130,529	130,529
FEDERAL FUNDS.....	1,090	2,450	2,450	2,450	2,450	2,450	2,450
OTHER FUNDS.....	47,838	51,862	52,292	54,296	56,300	58,304	60,308
SUBCATEGORY TOTAL.....	\$ 177,112	\$ 177,850	\$ 188,137	\$ 190,141	\$ 192,145	\$ 194,149	\$ 196,153
OLDER PENNSYLVANIANS TRANSIT							
GENERAL FUND.....	\$ 17,460	\$ 27,800	\$ 26,394	\$ 26,394	\$ 26,394	\$ 26,394	\$ 26,394
SPECIAL FUNDS.....	118,999	137,122	137,122	139,864	142,662	145,515	148,425
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,847	4,635	3,500	3,500	3,500	3,500	3,500
SUBCATEGORY TOTAL.....	\$ 141,306	\$ 169,557	\$ 167,016	\$ 169,758	\$ 172,556	\$ 175,409	\$ 178,319
ALL PROGRAMS:							
GENERAL FUND.....	\$ 306,593	\$ 319,488	\$ 300,153	\$ 300,153	\$ 300,153	\$ 300,153	\$ 300,153
SPECIAL FUNDS.....	1,698,945	1,708,788	1,717,717	1,735,459	1,763,257	1,791,110	1,821,020
FEDERAL FUNDS.....	1,316,657	1,722,146	1,627,230	1,474,145	1,380,754	1,384,547	1,384,547
OTHER FUNDS.....	1,141,995	1,215,996	1,255,742	1,232,028	1,232,763	1,244,283	1,266,269
DEPARTMENT TOTAL.....	\$ 4,464,190	\$ 4,966,418	\$ 4,900,842	\$ 4,741,785	\$ 4,676,927	\$ 4,720,093	\$ 4,771,989

PROGRAM OBJECTIVE: To provide an effective administrative system supporting both non-highway and highway transportation programs.

Program: Transportation Support Services

This program provides for administrative and overhead services that support the operation of programs necessary for the achievement of Commonwealth and department objectives.

The non-highway related activities include providing administrative coordination, planning and support for all urban, rural and intercity mass transit and rail freight transportation. Another part of the non-highway related activity is the oversight of the Public Transportation Assistance Fund created by Act 26 of 1991 and additional funds provided by Act 3 of 1997. To promote efficient and effective urban mass transit, the program conducts analysis of local transit operations and procedures, coordination and funding of urban planning and study projects, and review of local operating subsidy and capital grant projects. Activities that continue and improve rail and bus service between

Pennsylvania's urbanized areas and bus service in rural areas include preparing and coordinating needs studies, analyzing existing and proposed service levels, and evaluating the overall effectiveness of the program.

The highway related activities develop basic guidelines for the highway program. This part of the program directs and coordinates specific construction, maintenance, safety and licensing activities and highway technology projects. Support is also provided in legal, budgetary, accounting, policy, personnel, procurement, information systems and public relations matters including tourist promotional television spots and films. The department supports its portion of the work of the Inspector General's Office along with the activities of the State Transportation Commission and the Transportation Advisory Committee through this program.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Transit and Rail Freight Operations \$ -74 —program reduction.</p> <p>Comprehensive Rail Freight Study \$ -124 —nonrecurring project.</p>	<p>MOTOR LICENSE FUND General Government Operations \$ 590 —to continue current program.</p>
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The Highway Systems Technology appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Transit and Rail Freight Operations	\$ 1,942	\$ 1,981	\$ 1,907	\$ 1,907	\$ 1,907	\$ 1,907	\$ 1,907
Comprehensive Rail Freight Study	122	124	0	0	0	0	0
TOTAL GENERAL FUND	\$ 2,064	\$ 2,105	\$ 1,907	\$ 1,907	\$ 1,907	\$ 1,907	\$ 1,907
MOTOR LICENSE FUND:							
General Government Operations	\$ 46,258	\$ 48,067	\$ 48,657	\$ 48,657	\$ 48,657	\$ 48,657	\$ 48,657
Highway Systems Technology	25,000	17,100	17,100	17,100	17,100	17,100	17,100
Refunding Collected Monies (EA)	4,030	4,250	4,250	4,250	4,250	4,250	4,250
TOTAL MOTOR LICENSE FUND	\$ 75,288	\$ 69,417	\$ 70,007	\$ 70,007	\$ 70,007	\$ 70,007	\$ 70,007

PROGRAM OBJECTIVE: To provide a highway and bridge system capable of meeting the economic and recreational needs of the Commonwealth.

Program: State Highway and Bridge Construction/Reconstruction

This program involves major construction or reconstruction work on the Commonwealth's Interstate Highway System, on other priority State highways and on State bridges that contribute to the economic growth of the Commonwealth and the mobility of the State's citizens.

This program includes Interstate and major primary roads, as well as those State roads that are not part of the Federal aid system. Within the funding available from Federal aid, local construction contributions and current State revenues, the Department of Transportation has the responsibility of developing and executing a program that will correct the most critical deficiencies on the State-administered highway system including projects to enhance safety and mobility.

Included in this program are improvements to State-owned bridges listed in Act 235 of 1982, the Highway, Railroad and Highway Bridge Capital Act and later

amendments. Funding for these bridge improvements comes from annual registration fees for Commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and a 55 mill Oil Company Franchise Tax based on the average wholesale price of motor fuel used by motor carriers in the operation of their commercial vehicles on highways within the Commonwealth.

Act 26 of 1991 provides additional State highway and bridge construction/reconstruction funds through a 55 mill Oil Company Franchise Tax of which 17 percent is specifically dedicated to highway capital projects and 13 percent to bridges.

Act 3 of 1997 provides additional State highway construction/reconstruction funds through vehicle registration fees, with \$28 million earmarked for the Turnpike Commission.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Miles of new highway construction	38	41	40	40	40	40	40
Miles of Interstate reconstruction	80	76	75	75	75	75	75
Miles of non-Interstate reconstruction	51	51	51	50	50	50	50
Intersections improved to increase safety and capacity	185	185	185	185	185	185	185
Bridges maintained (larger than 8 feet)	26,083	26,086	26,089	26,092	26,095	26,098	26,101
Bridges replaced/repaired	307	281	255	245	245	235	235

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -38,000	<p>Highway and Safety Improvement —to continue current program. This funding is in combination with Act 26 of 1991 revenues for 2003-04 of \$55.817 million (17 percent of 55 mills) and Highway Capital Projects authorized in Act 3 of 1997. New highway construction focuses on projects that will spur economic development. Key projects expected to be under construction in 2003-04 include US 22 and 322 Narrows in Mifflin County; State Route 3046 from Sans Souci to Luzerne Community College in Luzerne County; US 222 Trexlertown II in Lehigh County; PA 309 Church to Highland in Montgomery County; PA 309 Cheltenham to Church in Montgomery County; PA 309 Ft. Washington Interchange in Montgomery County and US 22 Indiana County to Mundy's Corner in Cambria County.</p>	<p>Another priority is the preservation of the Interstate Highway System. During 2003-04, key projects in this area will include: I-78 Schuylkill River to 3 miles east of Hamburg in Berks County; I-81 reconstruction in Lebanon County and I-79 from Kirwan Heights to I-279 in Allegheny County.</p>
	<p style="text-align: right;">\$ -38,000</p>	<p><i>Appropriation Decrease</i></p>
	<p style="text-align: right;">\$ 11,274</p>	<p>Highway Capital Projects (EA) —to continue current program.</p>

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 to be started or continued during 2003-04 include Elk Creek Bridge in Erie County; I-80 East and West Bridges in Clearfield County; Watsonstown River Bridge in Northumberland County; US-6 at PA 347 Bridge in Lackawanna County; Angelica Creek Bridge in Berks County; State Route 452 Market Street Bridge in Delaware County; State Route 997 Bridge and Interchange on I-81 in Franklin County; State Route 1020 Bridge in Bedford County; Main Street Viaduct in Butler County; Fort Pitt Bridge in Allegheny County and Apollo Bridge in Westmoreland County.

Security Wall Pilot Program and Payment to Turnpike Commission are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
MOTOR LICENSE FUND:							
Highway and Safety Improvements	\$ 196,750	\$ 188,000	\$ 150,000	\$ 188,000	\$ 188,000	\$ 188,000	\$ 188,000
Security Wall Pilot Program	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Highway Capital Projects (EA)	210,200	210,776	222,050	222,050	222,050	222,050	222,050
Payment to Turnpike Commission (EA) ...	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND	\$ 444,950	\$ 436,776	\$ 410,050	\$ 448,050	\$ 448,050	\$ 448,050	\$ 448,050

PROGRAM OBJECTIVE: To provide general routine maintenance, betterments and resurfacing necessary to preserve the quality of existing State-administered roads and bridges and to provide prompt winter services to enable safe passage of vehicles.

Program: State Highway and Bridge Maintenance

Pennsylvania, with the fourth largest state maintained highway system in the nation and subject to severe winter weather, is faced with significant highway and bridge maintenance challenges.

Work carried out by the department or by contract includes patching, surface treatment, resurfacing, stabilization and minor betterment projects, and repair of bridges, tunnels and minor storm damage. The department places a heavy emphasis on durable resurfacing of high-volume primary highways, the majority of which serve interstate and regional commerce, intermodal transportation facilities and major population centers. Snow and ice control services are performed on all State-administered highways. Other routine maintenance and betterment work includes safety improvements such as skid resistant pavement applications, left turn lanes, intersection sight improvements, shoulder improvements, guiderail updates and curve banking adjustments. This program also has the responsibility of completing maintenance activities that are not directly involved with the roadway surface itself such as pipe replacement, ditch cleaning and various safety measures such as repairing traffic signals and guiderails.

The department issues special permits to truck operators for the use of certain highways and bridges with weight or special operating restrictions. By issuing these permits, the department is able to facilitate the movement of goods over Pennsylvania's roadways without adversely

affecting the structural integrity of the highways and bridges or the safe and convenient passage of traffic.

The Motor Carrier Safety Enforcement Program is credited with reducing maintenance costs for highways and bridges and increasing the public safety by minimizing the number of dangerously overloaded trucks. The department continues to provide state-of-the-art training and equipment technology to maximize enforcement efficiency. At the same time, delays to motor carriers have been minimized through the use of weigh-in-motion technology.

The accident analysis program uses computer programs to identify those highway locations that have experienced statistically more accidents than similar roads with similar traffic volumes. Another program identifies locations that have had an inordinate number of accidents in which vehicles ran off the road or hit fixed objects. These programs allow for the ranking of high-accident locations and provide a systematic means of selecting the highest priority sites for maintenance and reconstruction.

Act 26 of 1991 provides additional State highway and bridge maintenance funds through a 55 mill Oil Company Franchise Tax of which 42 percent is specifically dedicated for highway maintenance.

Act 3 of 1997 dedicated 88 percent of a 38.5 mill Oil Franchise Tax to highway maintenance, restoration and improvements.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Miles of State maintained highways	39,935	39,819	39,698	39,638	39,584	39,529	39,473
Miles of State maintained highways improved:							
Structural restoration	271	308	315	290	250	250	250
Maintenance resurfacing	3,009	2,814	2,530	2,310	2,120	2,120	2,120
Surface repairs	3,194	3,124	3,050	3,030	2,930	2,930	2,930
Total	6,474	6,246	5,895	5,630	5,300	5,300	5,300
Truck weight and safety enforcement:							
Trucks weighed	221,479	450,000	450,000	450,000	450,000	450,000	450,000
Weight violations	3,923	3,500	3,500	3,500	3,500	3,500	3,500
Trucks inspected	25,200	26,100	26,100	26,100	26,100	26,100	26,100
Safety violations	77,200	75,000	75,000	75,000	75,000	75,000	75,000

Trucks weighed decreased in 2001-02 from the projection shown in last year's budget due to equipment problems at a major weigh station. However, weight violations increased in 2001-02 due to the efficiency and mobility of portable scales at various locations.

Program: State Highway and Bridge Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:					
	Welcome Centers		\$ -15,000		Highway Maintenance Safety Projects
\$ -10	—nonrecurring 2002-03 budgetary freeze amount.				—nonrecurring projects.
80	—to continue current program.		\$ 50,000		Smoother Roads
<u>70</u>	<i>Appropriation Increase</i>				—Initiative – Smoother Roads. To implement a statewide pavement preservation program that will provide highway remediation before costly rehabilitation is required.
\$					
	MOTOR LICENSE FUND:				
\$ -15,000	Highway Maintenance				
	—to continue current program.				
	Secondary Roads - Maintenance and Resurfacing				
\$ 668	—to continue current program.				

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Welcome Centers	\$ 1,974	\$ 2,300	\$ 2,370	\$ 2,370	\$ 2,370	\$ 2,370	\$ 2,370
MOTOR LICENSE FUND:							
Highway Maintenance	\$ 662,750	\$ 666,000	\$ 651,000	\$ 678,000	\$ 703,000	\$ 728,000	\$ 755,000
Secondary Road - Maintenance and Resurfacing (EA)	61,870	64,562	65,230	65,230	65,230	65,230	65,230
Highway Maintenance Safety Projects	15,000	15,000	0	0	0	0	0
Smoother Roads	0	0	50,000	0	0	0	0
Reinvestment - Facilities	9,140	9,540	9,540	9,540	9,540	9,540	9,540
TOTAL MOTOR LICENSE FUND	\$ 748,760	\$ 755,102	\$ 775,770	\$ 752,770	\$ 777,770	\$ 802,770	\$ 829,770



PROGRAM OBJECTIVE: To assist local governments in the maintenance and construction of their portion of the total highway and bridge system.

Program: Local Highway and Bridge Assistance

The Commonwealth provides a number of programs to assist municipalities in the maintenance and construction of their highway and bridge systems.

Legislatively mandated programs earmark a portion of Pennsylvania's liquid fuels tax and oil franchise tax for local governments to use on their roads. These include:

Liquid Fuels Tax

- The first one-half cent of the twelve-cent per gallon liquid fuels tax is deposited directly into the Liquid Fuels Tax Fund and apportioned to the 67 counties.
- Of the remaining eleven and one-half cents fuels tax, 20 percent is distributed from the Motor License Fund to 2,568 municipalities.

Oil Franchise Tax

- In addition to the distribution of 20 percent of the remaining eleven and one-half cent liquid fuels tax, the 2,568 municipalities also receive:
 - 20 percent of the first 35 mills of the 60 mill oil franchise tax.
 - 12 percent of an additional 55 mill portion of the oil franchise tax as provided for in Act 26 of 1991.
 - Another 12 percent of an additional 38.5 mill oil franchise tax created by Act 3 of 1997.

Motor License Fund

- In 1980, the General Assembly established an annual appropriation of \$5 million to be returned to local governments for further highway improvements.

Act 32 of 1983 established a local highway turnback program by authorizing the establishment of a separate restricted revenue account within the Motor License Fund. Funding for this program currently consists of three mills of the oil franchise tax. Funds deposited into this account are

used for restoration work to upgrade State designated roads that function as local roads to acceptable standards and to provide annual maintenance payments in the amount of \$2,500 per mile. Since inception of the program in 1983, more than 4,500 miles of these roads have been returned to the Commonwealth's municipalities.

The General Assembly established improvements to local bridges through the Highway Bridge Capital Act of 1982 and subsequent amendments. As with the State bridges contained in these capital acts, the improvements are funded through the following sources:

- Annual registration fees for Commonwealth registered vehicles having a registered weight in excess of 26,000 pounds.
- A 55 mill oil franchise tax effective October 1, 1997 (Act 3 of 1997), which replaced a six cents per gallon tax previously charged and is based on the average wholesale price of motor fuel used by carriers in the operation of their commercial vehicles on roads located within the Commonwealth.
- One percent of an additional 55 mill oil franchise tax is provided by Act 26 of 1991 for local bridge funding.

A local bridge inspection program, funded from the Highway Maintenance appropriation included in the State Highway and Bridge Maintenance Subcategory, is being administered by the department to assist local governments in meeting the requirements of National Bridge Inspection Standards as mandated by Federal law. This action prevents the potential loss of Federal aid for noncompliance of standards as well as minimizing future tort liability in this area. Because of the benefits of this program to local governments, the General Assembly has authorized that the cost of the inspections be deducted from the municipalities' liquid fuels tax allocation.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Miles of highway locally administered:							
Total	76,347	76,804	77,255	77,615	77,979	78,344	78,720
Percent of all highways in the Commonwealth	65.7%	65.9%	66.1%	66.2%	66.3%	66.5%	66.6%
Miles of local highways improved	1,747	1,725	1,725	1,725	1,725	1,725	1,725
Local bridges:							
Total (greater than 20 feet)	6,349	6,352	6,355	6,358	6,361	6,364	6,367
Brought up to standard through State Bridge Program	64	61	55	55	50	50	50

Program: Local Highway and Bridge Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

**Local Road Maintenance and
Construction Payments**

\$ 4,360 —to continue program based on current year
estimated revenue collections.

Supplemental Local Road Maintenance and Construction Payment is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments	\$ 180,772	\$ 184,879	\$ 189,239	\$ 189,239	\$ 189,239	\$ 189,239	\$ 189,239
Supplemental Local Road Maintenance and Construction Payment	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND	\$ 185,772	\$ 189,879	\$ 194,239	\$ 194,239	\$ 194,239	\$ 194,239	\$ 194,239

PROGRAM OBJECTIVE: To provide frequent, fast, inexpensive transit services between residential neighborhoods and employment centers at a level sufficient to alleviate prevailing pressures on urban road systems caused by congestion and lack of parking facilities and to provide transit service that will increase the mobility of rural Pennsylvanians.

Program: Mass Transportation

Act 26 of 1991 made numerous revisions to the Pennsylvania Mass Transportation Law including the establishment of the Public Transportation Assistance Fund (PTAF). This fund provides a dedicated source of revenue to the Commonwealth's transit providers that can be used for capital replacement and asset maintenance. This source of transit revenue is in addition to the mass transit assistance program funded by the General Fund. The General Fund program is based on fixed percentages of the total amount appropriated annually by the General Assembly. These percentages take into consideration historical funding, fare box revenues and vehicle miles. Under this formula three classes of urban transit entities have been established based on the number of vehicles operated during peak hours. A local or private funding commitment is required in an amount not less than one-third of the total State grant. Each system, on an annual basis, is required to adopt a specific series of service

standards and performance evaluation measures. The Commonwealth, along with Federal and local governments, annually provide grants to the State's twenty-one urban transit systems.

Act 26 of 1991 provides for a fourth class of transit entity to include rural and small urban transit entities once mass transportation assistance has reached a "trigger" amount. Since 1995-96, rural and small urban entities are funded from the Mass Transportation Assistance appropriation since the trigger amount has been exceeded.

Act 3 of 1997 provides additional State funding for urban, rural and community transportation systems by dedicating 1.22 percent of sales and use tax collections up to a maximum of \$75 million per year. Most of these funds can be used for operating assistance as well as for capital replacement.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Passengers carried by State-assisted operators (millions annually)	301.8	311.1	313.4	315.1	317.8	319.7	321.7
Passengers per vehicle hour	25.9	26.6	26.5	26.4	26.4	26.4	26.3
Percentage share of average income of mass transit trips:							
From passenger	44.2	44.6	46.2	46.2	46.2	46.2	46.2
From Commonwealth	45.6	45.3	42.6	42.6	42.6	42.6	42.6
From Federal Government	1.2	1.2	1.3	1.3	1.3	1.3	1.3
From local government	9.0	8.9	9.9	9.9	9.9	9.9	9.9

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: right;">\$</td> <td style="width: 5%; text-align: right;">-9</td> <td style="width: 80%;"> Rail Safety Inspection —nonrecurring 2002-03 budgetary freeze amount. —to continue current program. </td> <td style="width: 5%;"></td> <td style="width: 5%; text-align: right;">\$</td> <td style="width: 5%; text-align: right;">-16,100</td> <td style="width: 80%;"> Mass Transportation Assistance —program reduction. </td> </tr> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">-21</td> <td style="text-align: right;"><i>Appropriation Decrease</i></td> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-2,000</td> <td style="text-align: right;"> Regional Mass Transit Planning & Assistance —nonrecurring project. </td> </tr> </table>	\$	-9	Rail Safety Inspection —nonrecurring 2002-03 budgetary freeze amount. —to continue current program.		\$	-16,100	Mass Transportation Assistance —program reduction.	\$	-21	<i>Appropriation Decrease</i>		\$	-2,000	Regional Mass Transit Planning & Assistance —nonrecurring project.	
\$	-9	Rail Safety Inspection —nonrecurring 2002-03 budgetary freeze amount. —to continue current program.		\$	-16,100	Mass Transportation Assistance —program reduction.									
\$	-21	<i>Appropriation Decrease</i>		\$	-2,000	Regional Mass Transit Planning & Assistance —nonrecurring project.									

The Rural Transportation Assistance appropriation is recommended at the current year funding level.

Program: Mass Transportation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Rail Safety Inspection	\$ 455	\$ 455	\$ 434	\$ 434	\$ 434	\$ 434	\$ 434
Mass Transportation Assistance	270,019	270,019	253,919	253,919	253,919	253,919	253,919
Regional Mass Transit Planning & Assistance	0	2,000	0	0	0	0	0
Rural Transportation Assistance	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	\$ 271,474	\$ 273,474	\$ 255,353	\$ 255,353	\$ 255,353	\$ 255,353	\$ 255,353

PROGRAM OBJECTIVE: To facilitate the development of improved rail, cargo service and intercity bus service between major urban areas of the Commonwealth, thereby providing relief for over utilized intercity highway and air systems.

Program: Intercity Transportation

Commonwealth activities involve four separate intercity transportation programs: intercity bus service such as that operated by Greyhound and Trailways, Commonwealth flight services, intercity rail passenger service operated by Amtrak, and rail freight service of importance to local shippers on the State's Rail Branchline System.

The Commonwealth's intercity bus program supports systems where, without operating assistance, essential service would be terminated. It is estimated that about 362,000 passengers will utilize Commonwealth subsidized intercity bus services in 2002-03. 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. The department has contracted with Amtrak to provide additional service to supplement Amtrak's national system schedule. This subsidized service, the Keystone Rail Service, is provided on the Philadelphia/Harrisburg corridor and consists of 44 one-way trains per week.

The Commonwealth's rail freight network provides a competitive cost advantage for business and industry that depend upon cost effective transportation of bulk commodities.

In reaction to the pending abandonment of former Penn Central, Erie/Lackawanna and Lehigh Valley rail lines,

Pennsylvania became actively involved in a rail freight assistance program in the late 1970's. With financial assistance from the Federal Railroad Administration, the Department of Transportation purchased 155 miles of track that were not retained in the Conrail system. Additional lines were saved from abandonment through acquisition by the private sector or local government with financial assistance from the Federal Government. While the Federal Government initially provided operating subsidies for lines that were not included in the Conrail System, the Federal operating subsidy program was terminated after 1981.

The Commonwealth continues to own 73 miles of rail line that serves 16 industries. The Commonwealth's rail freight program provides assistance for accelerated maintenance and capital projects on non-State-owned lines. The Accelerated Maintenance Program was established in 1982 in response to a substantial, expedited abandonment program undertaken by Conrail in accordance with provisions of the Northeast Rail Service Act (NERSA) of 1981. NERSA allowed Conrail to rid itself of unprofitable lines in a procedure not subject to appeal, as one of a number of ways for the Conrail system to achieve profitability. Under this Commonwealth program, funding is provided for basic track rehabilitation and other infrastructure improvements.

The State share for the larger capital projects comes from bond funds and generally represents 50 percent of the total project cost for construction projects and 75 percent of the total project cost for maintenance projects. Smaller maintenance and construction projects are funded from current revenues through the Rail Freight Assistance appropriation. The Department of Transportation generally provides 75 percent of the funding for accelerated maintenance projects not to exceed a range of \$450,000-\$750,000 (based on project miles) and 50 percent of the funding for construction projects not to exceed \$100,000.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Intercity Bus:							
Passengers handled	313,000	362,000	365,000	365,000	365,000	368,000	370,000
Subsidy per bus mile	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59

Program: Intercity Transportation (continued)

Program Measures: (continued)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Rail Freight:							
Miles of rail lines:							
State assisted	175	175	175	175	175	175	175
State owned	34	34	9	9	1	1	1
Intercity Rail:							
Passengers handled	201,400	210,000	212,000	212,000	212,000	212,000	212,000
Subsidy per passenger mile	\$0.30	\$0.34	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37

Intercity bus passengers handled decreased in 2001-02 from the projection shown in last year's budget based on actual activity. The intercity rail subsidy per passenger mile is higher than in last year's budget due to updated projections reflecting actual costs.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)
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Intercity Transportation
\$ 500 —to continue current program.

The Rail Freight Assistance appropriation is recommended at the current year funding level.

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Intercity Transportation	\$ 5,723	\$ 6,513	\$ 7,013	\$ 7,013	\$ 7,013	\$ 7,013	\$ 7,013
Rail Freight Assistance	4,890	4,250	4,250	4,250	4,250	4,250	4,250
TOTAL GENERAL FUND	\$ 10,613	\$ 10,763	\$ 11,263	\$ 11,263	\$ 11,263	\$ 11,263	\$ 11,263



PROGRAM OBJECTIVE: To promote the development of a system of airport facilities adequate to meet the passenger and cargo needs of the Commonwealth's citizens.

Program: Air Transportation

Aviation plays a major role in the movement of passengers and cargo throughout the Commonwealth. With nearly 800 landing areas, Pennsylvania is fifth nationally in both the number of airports and in landing facilities per square mile. In addition to facilitating the movement of people and goods, air transportation facilities bring substantial economic benefits to the State directly through air transportation or related jobs and indirectly through additional incentives to industry to locate and conduct business in Pennsylvania. On January 2, 1998, the Commonwealth signed an agreement with a local authority to divest itself of Harrisburg International and Capital City Airports. The local authority assumed the operation of these airports immediately. Local governments or authorities now operate all airline service airports in Pennsylvania.

The department provides programs to improve the safety and effectiveness of the Commonwealth's aviation network. These program activities include the maintenance of 45 aviation weather information systems throughout the State, and an airport inspection and licensing program.

The department also administers grant programs that are funded from the Aviation Restricted Revenue Account. These programs include:

- An airport development grant program for public use airports based on the site and economic viability of the project. Grants provide a maximum of five percent of the total project cost for Federally funded projects and a maximum of seventy-five percent of the total project costs for nonfederal projects.
- A real estate tax rebate program for public airports that is funded exclusively from the Statewide aviation fuel tax.

In addition, the Commonwealth is one of only nine states chosen as a Federal block grant state. The Commonwealth, through the Department of Transportation, is receiving approximately \$18 million each year from the Federal Aviation Administration (FAA) to be distributed to qualifying airports throughout the Commonwealth. To qualify, an airport must be a public use airport as identified in the National Plan of Integrated Airport Systems. The funds may be used for runways, taxiways, terminals and other related projects.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Airports receiving State grants:							
Airport development grants	71	60	65	65	68	68	68

Airport development grants are higher than projected in last year's budget due to improved grant processing.

Program Recommendations:

The budget recommends the Airport Development Grants Program at the \$17 million level. This is an increase of \$8 million over the current year. It is funded from the Aviation Restricted Revenue Account.

PROGRAM OBJECTIVE: To minimize traffic accidents attributable to driver error and mechanically defective vehicles and to promote highway safety programs.

Program: Safety Administration and Licensing

The Safety Administration and Licensing Program is responsible for a number of front-line customer services that affect most of Pennsylvania's adult population such as the issuance of vehicle registrations and driver's licenses. The department is responsible for processing applications and collecting fees for all vehicle registrations, titles and operator licenses. Last year, over 10.6 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 190,000 heavy trucks greater than 17,000 pounds and more than 127,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained consistent over the past few years at 8.3 million, including 384,000 commercial drivers. The four-year driver's license expiration cycle is staggered so that about two million renewals are processed each year.

The testing, inspection and revocation aspects of operator and vehicular licensing activities fall within the Safety Administration and Licensing Program. The driver's testing program is designed to screen out applicants with insufficient driving knowledge or skills as well as identify applicants with mental or physical disabilities. The department also operates the Driver's License Examination Program. More than 780,000 driving knowledge and skills tests were conducted in fiscal year 2001-02 so those applicants can be certified to operate passenger and commercial vehicles and motorcycles. A Statewide network of facilities is utilized to conduct written, oral and skills tests. 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 10 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. The Commonwealth's current emission inspection program inspects 3.4 million vehicles annually with the intended purpose of improving air quality. In 2003, it is expected that an Onboard Diagnostic (OBD) program for 1996 and newer vehicles will be implemented in the existing program areas, as well as the counties of: Berks, Cumberland, Dauphin, Lancaster, Lebanon, Lehigh, Northampton and York. Approximately 2 million vehicles will be impacted by this expansion. The department licenses inspection stations, trains vehicle inspectors and monitors the work of mechanics to assure compliance with approved safety standards.

Pennsylvania enforcement officials are responsible for the issuance of citations for vehicle code violations. Over one-half of the one million citations issued annually result in the department having to take some action against a driver or vehicle record. In addition to assigning points for driver infractions, the department suspends or revokes

licenses for an accumulation of points. Commercial drivers may be sanctioned by having their commercial driving privilege revoked for certain offenses if committed in a commercial motor vehicle. The department, however, is authorized to issue an Occupational Limited License (OLL) to certain suspended drivers if mandated criteria for eligibility is met. The license is limited to specific hours and destinations as described by the applicant and approved by the department. Act 143 of 1994 redefines the criteria used to classify habitual offenders — people whose driving privileges have been revoked for five years or longer due to an accumulation of three or more convictions for certain serious offenses. This legislation also established a "Probationary License," which is not restricted to work-related use. Successful applicants must meet strict criteria.

The Safety Administration and Licensing Program also administers provisions of the National Voter Registration Act of 1993, better known as "Motor Voter," and the Commonwealth's Organ Donor Program.

The department also processes cancellation notices received from insurance companies. Notification of cancellation prompts the department to have registrants revalidate proper insurance coverage for the vehicle. This program combined with the authority granted enforcement officials to cite motorists detected as not having insurance can result in a revocation or suspension of vehicle registration.

The Department of Transportation currently has 98 offices Statewide that offer driver examination and/or photo licensing services and is working with private business to further decentralize its driver and vehicle services to improve access. The computerized on-line messenger program, which connects the private business with the Department of Transportation, has been the cornerstone in this effort. Currently there are 190 messenger sites on-line, with further expansion planned through 2003. Other efforts to improve service include more efficient linkage between the department and automobile dealers, leasing and rental agencies and fleet owners for the immediate processing of registration and titling transactions. In addition, the department has instituted a mobile driver and services unit and has implemented a program that enables driver education teachers at schools to administer the skills test to their students.

In 2001 the department successfully implemented its Internet e-government license and registration renewal system for use by the general public. This new program gives customers the ability to renew their non-commercial drivers license, photo identification card or vehicle registration electronically. As of July 2002, over 700,000 customers, 8.7% of those eligible, used the Internet renewal services.



Transportation

Program: Safety Administration and Licensing (continued)

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Vehicles inspected:							
Safety inspections	10,072,000	10,273,000	10,479,000	10,688,000	10,902,000	11,120,000	11,343,000
Emission inspections	3,517,000	3,672,000	5,670,000	5,780,000	5,900,000	6,000,000	6,120,000
Registrations:							
New	1,467,000	1,666,000	1,683,000	1,699,830	1,716,828	1,733,997	1,751,337
Renewed	8,358,000	8,525,000	8,610,000	8,696,000	8,783,000	8,871,000	8,960,000
Licensed drivers:							
New	242,517	236,700	236,700	236,700	236,700	236,700	236,700
Renewed	1,888,342	2,133,700	2,083,302	2,097,010	2,044,585	2,228,597	1,890,000
New commercial drivers licensed	16,827	16,878	16,878	16,878	16,878	16,878	16,878
Photo identification cards issued (non-driver photo)							
	237,048	223,800	223,800	223,800	223,800	223,800	223,800

Emission inspections decreased in 2002-03 from the projection shown in last year's budget due to the delay of the emission inspection program expansion. However, the program expansion is expected to begin near the end of 2002-03.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND				Organ Donor Operations	
	Vehicle Sales Tax Collections	\$	-2		—nonrecurring 2002-03 budgetary freeze amount.
\$	-41 —nonrecurring 2002-03 budgetary freeze amount.				-1 —to continue current program.
	-78 —to continue current program.			\$	-3 <i>Appropriation Decrease</i>
\$	-119 <i>Appropriation Decrease</i>				
Voter Registration				MOTOR LICENSE FUND	
\$	-20 —nonrecurring 2002-03 budgetary freeze amount.	\$	10,037		Safety Administration and Licensing
	-38 —to continue current program.				—to continue current program.
\$	-58 <i>Appropriation Decrease</i>				

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections	\$ 1,948	\$ 1,948	\$ 1,829	\$ 1,829	\$ 1,829	\$ 1,829	\$ 1,829
Voter Registration	959	996	938	938	938	938	938
Organ Donor Operations	101	102	99	99	99	99	99
TOTAL GENERAL FUND	\$ 3,008	\$ 3,046	\$ 2,866	\$ 2,866	\$ 2,866	\$ 2,866	\$ 2,866
MOTOR LICENSE FUND:							
Safety Administration and Licensing	\$ 119,141	\$ 120,492	\$ 130,529	\$ 130,529	\$ 130,529	\$ 130,529	\$ 130,529
Enhanced Titling and Registration	6,035	0	0	0	0	0	0
TOTAL MOTOR LICENSE FUND	\$ 125,176	\$ 120,492	\$ 130,529	\$ 130,529	\$ 130,529	\$ 130,529	\$ 130,529

PROGRAM OBJECTIVE: To provide transportation services to older Pennsylvanians thereby increasing their ability to more fully participate in community life.

Program: Older Pennsylvanians Transit

The Commonwealth's older citizens have benefited from greater mobility since the implementation of the Free Transit Program in 1973. The program is funded by State Lottery proceeds and the Fixed Route Transit appropriation in the General Fund. Under this program, Pennsylvanians 65 years of age or older are eligible for free rides on participating local fixed route operations during off-peak hours on weekdays and all day on weekends and holidays. In July 1980, the free service was extended to commuter rail lines.

The Shared Ride Program for older Pennsylvanians, authorized by Act 101 of 1980 and amended by Act 36 of 1991, permits citizens 65 years of age or older to ride on shared-ride, demand responsive transportation services operating on a non-fixed route basis, and pay 15 percent of the fare. The State Lottery Fund reimburses shared-ride

transit operators the remaining 85 percent of the shared-ride fare.

The Free Transit and Shared Ride Programs recognize the limited availability of private transportation for older Pennsylvanians and their reliance upon public transportation facilities. They further recognize that many retired persons must live within a fixed and limited income and cannot afford to use public transit as often as needed.

The 2002-03 budget expanded the availability of transportation services for persons with disabilities living in rural communities who are not eligible for other publicly-funded transportation services. As a result of this expansion, approximately 39,400 additional rides will be provided to persons with disabilities, thereby increasing accessibility and promoting independence.

Program Measures:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Free transit trips	43,411,350	43,673,167	44,905,988	45,804,105	46,720,184	47,654,588	48,607,679
Trips on State assisted shared ride vehicles	6,002,000	6,199,000	6,341,000	6,468,000	6,597,000	6,729,000	6,864,000
Cost to the Commonwealth per trip:							
Free Transit	\$1.79	\$1.76	\$1.76	\$1.76	\$1.76	\$1.76	\$1.76
State assisted shared ride vehicles	\$10.33	\$11.00	\$11.64	\$12.22	\$12.83	\$13.47	\$14.14

The cost to the Commonwealth per trip for free transit is higher than in last year's budget due to fare increases.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND
	Fixed Route Transit
\$ -1,406	—to continue current program.
	LOTTERY FUND
	Older Pennsylvanians Shared Rides
\$ 4,059	—to continue current program.
	Older Pennsylvanians Free Transit
\$ -4,059	—reduction based on program participation.

Program: Older Pennsylvanians Transit (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Fixed Route Transit	\$ 17,460	\$ 27,800	\$ 26,394	\$ 26,394	\$ 26,394	\$ 26,394	\$ 26,394
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	\$ 63,243	\$ 71,063	\$ 75,122	\$ 76,624	\$ 78,157	\$ 79,720	\$ 81,314
Older Pennsylvanians Free Transit (EA)	55,756	66,059	62,000	63,240	64,505	65,795	67,111
TOTAL LOTTERY FUND	\$ 118,999	\$ 137,122	\$ 137,122	\$ 139,864	\$ 142,662	\$ 145,515	\$ 148,425



LEGISLATURE

The General Assembly of Pennsylvania formulates and enacts the public policy of the Commonwealth. Through legislation and resolution, it defines the functions of the State Government, provides for revenue for the Commonwealth and appropriates money for the operation of State agencies and other purposes.

The General Assembly is composed of two bodies—the Senate and the House of Representatives. Its sessions begin on the first Tuesday of each year unless otherwise convened by proclamation of the Governor.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2001-02 2002-03 2003-04
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Senate:

Fifty Senators.....	\$	4,560	\$	4,560	\$	4,560
Senate President - Personnel Expenses.....		290		290		290
Employes of Chief Clerk.....		3,445		4,800		4,800
Salaried Officers and Employes.....		7,236		7,236		7,236
Reapportionment Expenses.....		200		0		0
Incidental Expenses.....		2,017		2,700		2,700
Postage - Chief Clerk and Legislative Journal.....		1,400		1,400		1,400
President.....		5		5		5
President Pro Tempore.....		20		20		20
Floor Leader (R).....		7		7		7
Floor Leader (D).....		7		7		7
Whip (R).....		6		6		6
Whip (D).....		6		6		6
Chairman of the Caucus (R).....		3		3		3
Chairman of the Caucus (D).....		3		3		3
Secretary of the Caucus (R).....		3		3		3
Secretary of the Caucus (D).....		3		3		3
Chairman of the Appropriations Committee (R).....		6		6		6
Chairman of the Appropriations Committee (D).....		6		6		6
Chairman of the Policy Committee (R).....		2		2		2
Chairman of the Policy Committee (D).....		2		2		2
Caucus Administrator (R).....		2		2		2
Caucus Administrator (D).....		2		2		2
Expenses - Senators.....		469		1,149		1,149
Legislative Printing and Expenses.....		7,077		7,077		7,077
Computer Services (R).....		4,532		4,532		4,532
Computer Services (D).....		4,532		4,532		4,532
Committee on Appropriations (R).....		3,400		3,400		3,400
Committee on Appropriations (D).....		3,400		3,400		3,400
Special Leadership Account (R).....		9,170		9,170		9,170
Special Leadership Account (D).....		9,170		9,170		9,170
Legislative Management Committee (R).....		5,678		5,678		5,678
Legislative Management Committee (D).....		5,678		5,678		5,678
Senate Flag Purchase.....		24		24		24
Subtotal.....	\$	72,361	\$	74,879	\$	74,879

House of Representatives:

Members' Salaries, Speaker's Extra Compensation.....	\$	18,662	\$	19,222	\$	19,222
House Employes (R).....		10,115		11,251		11,251
House Employes (D).....		10,115		11,251		11,251
Speaker's Office.....		871		897		897
Bi-Partisan Committee, Chief Clerk, Comptroller.....		7,227		7,959		7,959
Reapportionment Expenses.....		200		0		0
Mileage - Representatives, Officers and Employes.....		200		200		200
Chief Clerk and Legislative Journal.....		1,500		1,500		1,500
Speaker.....		20		20		20
Chief Clerk.....		643		643		643
Floor Leader (R).....		7		7		7
Floor Leader (D).....		7		7		7
Whip (R).....		6		6		6
Whip (D).....		6		6		6
Chairman - Caucus (R).....		3		3		3
Chairman - Caucus (D).....		3		3		3
Secretary - Caucus (R).....		3		3		3
Secretary - Caucus (D).....		3		3		3
Chairman - Appropriations Committee (R).....		6		6		6
Chairman - Appropriations Committee (D).....		6		6		6

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Chairman - Policy Committee (R).....	2	2	2
Chairman - Policy Committee (D).....	2	2	2
Caucus Administrator (R).....	2	2	2
Caucus Administrator (D).....	2	2	2
Administrator for Staff (R).....	20	20	20
Administrator for Staff (D).....	20	20	20
Legislative Office for Research Liaison.....	604	622	622
Incidental Expenses.....	6,845	6,845	6,845
Expenses - Representatives.....	3,100	3,100	3,100
Legislative Printing and Expenses.....	12,635	14,000	14,000
Members' Home Office Expenses.....	1,533	2,033	2,033
National Legislative Conference - Expenses.....	194	194	194
Committee on Appropriations (R).....	1,888	1,945	1,945
Committee on Appropriations (D).....	1,888	1,945	1,945
Special Leadership Account (R).....	11,161	12,329	12,329
Special Leadership Account (D).....	7,161	12,329	12,329
Legislative Management Committee (R).....	12,839	14,057	14,057
Legislative Management Committee (D).....	12,839	14,057	14,057
Commonwealth Emergency Medical System.....	35	35	35
House Flag Purchase.....	24	24	24
Information Technology.....	10,000	14,000	14,000
School for New Members.....	0	15	15
Subtotal.....	\$ 132,397	\$ 150,571	\$ 150,571
Legislative Reference Bureau:			
Legislative Reference Bureau - Salaries & Expenses.....	\$ 2,533	\$ 6,783	\$ 6,783
Contingent Expenses.....	20	20	20
Printing of PA Bulletin and PA Code.....	595	595	595
Subtotal.....	\$ 3,148	\$ 7,398	\$ 7,398
Legislative Budget and Finance Committee.....	\$ 1,672	\$ 2,250	\$ 2,250
Commonwealth Mail Processing Center.....	0	400	400
Legislative Miscellaneous and Commissions:			
Legislative Data Processing Center.....	\$ 2,505	\$ 3,751	\$ 3,751
Joint State Government Commission.....	1,315	1,764	1,764
Local Government Commission.....	719	979	979
Local Government Codes.....	(19) ^a	28	28
Joint Legislative Air and Water Pollution Control Committee.....	485	483	483
Legislative Audit Advisory Commission.....	154	154	154
Independent Regulatory Review Commission.....	1,600	1,850	1,850
Capitol Preservation Committee.....	730	730	730
Capitol Restoration.....	3,510	4,150	4,150
Flag Conservation.....	0	60	60
Colonial History.....	197	197	197
Capitol Centennial.....	0	100	100
Rare Books Conservation.....	0	400	400
Commission on Sentencing.....	992 ^b	992	992
(F)DCSI - Web Expansion and JNET Interface (EA).....	0	395	19
(F)DCSI - Policy Research (EA).....	0	147	0
(F)DCSI - JNET Information Technology (EA).....	0	125	126
(F)DCSI - Community Corrections (EA).....	0	136	0
(F)DCSI - Restitution Collections (EA).....	0	100	100
(F)DCSI - RIP Evaluation (EA).....	0	69	138
Center For Rural Pennsylvania.....	1,050	1,050	1,050
Legislative Reapportionment Commission.....	450	0	0
Council of State Governments - Annual Meeting.....	200	200	0
Health Care Cost Containment Council.....	3,922	3,953	3,755
State Ethics Commission.....	1,692	1,761	1,761

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Subtotal.....	\$ 19,502	\$ 23,574	\$ 22,587
Subtotal - State Funds.....	\$ 229,080	\$ 258,100	\$ 257,702
Subtotal - Federal Funds.....	0	972	383
Total - General Government.....	\$ 229,080	\$ 259,072	\$ 258,085
STATE FUNDS.....	\$ 229,080	\$ 258,100	\$ 257,702
FEDERAL FUNDS.....	0	972	383
GENERAL FUND TOTAL.....	\$ 229,080	\$ 259,072	\$ 258,085

^a Actually appropriated at \$31,000. The amount shown reflects a cumulative adjustment for monies returned to the General Fund from available balances in 2001-02 and prior years.

^b Includes \$57,000 actually appropriated as a part of State Match for DCSI Subgrants appropriation in Executive Offices.

Program Funding Summary

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
LEGISLATURE							
GENERAL FUND.....	\$ 229,080	\$ 258,100	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,602
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	972	383	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 229,080	\$ 259,072	\$ 258,085	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,602
ALL PROGRAMS:							
GENERAL FUND.....	\$ 229,080	\$ 258,100	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,602
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	972	383	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 229,080	\$ 259,072	\$ 258,085	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,602

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
 \$ -398 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
TOTAL GENERAL FUND.....	\$ 229,080	\$ 258,100	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,702	\$ 257,602



JUDICIARY

The objective of the judicial system of the Commonwealth is to provide citizens with prompt and equitable justice under the law.

The court system includes the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas and Community Courts including District Justices, Philadelphia Municipal Court, Philadelphia Traffic Court and the Pittsburgh Magistrate Court.



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
GENERAL FUND:			
General Government:			
Supreme Court:			
Supreme Court.....	\$ 11,742	\$ 12,226	\$ 12,696
(A) Filing Fees.....	351	346	346
(A) Miscellaneous.....	100	0	0
Justices Expenses.....	180	180	180
Judicial Council.....	178 ^a	179	183
District Court Administrators.....	12,699 ^b	13,621	14,487
Court Management Education.....	150 ^c	150	157
Civil Procedural Rules Committee.....	395	403	423
Appellate/Orphans Rules Committee.....	169	175	180
Rules of Evidence Committee.....	181	163	169
Minor Court Rules Committee.....	182	171	178
Criminal Procedural Rules Committee.....	390	409	415
Domestic Relations Committee.....	162	167	196
Juvenile Court Rules Committee.....	158	167	198
Committee on Racial and Gender Bias.....	500 ^d	199	0
Court Administrator.....	7,102	7,482	7,189
(A) Miscellaneous.....	254	4	4
Integrated Criminal Justice System.....	3,026	3,140	1,999
(R) Judicial Computer System.....	26,441	44,649	44,863
Subtotal.....	\$ 64,360	\$ 83,831	\$ 83,863
Superior Court:			
Superior Court.....	\$ 23,697	\$ 24,493	\$ 25,733
(A) Filing Fees.....	248	265	265
Judges Expenses.....	237	237	237
Subtotal.....	\$ 24,182	\$ 24,995	\$ 26,235
Commonwealth Court:			
Commonwealth Court.....	\$ 14,683	\$ 15,219	\$ 16,019
(A) Filing Fees.....	203	200	200
Judges Expenses.....	143	143	143
Court Security.....	150	0	0
Subtotal.....	\$ 15,179	\$ 15,562	\$ 16,362
Courts of Common Pleas:			
Courts of Common Pleas.....	\$ 58,550	\$ 61,042	\$ 64,274
Senior Judges.....	3,759	3,798	3,879
Judicial Education.....	727	727	727
Ethics Committee.....	40	40	40
Subtotal.....	\$ 63,076	\$ 65,607	\$ 68,920
District Justices:			
District Justices.....	\$ 47,582	\$ 49,131	\$ 52,364
District Justice Education.....	546	576	605
(A) Registration Fees.....	24	28	27
Subtotal.....	\$ 48,152	\$ 49,735	\$ 52,996
Philadelphia Courts:			
Traffic Court.....	\$ 679	\$ 679	\$ 747
Municipal Court.....	4,511	4,655	4,855
Law Clerks.....	39	39	39
Domestic Violence Services.....	204	204	204
Subtotal.....	\$ 5,433	\$ 5,577	\$ 5,845

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2001-02 ACTUAL	2002-03 AVAILABLE	2003-04 BUDGET
Pittsburgh Magistrate Court.....	\$ 1,200	\$ 0	\$ 0
Judicial Conduct Board.....	999	1,046	1,094
Court of Judicial Discipline.....	426	426	433
Subtotal - State Funds.....	\$ 195,386	\$ 201,287	\$ 210,043
Subtotal - Augmentations.....	1,180	843	842
Subtotal - Restricted Revenues.....	26,441	44,649	44,863
Total - General Government.....	\$ 223,007	\$ 246,779	\$ 255,748
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors.....	\$ 1,469	\$ 1,369	\$ 1,369
County Courts.....	31,356	31,356	32,196
Senior Judge Reimbursement.....	3,000	2,500	2,500
Subtotal.....	\$ 35,825	\$ 35,225	\$ 36,065
Total - Grants and Subsidies.....	\$ 35,825	\$ 35,225	\$ 36,065
STATE FUNDS.....	\$ 231,211	\$ 236,512	\$ 246,108
AUGMENTATIONS.....	1,180	843	842
RESTRICTED REVENUES.....	26,441	44,649	44,863
GENERAL FUND TOTAL.....	\$ 258,832	\$ 282,004	\$ 291,813

^a Appropriated as "Statewide Funding – Judicial Council" in 2001-02.

^b Appropriated as "Statewide Funding – County Court Administrators" in 2001-02.

^c Appropriated as "Statewide Funding – Court Management Education" in 2001-02.

^d Actually appropriated as \$100,000 for Committee on Racial and Gender Bias and \$400,000 for Equity Commission.

Program Funding Summary

	(Dollar Amounts in Thousands)						
	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND.....	\$ 231,211	\$ 236,512	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	27,621	45,492	45,705	45,705	45,705	45,705	45,705
SUBCATEGORY TOTAL.....	\$ 258,832	\$ 282,004	\$ 291,813	\$ 291,813	\$ 291,813	\$ 291,813	\$ 291,813
ALL PROGRAMS:							
GENERAL FUND.....	\$ 231,211	\$ 236,512	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108	\$ 246,108
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	27,621	45,492	45,705	45,705	45,705	45,705	45,705
DEPARTMENT TOTAL.....	\$ 258,832	\$ 282,004	\$ 291,813	\$ 291,813	\$ 291,813	\$ 291,813	\$ 291,813



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 \$8,000. They also have jurisdiction to issue warrants, hold arraignments and preliminary hearings in all criminal cases, and to accept guilty pleas under certain circumstances.

Although district justices need not be lawyers, they must complete an educational course and pass a qualifying examination administered by the Minor Judiciary Education Board in order to be certified. They must also participate in one week of continuing education each year.

In Philadelphia, the special courts are the Municipal Court and the Traffic Court. Municipal Court is a court of record whose 25 judges must be lawyers. Its limited jurisdiction is analogous to that of the district justices. The Philadelphia Traffic Court, composed of seven judges, has jurisdiction over all summary offenses under the Motor Vehicle Code and related city ordinances.

The City of Pittsburgh has six magistrates in addition to the district justices who may issue arrest warrants and preside at arraignments and preliminary hearings for all criminal offenses occurring within the city. A study has begun to determine the viability of maintaining both an appointed magistrates court and elected district justices within the City.

The Courts of Common Pleas are the courts of general trial jurisdiction. They have original jurisdiction over all cases that are not exclusively assigned to another court. Appellate jurisdiction extends to appeals from final orders of the lower courts and appeals from certain State and most local government agencies.

There are two levels of appellate courts in Pennsylvania. The lower level consists of the Superior Court with fifteen judges and the Commonwealth Court with nine judges. At the higher level, Pennsylvania's court of last resort is the Supreme Court with seven justices.

In general, appeals from the Courts of Common Pleas are taken to one of the two intermediate appellate courts.

Commonwealth Court basically has jurisdiction over appeals involving government agencies and officials, as well as many matters involving not-for-profit corporations. It also has original jurisdiction over Election Code matters and cases involving State officials. Superior Court has jurisdiction over all direct appeals that are not within the specific statutory jurisdiction of another appellate court.

As defined by the State Constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) is the administrative arm of the Supreme Court, assisting that Court in its oversight responsibility of the Commonwealth's Unified Judicial System. The AOPC provides services for approximately 2,000 members of the Judiciary and staff, including budgeting, accounting, benefits and retirement counseling, legal representation, policy guidance, technical advice, education, research, legislative affairs, communications, administration and development of the judicial computer project and data processing.

The Judicial Computer System has the ultimate goal of computerization of the entire judiciary. Projects completed by December 2002 include: 1) the District Justice System which has computerized all of the 550 district justice offices throughout Pennsylvania, providing district justices with the electronic tools needed to effectively manage cases and improve the accounting and reporting of the status of fees and fines; 2) the Administrative Services Application Program which serves the court's administrative needs, including accounting, budgeting, payroll and human resources functions; 3) the Pennsylvania Appellate Courts Case Management System, which is an integrated and automated case management system that serves the three appellate courts; and 4) enhancements to the District Justice System to facilitate the flow of criminal information to the Integrated Criminal Justice Network (commonly known as J-NET). In 2002-03, the Common Pleas Project will reach the point where a pilot program is expected to be operational by the end of the fiscal year, with the rollout of the project to begin in 2003-04 and conclude in December 2004. The initial focus will be automation of the criminal courts. Later phases will extend automation to the civil courts.

The role of the Judicial Conduct Board is to investigate complaints regarding judicial conduct. Hearings are conducted by the Court of Judicial Discipline to determine whether a sanction should be imposed upon a member of the judiciary.

Program: State Judicial System (continued)

Program Recommendations: (continued) | This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Supreme Court</p> <p>\$ -346 —nonrecurring program costs.</p> <p>319 —for information technology upgrades and office furnishings.</p> <p>497 —to continue current program.</p> <hr/> <p>\$ 470 <i>Appropriation Increase</i></p> <p>District Court Administrators</p> <p>\$ 133 —for three additional administrators.</p> <p>733 —to continue current program.</p> <hr/> <p>\$ 866 <i>Appropriation Increase</i></p> <p>Committee on Racial and Gender Bias</p> <p>\$ -199 —program elimination.</p> <p>Court Administrator</p> <p>\$ -293 —to continue current program.</p>	<p>Integrated Criminal Justice System</p> <p>\$ -1,141 —nonrecurring program costs.</p> <p>Superior Court</p> <p>\$ 1,240 —to continue current program.</p> <p>Commonwealth Court</p> <p>\$ 800 —to continue current program.</p> <p>Courts of Common Pleas</p> <p>\$ 389 —for five new judges effective January 2004.</p> <hr/> <p>2,843 —to continue current program.</p> <p>\$ 3,232 <i>Appropriation Increase</i></p> <p>District Justices</p> <p>\$ 3,233 —to continue current program.</p>
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This budget recommends all other appropriations either at levels based on estimated revenues or at levels to carry current programs forward. Recommendations include funding for salary increases for all judicial positions as specified in Act 51 of 1995.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND:							
Supreme Court	\$ 11,742	\$ 12,226	\$ 12,696	\$ 12,696	\$ 12,696	\$ 12,696	\$ 12,696
Justices Expenses	180	180	180	180	180	180	180
Judicial Council	178	179	183	183	183	183	183
District Court Administrators	12,699	13,621	14,487	14,487	14,487	14,487	14,487
Court Management Education	150	150	157	157	157	157	157
Civil Procedural Rules Committee	395	403	423	423	423	423	423
Appellate/Orphans Rules Committee	169	175	180	180	180	180	180
Rules of Evidence Committee	181	163	169	169	169	169	169
Minor Court Rules Committee	182	171	178	178	178	178	178
Criminal Procedural Rules Committee	390	409	415	415	415	415	415
Domestic Relations Committee	162	167	196	196	196	196	196
Juvenile Court Rules Committee	158	167	198	198	198	198	198
Committee on Racial and Gender Bias	500	199	0	0	0	0	0
Court Administrator	7,102	7,482	7,189	7,189	7,189	7,189	7,189
Integrated Criminal Justice System	3,026	3,140	1,999	1,999	1,999	1,999	1,999
Superior Court	23,697	24,493	25,733	25,733	25,733	25,733	25,733
Judges Expenses	237	237	237	237	237	237	237
Commonwealth Court	14,683	15,219	16,019	16,019	16,019	16,019	16,019
Judges Expenses	143	143	143	143	143	143	143
Court Security	150	0	0	0	0	0	0
Courts of Common Pleas	58,550	61,042	64,274	64,274	64,274	64,274	64,274
Senior Judges	3,759	3,798	3,879	3,879	3,879	3,879	3,879
Judicial Education	727	727	727	727	727	727	727
Ethics Committee	40	40	40	40	40	40	40
District Justices	47,582	49,131	52,364	52,364	52,364	52,364	52,364
District Justice Education	546	576	605	605	605	605	605
Traffic Court	679	679	747	747	747	747	747
Municipal Court	4,511	4,655	4,855	4,855	4,855	4,855	4,855

Program: State Judicial System (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL FUND (continued):							
Law Clerks	\$ 39	\$ 39	\$ 39	\$ 39	\$ 39	\$ 39	\$ 39
Domestic Violence Services	204	204	204	204	204	204	204
Pittsburgh Magistrate Court	1,200	0	0	0	0	0	0
Judicial Conduct Board	999	1,046	1,094	1,094	1,094	1,094	1,094
Court of Judicial Discipline	426	426	433	433	433	433	433
Jurors	1,469	1,369	1,369	1,369	1,369	1,369	1,369
County Courts	31,356	31,356	32,196	32,196	32,196	32,196	32,196
Senior Judge Reimbursement	3,000	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL GENERAL FUND	\$ 231,211	\$ 236,512	246,108	246,108	246,108	246,108	246,108



Governor's Executive Budget

CAPITAL
BUDGET

CAPITAL BUDGET

Program Summary

This section contains the 2003-04 Capital Budget and Five Year Capital Program. The proposed funding sources and amounts needed to support capital programs are projected for five fiscal years.

All projects are grouped by categories regardless of the source of funding. The categories, as explained below, are consistently used for projects which are to be funded by Commonwealth debt obligations, current revenues and funds received from other jurisdictions. Funding source distinctions are clearly noted throughout the section which itemizes the recommended capital program.

Public Improvement Projects — This category includes various types of new buildings and renovation projects. Also included are nonstructural improvements and the acquisition of land. The design and construction for the majority of these projects is administered by the Department of General Services. However, Keystone Recreation, Park and Conservation and the Environmental Stewardship Projects are administered by the Department of Conservation and Natural Resources.

Public Improvement—Original Furniture and Equipment Projects — This category provides for the equipping of newly completed public improvement projects by purchasing original movable furniture and equipment through the Department of General Services. Replacement furniture and equipment to be used in existing buildings is purchased as fixed assets through agency operating budgets.

Transportation Assistance Projects — These projects include: (a) the purchase of rolling stock and construction or improvement of facilities operated by mass transportation agencies throughout the Commonwealth; and, (b) the acquisition, construction and equipping of rural and intercity common carrier surface transportation systems or any components thereof. These projects are administered by the Department of Transportation.

Redevelopment Assistance Projects — This category provides grants for the acquisition of land and the construction of buildings and other property appurtenances for municipal agencies and authorities for economic development and the prevention and elimination of blight.

Flood Control Projects — This category provides the State's share of Federal flood control works and improvements to prevent floods and to preserve,

control and regulate the flow of rivers and streams in the Commonwealth. These projects are administered by the Department of Environmental Protection.

Highway Projects — This category includes the design, purchase of rights-of-way, construction, reconstruction and other improvements to highways and bridges on the State highway system. These projects are designed and constructed by the Department of Transportation.

Capital Budget Financing — As is indicated wherever necessary, many capital projects are financed by current revenues either from dedicated sources or appropriations through operating budgets. However, most of the authorizations recommended in the capital budget are debt financed for varying terms by General Obligation Bonds. See the Public Debt Section (Section G) for further discussion of Debt Policy.

The Capital Budget section consists of the following subsections.

2003-04 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2003-04 and their proposed source of funding. The projects are listed by department and capital project category.

Impact on Operating Costs — The description of each capital project recommended for authorization contains a statement concerning the impact on program operating costs expected from the implementation of the capital project. With certain exceptions, the statement indicates little or no effect on operating costs. This is due to the fact that most capital projects involve the renovation or replacement of existing facilities. Consequently, any operating cost impact is derived from such items as efficiencies in energy consumption and avoided maintenance. These items, when viewed in terms of the total agency or program budget, generally tend to be negligible. An exception is when a very large scale project is implemented which will dramatically change these and other elements of an operating budget. In these cases, the expected change in operating expenses is quantified. An additional case in which the net change in operating cost will be quantified is where new construction will result in a significant increase in the capital asset base. In this case, the estimated effect on operating costs will be shown with the capital project when recommended for authorization. A more precise figure will be recommended in the agency's operating budget when the project has been

completed which is usually several years after a capital project is authorized.

There are several categories of capital authorizations for which no estimate of operating cost impact is provided. Among these are the categories of Redevelopment Assistance, Flood Control, Transportation Assistance and flood protection projects undertaken as part of the Public Improvement category. These projects constitute improvements to the property of other entities, primarily local jurisdictions such as cities, boroughs townships, etc. Any change in operating costs will, therefore, be borne by an entity other than the Commonwealth. One other category of capital authorizations which will not provide a statement of operating cost impact is Highway and Bridge projects. This is because the bulk of capital spending in this category is for the rehabilitation of the existing highway network rather than the addition of new mileage. As rehabilitation takes place, previously high maintenance costs are avoided. These avoided maintenance costs are then shifted to other segments of roadway where repair needs are relatively great. As a result, the total highway operating budget experiences very little net change.

Forecast of Future Projects — This section contains a dollar forecast of new capital projects to be requested during each of the fiscal years 2004-05 through 2007-08. The projections are grouped by department and capital project category.

Estimate of Capital Expenditures — This section provides an estimate of expenditures for capital projects during each of the next five fiscal years. Since design, acquisition and construction of a project are not generally completed during the fiscal year in which the project is initiated, actual expenditures usually occur over several fiscal years. The estimated expenditures determine the amount of bonds which must be issued or the current revenue appropriations required in each fiscal year. The projections are listed by capital project category and agency, and are further subdivided by currently authorized projects, new projects proposed for 2003-04 and projects which will be authorized in the future (2004-08).

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)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds:					
Public Improvement Projects - Buildings and Structures..	\$ 538,000	\$ 275,000	\$ 200,000	\$ 200,000	\$ 200,000
Public Improvement Projects - Furniture and Equipment.	0	33,000	5,000	0	0
Redevelopment Assistance Projects.....	120,000	180,000	115,000	45,000	15,000
Flood Control Projects.....	3,000	6,000	15,000	5,000	4,000
Transportation Assistance Projects.....	142,000	150,000	150,000	150,000	150,000
Less: Costs of Issue.....	-12,045	-9,660	-7,275	-6,015	-3,690
Miscellaneous Revenue.....	16,590	8,997	8,998	8,663	8,562
Change in Available Cash.....	-46,552	2,463	-32	7,060	2,077
Total.....	\$ 760,993	\$ 645,800	\$ 486,691	\$ 409,708	\$ 375,949
Expenditures					
Capital Facilities Fund:					
Public Improvement Projects - Buildings and Structures..	\$ 380,314	\$ 275,856	\$ 202,532	\$ 202,532	\$ 202,532
Public Improvement Projects - Furniture and Equipment.	30,715	33,889	5,631	2,788	6,124
Redevelopment Assistance Projects.....	199,379	180,954	112,698	47,806	16,454
Flood Control Projects.....	1,485	5,101	15,830	6,582	4,781
Transportation Assistance Projects.....	149,100	150,000	150,000	150,000	146,058
Total - General Obligation Bonds.....	\$ 760,993	\$ 645,800	\$ 486,691	\$ 409,708	\$ 375,949
FROM CURRENT REVENUES					
Public Improvement Projects - Fish and Boat Fund.....	\$ 750	\$ 2,410	\$ 2,905	\$ 3,255	\$ 2,920
Public Improvement Projects - Game Fund.....	0	2,000	1,000	1,000	1,000
Acquisition, Improvement and Restoration Projects - Keystone Recreation, Park and Conservation Fund.....	13,563	14,370	15,095	15,795	16,418
Acquisition, Rehabilitation and Development Projects Environmental Stewardship Fund.....	13,168	14,307	17,200	17,200	17,200
Public Improvement Projects - State Stores Fund	11,644	0	0	0	0
Highway Projects - Motor License Fund.....	368,292	360,896	354,448	352,364	358,996
Total Current Revenues.....	\$ 407,416	\$ 393,983	\$ 390,649	\$ 389,614	\$ 396,534
TOTAL - ALL FUNDS	\$ 1,168,409	\$ 1,039,783	\$ 877,340	\$ 799,322	\$ 772,483

Totals may not add due to rounding.

FORECAST OF NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the budget recommendations and potential future authorizations by department.

(Dollar Amounts in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Agriculture.....	\$ 0	\$ 409	\$ 433	\$ 457	\$ 482	\$ 1,781
Conservation and Natural Resources.....	47,935	51,162	54,407	57,652	60,897	272,053
Corrections.....	26,807	59,864	63,385	66,907	70,427	287,390
Education.....	33,002	34,122	36,129	38,136	40,143	181,532
Emergency Management Agency.....	10,484	0	0	0	0	10,484
Environmental Protection.....	4,780	25,531	6,148	9,708	5,403	51,570
Executive Offices.....	25,000	0	0	0	0	25,000
Fish and Boat Commission.....	0	2,000	1,500	1,000	1,000	5,500
Game Commission.....	0	2,000	1,000	1,000	1,000	5,000
General Services.....	26,592	12,382	13,110	13,839	14,567	80,490
Historical and Museum Commission.....	10,125	15,456	16,366	17,275	18,184	77,406
Military and Veterans Affairs.....	26,599	6,074	6,431	6,788	7,145	53,037
Public Welfare.....	18,532	10,725	11,356	11,987	12,618	65,218
State Police.....	10,876	5,321	5,634	5,947	6,260	34,038
Transportation.....	582,149	231,484	261,571	281,658	281,746	1,638,608
TOTAL.....	\$ 822,881	\$ 456,530	\$ 477,470	\$ 512,354	\$ 519,872	\$ 2,789,107

RECOMMENDED 2003-04 NEW PROJECT AUTHORIZATIONS STATE FUNDS

This table provides a summary of new project authorizations by department and capital program category within bond and current revenue sources.

(Dollar Amounts in Thousands)

Capital Facilities Bond Funds

	Public Improvement Projects	Original Furniture & Equipment	Transportation Assistance Projects	Flood Control Projects
Agriculture.....	\$ 0	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	22,000	1,281	0	0
Corrections.....	26,807	0	0	0
Education.....	28,798	4,204	0	0
Emergency Management.....	10,484	0	0	0
Environmental Protection.....	3,220	0	0	1,560
Executive Offices.....	0	25,000	0	0
Fish and Boat Commission.....	0	0	0	0
Game Commission.....	0	0	0	0
General Services.....	26,592	0	0	0
Historical and Museum Commission.....	9,600	525	0	0
Liquor Control Board.....	0	0	0	0
Military and Veterans Affairs.....	26,599	0	0	0
Public Welfare.....	18,532	0	0	0
State Police.....	10,876	0	0	0
Transportation.....	0	0	91,015	0
TOTAL.....	\$ 183,508	\$ 31,010	\$ 91,015	\$ 1,560

Current Revenues

	Highway Projects	Public Improvement Projects	All Funds
Agriculture.....	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	0	24,654	47,935
Corrections.....	0	0	26,807
Education.....	0	0	33,002
Emergency Management.....	0	0	10,484
Environmental Protection.....	0	0	4,780
Executive Offices.....	0	0	25,000
Fish and Boat Commission.....	0	0	0
Game Commission.....	0	0	0
General Services.....	0	0	26,592
Historical and Museum Commission.....	0	0	10,125
Liquor Control Board.....	0	0	0
Military and Veterans Affairs.....	0	0	26,599
Public Welfare.....	0	0	18,532
State Police.....	0	0	10,876
Transportation.....	488,934	2,200	582,149
TOTAL.....	\$ 488,934	\$ 26,854	\$ 822,881

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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Parks and Forest Management.....	\$ 47,425	\$ 0	\$ 510	\$ 47,935
TOTAL PROJECTS.....	\$ 47,425	\$ 0	\$ 510	\$ 47,935
 SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 21,490	\$ 0	\$ 510	\$ 22,000
Capital Facilities Fund - Furniture and Equipment.....	1,281	0	0	1,281
Subtotal General Obligation Bond Issues.....	\$ 22,771	\$ 0	\$ 510	\$ 23,281
Current Revenues				
Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation.....	\$ 9,239	\$ 0	\$ 0	\$ 9,239
Environmental Stewardship Fund - Acquisition, Improvements and Rehabilitation.....	15,415	0	0	15,415
Subtotal Current Revenues.....	\$ 24,654	\$ 0	\$ 0	\$ 24,654
TOTAL.....	\$ 47,425	\$ 0	\$ 510	\$ 47,935

Department of Conservation and Natural Resources 2003-04 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: Parks and Forest Management				
Nockamixon State Park, Bucks County	\$ 4,000	\$ 0	\$ 0	\$ 4,000
CONSTRUCT CAMPGROUND: This project will provide for the development of a family campground with day and overnight use facilities at the 5,222 acre park. When completed, this project is not expected to change operating costs.				
Presque Isle State Park, Erie County	8,000	0	0	8,000
BEACH NOURISHMENT: This project will provide for the rehabilitation of the beaches on the lake side shore due to erosion and heavy park usage. Maintenance is required on an annual basis. When completed, this project is not expected to change operating costs.				
Bald Eagle State Park, Centre County	1,660	0	340	2,000
CONSTRUCT ENVIRONMENTAL INTERPRETIVE COMPLEX: This project will construct a new facility for the park administrative office, which will include an environmental and interpretive center. When completed, this project is not expected to change operating costs.				
CONSTRUCT FAMILY CAMPGROUND:	2,000	0	0	2,000
This project will provide for the development of a family campground with day and overnight use facilities at the 5,900 acre park. When completed, this project is not expected to change operating costs.				
Pine Grove Furnace State Park, Cumberland County	750	0	0	750
LAKE DREDGING: This project will provide for the removal of lake silt. When completed, this project is not expected to change operating costs.				
Whipple Dam State State Park, Huntington County	2,250	0	0	2,250
LAKE DREDGING: This project will provide for the removal of lake silt. When completed, this project is not expected to change operating costs.				
Lackawanna State Park, Lackawanna County	1,250	0	0	1,250
LAKE DREDGING: This project will provide for the removal of lake silt. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management (continued)				
Norristown Farm Park, Montgomery County	\$ 830	\$ 0	\$ 170	\$ 1,000
REHABILITATE FARM PARK BUILDING: This project will rehabilitate the farm building with new roofs, windows, doors, and other weatherproofing items on many of the buildings. When completed, this project is not expected to change operating costs.				
Little Buffalo State Park, Perry County	750	0	0	750
LAKE DREDGING: This project will provide for the removal of lake silt. When completed, this project is not expected to change operating costs.				
Delaware Canal State Park, Bucks County	200	0	0	200
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original movable furniture and equipment so that the preceding construction projects can become operational. When completed, this project is not expected to change operating costs.				
Cook Forest State Park, Clarion County	114	0	0	114
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original movable furniture and equipment so that the preceding construction projects can become operational. When completed, this project is not expected to change operating costs.				
Pine Grove Furnace, Cumberland County	200	0	0	200
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original movable furniture and equipment so that the preceding construction projects can become operational. When completed, this project is not expected to change operating costs.				
Presque Isle State Park, Erie County	400	0	0	400
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original movable furniture and equipment so that the preceding construction projects can become operational. When completed, this project is not expected to change operating costs.				
Nescopeck State Park, Luzerne County	150	0	0	150
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original movable furniture and equipment so that the preceding construction projects can become operational. When completed, this project is not expected to change operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management (continued)				
Benjamin Rush State Park, Philadelphia County	\$ 217	\$ 0	\$ 0	\$ 217
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original movable furniture and equipment so that the preceding construction projects can become operational. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	<u>\$ 22,771</u>	<u>\$ 0</u>	<u>\$ 510</u>	<u>\$ 23,281</u>

Department of Conservation and Natural Resources 2003-04 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: Parks and Forest Management				
Forbes State Forest, Allegheny County	\$ 1,000	\$ 0	\$ 0	\$ 1,000
EXPAND DISTRICT OFFICE: This project will provide for the expansion of the district office. When completed, this project is not expected to change operating costs.				
Forbes State Forest, Allegheny County	374	0	0	374
REHABILITATE BRIDGES: This project will provide improvements to three bridges that are in need of rehabilitation. When completed, this project is not expected to change operating costs.				
Laurel Hill State Park, Somerset County	1,350	0	0	1,350
REPLACE BATHHOUSE/CONCESSION AND COMFORT STATIONS: This project will replace current bathhouse and concession stand as well as two comfort stations within the confines of the park. When completed, this project is not expected to change operating costs.				
Maurice K. Goddard State Park, Mercer County	350	0	0	350
REHABILITATE MARINA BUILDING: This project will rehabilitate existing Marina building for necessary repairs and improvements to meet current code requirements. When completed, this project is not expected to change operating costs.				
Marsh Creek State Park, Chester County	500	0	0	500
REHABILITATE POOL: This project provides for the rehabilitation of the swimming pool within the state park. When completed, this project is not expected to change operating costs.				
Ohiopyle State Park, Fayette County	600	0	0	600
REHABILITATE JONNATHAN RUN: This project provides for improvements to Jonnathan Run in public areas in the park. When completed, this project is not expected to change operating costs.				
Ohiopyle State Park, Fayette County	800	0	0	800
REHABILITATE MIDDLE YOUGH TAKE-OUT CONCESSION: This project will rehabilitate the middle yough concession stand including repairs and upgrading various systems to meet standard codes. When completed, this project is not expected to change operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management (continued)				
Oil Creek State Park, Venango County	\$ 350	\$ 0	\$ 0	\$ 350
CONSTRUCT TRAIN STATION RESTROOM: This project provides for the construction of an ADA accessible restroom at the train station. When completed, this project is not expected to change operating costs.				
Pymatuning State Park, Crawford County	350	0	0	350
REPLACE BOAT LAUNCH: This project will provide improvements to the boat launch area. When completed, this project is not expected to change operating costs.				
Pymatuning State Park, Crawford County	900	0	0	900
REHABILITATE CAMPGROUND WASHHOUSES: This project will rehabilitate existing washhouses with modern facilities at the campgrounds within the park. When completed, this project is not expected to change operating costs.				
Pymatuning State Park, Crawford County	315	0	0	315
RESURFACE JAMESTOWN BOAT LIVERY: This project will repave the areas around the Jamestown boat livery. When completed, this project is not expected to change operating costs.				
Raccoon Creek State Park, Beaver County	550	0	0	550
REPLACE PIT LATRINES: This project will replace existing latrines with new modern facilities. When completed, this project is not expected to change operating costs.				
Raccoon Creek State Park, Beaver County	350	0	0	350
REPAIR GROUP CAMP DAM: This project will upgrade and repair the dam and spillway to ensure safety and flood control. When completed, this project is not expected to change operating costs.				
Raccoon Creek State Park, Beaver County	350	0	0	350
RESURFACING AND REPAVING ROADS: This project provides for repaving existing roads and parking areas within the park. When completed, this project is not expected to change operating costs.				
Ralph Stover State Park, Bucks County	500	0	0	500
REPLACE PIT LATRINES: This project will replace existing latrines with new modern facilities to service the State Park. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management (continued)				
Ryerson Station State Park, Greene County	\$ 250	\$ 0	\$ 0	\$ 250
REHABILITATE SEWAGE AND WATER OFFICE: This project will upgrade the office facilities for sewage and water for the park. When completed, this project is not expected to change operating costs.				
Ryerson Station State Park, Greene County	350	0	0	350
REHABILITATE CAMPGROUND: This project will rehabilitate and modernize campground with modern facilities within the park. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	 <u>\$ 9,239</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 9,239</u>

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management (continued)				
Bald Eagle State Park, Centre County	\$ 350	\$ 0	\$ 0	\$ 350
RENOVATE RESTROOMS TO FLUSH: This project will renovate existing restrooms to a flush system within the park. When completed, this project is not expected to change operating costs.				
Bendigo State Park, Elk County	300	0	0	300
REPLACE LATRINE #3: This project will replace existing latrine with a new latrine to service the State Park. When completed, this project is not expected to change operating costs.				
Bendigo State Park, Elk County	300	0	0	300
RENOVATE RESTROOMS TO FLUSH: This project will renovate existing restrooms to a flush system within the park. When completed, this project is not expected to change operating costs.				
Evansburg State Park, Montgomery County	335	0	0	335
RESURFACING ROADWAYS: This project will repair, and repave existing parking areas and roadways within the park. When completed, this project is not expected to change operating costs.				
Gouldsboro State Park, Monroe County	600	0	0	600
REPLACE BATHHOUSE, COMFORT STATION AND SEWAGE SYSTEM: This project will provide improvements including renovations to the bathhouse and comfort station and upgrade current sewage system within a portion of the park. When completed, this project is not expected to change operating costs.				
Lackawanna State Park, Lackawanna County	1,250	0	0	1,250
REHABILITATE POOL COMPLEX AND DAY USE AREA: This project will repair and restore the pool complex and day use area within the park. When completed, this project is not expected to change operating costs.				
Leonard Harrison State Park, Tioga County	1,000	0	0	1,000
REHABILITATE RESTROOM AND MAINTENANCE BUILDING: This project will rehabilitate existing restrooms as well as the maintenance building. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management (continued)				
Nockamixon State Park, Bucks County	\$ 500	\$ 0	\$ 0	\$ 500
ROAD PAVING IMPROVEMENTS: This project provides for repaving existing roads and parking areas within the park. When completed, this project is not expected to change operating costs.				
Parker Dam State Park, Clearfield County	1,500	0	0	1,500
CONSTRUCT 75 CAMPSITES AND WASHHOUSE: This project will construct 75 campsites and a new washhouse within the park. When completed, this project is not expected to change operating costs.				
	300	0	0	300
REHABILITATE CAMPGROUND RESTROOMS: This project will rehabilitate the restrooms with modern facilities at the campground section of the park. When completed, this project is not expected to change operating costs.				
Poe Valley State Park, Centre County	2,000	0	0	2,000
EXPAND EXISTING SPILLWAY: This project will upgrade and expand the existing spillway to control water flow to prevent flooding within the park. When completed, this project is not expected to change operating costs.				
Promised Land State Park, Pike County	300	0	0	300
REHABILITATE DUMP STATION AND SEWER OFFICE: This project will upgrade the waste facilities and sewer office for the park. When completed, this project is not expected to change operating costs.				
Promised Land State Park, Pike County	1,100	0	0	1,100
REPLACE FOUR WASHHOUSES: This project will replace existing washhouses with modern facilities within the park. When completed, this project is not expected to change operating costs.				
Promised Land State Park, Pike County	500	0	0	500
REHABILITATE BOAT RENTAL AREA: This project will provide improvements to the boat rental area for greater access and use. When completed, this project is not expected to change operating costs.				
Promised Land State Park, Pike County	300	0	0	300
REPAIR LOWER LAKE DAM: This project will upgrade the lower lake dam and spillway to ensure safety and flood control. When completed, this project is not expected to change operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management (continued)				
Ricketts Glen State Park, Luzerne County	\$ 1,000	\$ 0	\$ 0	\$ 1,000
RESURFACING AND REPAVING ROADS: This project provides for repaving existing roads and parking areas within the park. When completed, this project is not expected to change operating costs.				
Ricketts Glen State Park, Luzerne County	400	0	0	400
REPLACE PIT LATRINE RT. 118: This project will replace existing latrine with a new modern facility to service the State Park. When completed, this project is not expected to change operating costs.				
Ricketts Glen State Park, Luzerne County	430	0	0	430
REPAIR SEWER TREATMENT PLANT/WATER TREATMENT PLANT: This project will provide improvements and repairs to sewer treatment plant/water treatment plant within the park. When completed, this project is not expected to change operating costs.				
Ricketts Glen State Park, Luzerne County	2,050	0	0	2,050
REHABILITATE BATHHOUSE AND COMFORT STATION: This project will provide improvements including renovations to the bathhouse and comfort station within the park. When completed, this project is not expected to change operating costs.				
Ridley Creek State Park, Delaware County	300	0	0	300
RESURFACING AND REPAVING PARKING AREAS: This project provides for repaving and resurfacing parking areas within the park. When completed, this project is not expected to change operating costs.				
Sinnemahoning State Park, Cameron County	300	0	0	300
REPAIR DAM AND EXISTING SPILLWAY: This project will upgrade and repair the existing spillway and dam. When completed, this project is not expected to change operating costs.				
Tiadaghton State Forest, Lycoming County	300	0	0	300
REHABILITATE EQUIPMENT STORAGE BUILDING: This project will rehabilitate the equipment storage building within the park. When completed, this project is not expected to change operating costs.				
PROGRAM TOTAL	<u>\$ 15,415</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,415</u>

DEPARTMENT OF CORRECTIONS

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders.....	\$ 34,152	\$ 0	\$ 7,483	\$ 41,635
TOTAL PROJECTS.....	\$ 34,152	\$ 0	\$ 7,483	\$ 41,635
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 21,245	\$ 0	\$ 5,562	\$ 26,807
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
Subtotal General Obligation Bond Issues.....	21,245	0	5,562	26,807
Federal Funds.....	12,907	0	1,921	14,828
TOTAL.....	\$ 34,152	\$ 0	\$ 7,483	\$ 41,635

Department of Corrections 2003-04 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.

FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Institutionalization of Offenders

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
State Correctional Institution at Smithfield	State \$ 0	\$ 0	\$ 660	\$ 660
NEW RESTRICTED HOUSING UNIT: This project will construct a new restricted housing unit. The building shall include all necessary security controls and electronic equipment to monitor all close custody security cells. The perimeter will be expanded to accept the building. When complete this project will increase operating costs by \$1,025,000 per year.	Fed. 5,500	0	440	5,940
RENOVATION OF BOILER PLANT: This project will include the upgrade/renovation of existing coal fired boilers to include the addition of natural gas co-firing due to DEP Air Quality Regulations. When complete this project will not increase operating costs.	1,540	0	385	1,925
State Correctional Institution at Laurel Highlands	State 823	0	165	988
CONSTRUCTION OF A MEDIUM/CLOSE SECURITY HOUSING UNIT: This project will provide a new housing unit with necessary security equipment, mechanical, electrical and all necessary furniture and equipment. When completed, this project is expected to increase operating costs by \$825,000 per year.	Fed. 7,407	0	1,481	8,888
State Correctional Institution at Cresson	3,500	0	700	4,200
INSTALL NEW AND UPGRADE EXISTING FIRE ALARMS: This project will upgrade existing fire alarm systems in all housing units and office areas as well as add new systems to all buildings not included and connect the systems to a central location. When completed, this project is not expected to change operating costs.				
State Correctional Institution at Coal Township	7,072	0	1,764	8,836
REPLACEMENT OF HOT/CHILLED WATER LOOP SYSTEM: This project will replace the underground hot and chilled water loop system due to leakage. This will keep treated water from entering ground aquifers and remove the threat of major damage if left in its current state. When completed, this project is expected to increase operating costs by \$50,000 per year.				
State Correctional Institution at Cambridge Springs	3,544	0	886	4,430
NEW WAREHOUSE: This project will construct a new outside warehouse to house food deliveries and institution supplies. This project will include walk-in freezers and coolers to adequately handle the proper storage capacity for the facility. When completed, this project is not expected to change operating costs.				

Department of Corrections 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Institutionalization of Offenders (continued)				
State Correctional Institution at Dallas	\$ 3,420	\$ 0	\$ 684	\$ 4,104
LIFE SAFETY CODE: This project will make necessary renovations to bring into compliance with all fire, safety, lighting, and ventilation safety codes. When completed, this project is not expected to change operating costs.				
State Correctional Institution at Camp Hill	375	0	75	450
WATER MAIN REPLACEMENT: This project will replace a sixteen inch main that originates from the street to the institution's reservoir. This pipeline runs under the roadway that will require repairs to the surface upon project completion. When completed, this project is not expected to change operating costs.				
State Correctional Institution at Somerset	971	0	243	1,214
CONSTRUCT A SECURITY TOWER: This project will construct a a security tower. It will include the capability to control all interior gates and include a sanitary facility. When completed, this project is not expected to increase operating costs.				
Total State.....	\$ 21,245	\$ 0	\$ 5,562	\$ 26,807
Total Federal.....	12,907	0	1,921	14,828
PROGRAM TOTAL.....	\$ 34,152	\$ 0	\$ 7,483	\$ 41,635



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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
State Owned Schools.....	\$ 6,283	\$ 0	\$ 1,272	\$ 7,555
Higher Education - State-Related Universities.....	9,292	0	1,708	11,000
Higher Education - State System of Higher Education.....	12,615	0	1,832	14,447
TOTAL PROJECTS.....	\$ 28,190	\$ 0	\$ 4,812	\$ 33,002

SOURCE OF FUNDS

General Obligation Bond Issues

Capital Facilities Fund - Buildings and Structures.....	\$ 23,986	\$ 0	\$ 4,812	\$ 28,798
Capital Facilities Fund - Furniture and Equipment.....	4,204	0	0	4,204
TOTAL.....	\$ 28,190	\$ 0	\$ 4,812	\$ 33,002

Department of Education 2003-04 Projects

This section provides a brief description of each recommended project, its location and cost components. Operating cost impacts are not provided for these projects since these costs are borne by the operating budget of each university.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Owned Schools				
Scranton School for the Deaf	\$ 115	\$ 0	\$ 17	\$ 132
CABLING INFRASTRUCTURE IMPROVEMENT: This project will provide significant educational opportunities, personal security and an improved quality of life for the deaf and hard of hearing students. When completed, this project is not expected to change operating costs.				
CAMPUS SAFETY IMPROVEMENTS: This project will build new walls in an existing building for the creation of an appropriate area for Physical and Occupational Therapy in order to meet the needs of the IEP requirements of the deaf, multi challenged students. When completed, this project is not expected to change operating costs.	105	0	16	121
CAMPUS PAVING PROJECT: This project will repave and add driveways and parking areas. When completed, this project is not expected to change operating costs.	263	0	39	302
Thaddeus Stevens College of Technology	5,800	0	1,200	7,000
RENOVATE MELLOR BUILDING: This project will renovate the entire building to modern standards of electrical, plumbing, heating and ventilation, fire and safety, and building codes. When completed, this project is not expected to change operating costs.				
PROGRAM TOTAL	\$ 6,283	\$ 0	\$ 1,272	\$ 7,555

Department of Education 2003-04 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Higher Education - State-Related Universities

<p>Lincoln University RENOVATION OF WRIGHT HALL CLASSROOM & LABORATORIES: This project will replace and upgrade ventilation for instructional laboratories. When completed, this project is not expected to change operating costs.</p>	\$ 5,000	\$ 0	\$ 1,000	\$ 6,000
<p>Pennsylvania State University SWIFT BUILDING RENOVATION - DuBOIS CAMPUS: This project will provide for the renovation of the Swift Building in order to adequately support modern instruction, instructional support, faculty offices, and the academic and administrative programs for the campus. When completed, this project is not expected to change operating costs.</p>	3,542	0	708	4,250
<p>ORIGINAL FURNITURE AND EQUIPMENT FOR SHARON HALL - SHENANGO CAMPUS: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.</p>	325	0	0	325
<p>ORIGINAL FURNITURE AND EQUIPMENT FOR THE SWIFT BUILDING - DuBOIS CAMPUS: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.</p>	425	0	0	425
<p>PROGRAM TOTAL.....</p>	\$ 9,292	\$ 0	\$ 1,708	\$ 11,000

Department of Education 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State System of Higher Education				
Mansfield University	\$ 9,161	\$ 0	\$ 1,832	\$ 10,993
ADDITION/RENOVATION OF GRANT SCIENCE CENTER: This project will provide a partial renovation to improve and update the facility for teaching and research in natural sciences. When completed, this project is not expected to change operating costs.				
Cheyney University	490	0	0	490
ORIGINAL FURNITURE AND EQUIPMENT FOR FOSTER UNION BUILDING: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.				
Dixon Center	330	0	0	330
ORIGINAL FURNITURE AND EQUIPMENT FOR THE CONSTRUCTION OF EDUCATION BUILDING: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.				
East Stroudsburg University	656	0	0	656
ORIGINAL FURNITURE AND EQUIPMENT FOR MONROE HALL: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.				
ORIGINAL FURNITURE AND EQUIPMENT FOR ROSENKRANS HALL:	1,978	0	0	1,978
This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.				
PROGRAM TOTAL.....	\$ 12,615	\$ 0	\$ 1,832	\$ 14,447

EMERGENCY MANAGEMENT AGENCY

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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Fire Prevention and Safety.....	\$ 10,484	\$ 0	\$ 0	\$ 10,484
TOTAL PROJECTS.....	<u>\$ 10,484</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,484</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 10,484	\$ 0	\$ 0	\$ 10,484
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 10,484</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,484</u>

Emergency Management Agency 2003-04 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: Fire Prevention and Safety				
Building Security PEMA Headquarters	\$ 2,174	\$ 0	\$ 0	\$ 2,174
BUILDING SECURITY: This project will provide for the the installation and construction of a new interior/exterior security system for PEMA's Headquarters in Harrisburg.				
Commonwealth Emergency Operating Center Co-location	7,000	0	0	7,000
ALTERNATE SITE IN THE EVENT OF A DISASTER: This project will construct an alternate site for PEMA's core operations to be used in the event that current facilities become unusable/untenable as the result of natural or manmade disasters. When completed, this project is not expected to change operating costs.				
Eastern Regional Office	935	0	0	935
CONSTRUCTION OF OFFICE AND OPERATIONS CENTER SPACE: This project will provide for the construction of an operations center similar to the Western Regional facility, with an additional space to accommodate increased staffing and support needs. When completed, this project is not expected to increase operating costs.				
Western Regional Office	375	0	0	375
DEMOLITION OF WESTERN REGIONAL OFFICE: This project will provide for the demolition of the Pennsylvania Emergency Management Agency's Western Regional Office located at Indiana University of Pennsylvania, Scranton Hall Annex, Indiana, Pennsylvania. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL	<u>\$ 10,484</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,484</u>

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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management.....	\$ 2,700	\$ 0	\$ 520	\$ 3,220
FLOOD CONTROL PROJECTS				
Environmental Protection and Management.....	1,300	0	260	1,560
TOTAL PROJECTS.....	\$ 4,000	\$ 0	\$ 780	\$ 4,780
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 2,700	\$ 0	\$ 520	\$ 3,220
Capital Facilities Fund - Flood Control.....	1,300	0	260	1,560
TOTAL.....	\$ 4,000	\$ 0	\$ 780	\$ 4,780

Department of Environmental Protection 2003-04 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

<p>City of McKeesport, Allegheny County ADDITIONAL FUNDS FOR DGS PROJECT 183-15, MCKEESPORT FLOOD PROTECTION: This project will construct flood protection along Long Run and provide 100- year flood protection to businesses in the area along the stream. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	\$ 1,000	\$ 0	\$ 200	\$ 1,200
<p>Borough of Coalport, Clearfield County ADDITIONAL FUNDS FOR DGS PROJECT 182-14, COALPORT FLOOD PROTECTION: This project will construct flood protection along Clearfield Creek for approximately 6,000 feet of earth levee and 1,000 feet of floodwall through the Borough. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	700	0	120	820
<p>City of Jeanette, Westmoreland County ADDITIONAL FUNDS FOR DGS PROJECT 182-7, JEANETTE FLOOD PROTECTION: This project will upgrade the existing Jeanette Flood Protection project to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	500	0	100	600
<p>Borough of Hyndman, Bedford County ADDITIONAL FUNDS FOR DGS PROJECT 183-8, HYNDMAN FLOOD PROTECTION: This project consists of compacted earth levees on both banks of Wills Creek beginning at Gooseberry Road to the CSX Railroad Bridge. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	500	0	100	600
PROGRAM TOTAL.....	<u>\$ 2,700</u>	<u>\$ 0</u>	<u>\$ 520</u>	<u>\$ 3,220</u>

Department of Environmental Protection 2003-04 Projects

(Dollar Amounts in Thousands)

	Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>FLOOD CONTROL PROJECTS</i>				
Program: Environmental Protection and Management				
Stinky Run Flood Protection Project, Clearfield, Clearfield County	\$ 1,300	\$ 0	\$ 260	\$ 1,560
<p>STINKY RUN FLOOD PROTECTION: This project will consist of constructing flood protection along Stinky Run. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>				
PROGRAM TOTAL.....	<u>\$ 1,300</u>	<u>\$ 0</u>	<u>\$ 260</u>	<u>\$ 1,560</u>

EXECUTIVE OFFICES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Administration.....	\$ 25,000	\$ 0	\$ 0	\$ 25,000
TOTAL PROJECTS.....	<u>\$ 25,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Furniture and Equipment.....	<u>\$ 25,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,000</u>

Executive Offices 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Administration				
Productivity Bank	\$ 25,000	\$ 0	\$ 0	\$ 25,000
ORIGINAL FURNITURE AND EQUIPMENT: This will provide original equipment for productivity enhancements to be implemented by various Commonwealth agencies. When completed, this project is expected to significantly reduce operating costs.				
 PROGRAM TOTAL	\$ 25,000	\$ 0	\$ 0	\$ 25,000



DEPARTMENT OF GENERAL SERVICES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management.....	\$ 22,160	\$ 0	\$ 4,432	\$ 26,592
TOTAL PROJECTS.....	<u>\$ 22,160</u>	<u>\$ 0</u>	<u>\$ 4,432</u>	<u>\$ 26,592</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 22,160	\$ 0	\$ 4,432	\$ 26,592
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 22,160</u>	<u>\$ 0</u>	<u>\$ 4,432</u>	<u>\$ 26,592</u>

Department of General Services 2003-04 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Facility, Property and Commodity Management

<p>Finance and Forum Buildings CONNECTION TO CENTRAL CHILLED WATER PLANT: This project will provide connection to the central chilled water plant and eliminate the need for stand alone equipment as well as supplemental window air conditioners. When completed, this project is not expected to increase operating costs</p>	\$ 11,000	\$ 0	\$ 2,200	\$ 13,200
<p>RESTROOM RENOVATIONS: This project will renovate restrooms in the Finance and Forum Buildings to meet required ADA accessibility codes and eliminate obsolete materials which cannot be effectively maintained. When completed, this project is not expected to change operating costs.</p>	5,000	0	1,000	6,000
<p>Finance Building REPLACE WINDOWS: This project will replace windows to protect the facility and promote energy efficiency. When completed this project will save \$75,000 per year.</p>	6,160	0	1,232	7,392
<p>PROGRAM TOTAL.....</p>	\$ 22,160	\$ 0	\$ 4,432	\$ 26,592

HISTORICAL AND MUSEUM COMMISSION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2003-04 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation.....	\$ 8,525	\$ 0	\$ 1,600	\$ 10,125
TOTAL PROJECTS.....	\$ 8,525	\$ 0	\$ 1,600	\$ 10,125
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 8,000	\$ 0	\$ 1,600	\$ 9,600
Capital Facilities Fund - Furniture and Equipment.....	525	0	0	525
TOTAL.....	\$ 8,525	\$ 0	\$ 1,600	\$ 10,125

Historical and Museum Commission 2003-04 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)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Historic Preservation				
Washington's Crossing Historic Park, Bucks County	\$ 1,500	\$ 0	\$ 300	\$ 1,800
REHABILITATION OF EXISTING FACILITY DGS 996-15: This project will provide additional funds for capital project DGS 996-15 to allow further expansion of the existing visitor center. When completed, this project is not expected to increase operating costs.				
Drake Well Museum, Venango County	3,000	0	600	3,600
RENOVATIONS TO MUSEUM & COLLECTIONS STORAGE: This project will design and construct a new collection storage and research center as well as general space renovations. When completed, this project is not expected to increase operating costs.				
Pennsylvania Military Museum, Centre County	3,500	0	700	4,200
PERMANENT EXHIBITS: This project will provide for the construction of new museum exhibits including design, fabrication, installation of exhibits, conservation of artifacts, and audio/visual production. When completed, this project is not expected to change State operating costs.				
Fort Pitt Museum, Allegheny County	250	0	0	250
ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 989-2, EXPANSION OF VISITORS CENTER: This project will provide for the original movable furniture and equipment so that construction project can become operational.				
Old Economy Village, Beaver County	275	0	0	275
ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 947-8 FOR VISITORS CENTER: This project will provide for the original movable furniture and equipment so that construction project can become operational.				
PROGRAM TOTAL	\$ 8,525	\$ 0	\$ 1,600	\$ 10,125

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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness.....	\$ 161,500	\$ 1,500	\$ 16,380	\$ 179,380
Veterans Homes and School.....	8,207	0	1,292	9,499
TOTAL PROJECTS.....	\$ 169,707	\$ 1,500	\$ 17,672	\$ 188,879
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 23,807	\$ 1,500	\$ 1,292	\$ 26,599
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
Subtotal General Obligation Bond Issues.....	23,807	1,500	1,292	26,599
Federal Funds.....	145,900	0	16,380	162,280
TOTAL.....	\$ 169,707	\$ 1,500	\$ 17,672	\$ 188,879

Department of Military and Veterans Affairs 2003-04 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 Military Readiness

Combined Readiness Center, York County	State \$	1,400	\$ 750	\$ 0	\$ 2,150
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room. When completed, this project is not expected to increase operating costs.	Fed.	3,800	0	0	3,800

Combined Readiness Center - State Area Command	State	13,000	0	0	13,000
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to house the State Area Command. When completed, this project is not expected to increase operating costs.	Fed.	13,000	0	0	13,000

Construction of Readiness Center- Greene County	State	1,200	750	0	1,950
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room. When completed, this project is not expected to increase operating costs.	Fed.	3,100	0	0	3,100

Training Site Brigade Complex - Lebanon County	Fed.	126,000	0	16,380	142,380
CONSTRUCTION OF TRAINING SITE BRIGADE COMPLEX: This project will construct a facility to include dining, administrative, storage, rest rooms, dormitory space, vehicle storage, and mechanical support to the Fort Indiantown Gap Training Site Brigade Complex. When completed, this project is not expected to increase operating costs.					

Total State.....	\$	15,600	\$ 1,500	\$ 0	\$ 17,100
Total Federal.....		145,900	0	16,380	162,280
PROGRAM TOTAL.....	\$	161,500	\$ 1,500	\$ 16,380	\$ 179,380

Department of Military and Veterans Affairs 2003-04 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 (continued)

Program: Veterans Homes and School

Scotland School for Veteran's Children - Franklin County	State \$	3,690	\$ 0	\$ 410	\$ 4,100
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PACKAGE THREE - REPAIRS FOR THE STUDENT CENTER, FREY GYM, THIRTEEN COTTAGES, AND MAINTENANCE BUILDINGS: This project will repair the student center including roof exterior doors and windows, and foundation work as well as interior renovations. This project will repair the Frey gym. This project will repair roof and plumbing to thirteen cottages. This project will construct a new maintenance shop for ongoing repairs to the other structures. When completed, this project is not expected to increase operating costs.

Hollidaysburg Veterans Home, Blair County	State	2,442	0	474	2,916
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UPGRADES AT EISENHOWER HALL AND DIETARY BUILDING: This project will replace main switching gear, breaker panels, wiring, and associated equipment at Eisenhower Hall. This project will upgrade plumbing, heating and electrical systems in the dietary building as well as replace freezers. When completed, this project will not increase operating costs.

MacArthur Hall Hollidaysburg Veterans Home, Blair County	State	2,075	0	408	2,483
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UPGRADES AT MACARTHUR HALL: This project will replace main switching gear, breaker panels, wiring, and associated equipment at MacArthur Hall as well as plumbing heating, ventilation and air conditioning. When completed, this project is not expected to increase operating costs.

Total State.....	\$	8,207	\$ 0	\$ 1,292	\$ 9,499
Total Federal.....		0	0	0	0
 PROGRAM TOTAL.....	 \$	 8,207	 \$ 0	 \$ 1,292	 \$ 9,499

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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Mental Health.....	\$ 12,083	\$ 0	\$ 2,417	\$ 14,500
Mental Retardation.....	2,700	0	540	3,240
Human Services.....	660	0	132	792
TOTAL PROJECTS.....	\$ 15,443	\$ 0	\$ 3,089	\$ 18,532

SOURCE OF FUNDS

General Obligation Bond Issues

Capital Facilities Fund - Buildings and Structures.....	\$ 15,443	\$ 0	\$ 3,089	\$ 18,532
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	\$ 15,443	\$ 0	\$ 3,089	\$ 18,532

Capital Budget

Department of Public Welfare 2003-04 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, Dauphin County	\$ 5,500	\$ 0	\$ 1,100	\$ 6,600
UPGRADE HVAC SYSTEMS: This project will upgrade HVAC systems in DPW Complex #2, which houses critical operations and expensive computer systems. When completed, this project is not expected to increase operating costs.				
UPGRADE ELECTRICAL DISTRIBUTION SYSTEM, FIRE AND SECURITY SYSTEMS:	3,000	0	600	3,600
This project will upgrade the electrical distribution system and fire & security systems in buildings 33, 41, 42, and 43. When completed, this project is not expected to change operating costs.				
Danville State Hospital, Montour County	2,083	0	417	2,500
REPLACE STEAM GENERATION EQUIPMENT: This project will provide cost effective steam generation equipment, necessary controls, distribution modifications, and piping as required. When completed, this project is not expected to change operating costs.				
Clarks Summit State Hospital, Lackawanna County	1,500	0	300	1,800
INSTALL HEATING AND COOLING SYSTEMS: This project will provide installation of new heating and cooling systems. When completed, this project is not expected to change operating costs.				
PROGRAM TOTAL.....	\$ 12,083	\$ 0	\$ 2,417	\$ 14,500

Department of Public Welfare 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Mental Retardation				
Hamburg Center, Berks County	\$ 700	\$ 0	\$ 140	\$ 840
INSTALL NEW FLOORING AND CEILINGS: This project will install new flooring and ceiling including all necessary underlayments and extensions. When completed, this project is not expected to change operating costs.				
Selingsgrove Center, Snyder County	2,000	0	400	2,400
UPGRADE FIRE ALARM AND SUPPRESSION SYSTEMS: This project will provide upgrades to fire alarm and suppression systems. When completed, this project is not expected to change operating costs.				
PROGRAM TOTAL.....	\$ 2,700	\$ 0	\$ 540	\$ 3,240

Department of Public Welfare 2003-04 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Human Services				
Loysvilles Complex, Montour County	\$ 660	\$ 0	\$ 132	\$ 792
CONSTRUCTION OF A NEW 80 UNIT JUVENILE FACILITY - LOYSVILLE COMPLEX: This project will provide for the building of a new 80 -bed juvenile facility to replace existing hospital buildings. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	<u>\$ 660</u>	<u>\$ 0</u>	<u>\$ 132</u>	<u>\$ 792</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
2003-04 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 10,330	\$ 0	\$ 546	\$ 10,876
TOTAL PROJECTS.....	\$ 10,330	\$ 0	\$ 546	\$ 10,876
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 10,330	\$ 0	\$ 546	\$ 10,876
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	\$ 10,330	\$ 0	\$ 546	\$ 10,876

State Police 2003-04 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: Public Protection and Law Enforcement

Department Headquarters - Dauphin County

CONSTRUCT NEW CRIME LABORATORY FACILITY:

This project provides for the construction of a new crime laboratory facility. When completed, this project is not expected to change operating costs.

\$ 9,600	\$ 0	\$ 400	\$ 10,000
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Wyoming Laboratory, Luzerne County

CONSTRUCT NEW CRIME LABORATORY BUILDING:

This project provides for the construction of a new crime laboratory facility. When completed, this project is not expected to change operating costs.

730	0	146	876
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PROGRAM TOTAL.....

<u>\$ 10,330</u>	<u>\$ 0</u>	<u>\$ 546</u>	<u>\$ 10,876</u>
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DEPARTMENT OF TRANSPORTATION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2003-04 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance.....	\$ 2,200	\$ 0	\$ 0	\$ 2,200
Subtotal.....	\$ 2,200	\$ 0	\$ 0	\$ 2,200
TRANSPORTATION ASSISTANCE PROJECTS				
Urban Mass Transportation.....	\$ 526,984	\$ 0	\$ 9,101	\$ 536,085
Subtotal.....	\$ 526,984	\$ 0	\$ 9,101	\$ 536,085
HIGHWAY PROJECTS				
State Highway and Bridge Construction/Reconstruction.....	\$ 2,172,047	\$ 226,847	\$ 202,268	\$ 2,601,162
TOTAL PROJECTS.....	<u>\$ 2,701,231</u>	<u>\$ 226,847</u>	<u>\$ 211,369</u>	<u>\$ 3,139,447</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance.....	\$ 81,914	\$ 0	\$ 9,101	\$ 91,015
Current Revenues				
Motor License Fund.....	\$ 388,527	\$ 56,969	\$ 45,638	\$ 491,134
Federal Funds.....	\$ 2,212,988	\$ 165,951	\$ 148,734	\$ 2,527,673
Local Funds.....	\$ 17,802	\$ 3,927	\$ 7,896	\$ 29,625
TOTAL.....	<u>\$ 2,701,231</u>	<u>\$ 226,847</u>	<u>\$ 211,369</u>	<u>\$ 3,139,447</u>

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Highway and Bridge Maintenance				
Highway Maintenance Facility, Washington County	\$ 1,000	\$ 0	\$ 0	\$ 1,000
CONSTRUCT STORAGE FACILITY: This project will construct a storage facility designed for regional use on heavy traffic roadways. When completed, this project is not expected to increase operating costs.				
Engineering District 11-0, Allegheny County	1,200	0	0	1,200
CONSTRUCT AN ADDITION AND RENOVATE ENGINEERING OFFICE DISTRICT 11-0: This project will construct a new addition to the existing structure and renovate the office of Engineering District 11-0. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 2,200	\$ 0	\$ 0	\$ 2,200

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS

Program: Urban Mass Transportation

All of the following projects are grants to local transportation authorities. Consequently, no staffing or operating cost impacts are provided since these will be borne by local budgets.

Adams County Transit Authority

CONSTRUCT OPERATING FACILITY:

This project will construct a new operating facility for the Adams County Transit Authority.

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
State	\$ 75	\$ 0	\$ 8	\$ 83
Fed.	400	0	0	400
Local	17	0	0	17

Capitol Area Transit

PURCHASE OF 10 TRANSIT BUSES:

This project will acquire 10 fixed route transit buses as replacement vehicles and spare parts.

State	465	0	52	517
Fed.	2,480	0	0	2,480
Local	103	0	0	103

Endless Mountains Transportation Authority

VEHICLE REPLACEMENT: This project will provide for the replacement of fixed route vehicles and communication equipment and facility improvements.

State	50	0	5	55
Fed.	265	0	0	265
Local	11	0	0	11

Erie Municipal Transportation Authority

REPLACEMENT OF SUPPORT VEHICLES: This project will provide for replacement of five (5) support vehicles - 2 trucks, 2 cars, and 1 mini van.

State	23	0	3	26
Fed.	123	0	0	123
Local	5	0	0	5

Port Authority of Allegheny County

BUS PROCUREMENT:

This project will provide for acquisition of transit buses to replace existing vehicles that have reached the end of their useful life.

State	9,000	0	1,000	10,000
Fed.	48,000	0	0	48,000
Local	2,000	0	0	2,000

F.F.Y. 2004-05 SECTION 5307 FORMULA PROGRAM: This project will provide for bus purchases, upgrades to surface communications and track, signal and station improvements.

State	6,511	0	724	7,235
Fed.	34,728	0	0	34,728
Local	1,447	0	0	1,447

F.F.Y. 2004-05 SECTION 5309 FIXED GUIDEWAY PROGRAM:

This project will provide for rail car acquisition, station rehabilitation, elevated reconstruction and improved train control systems.

State	5,265	0	585	5,850
Fed.	28,080	0	0	28,080
Local	1,170	0	0	1,170

F.F.Y. 2004-05 FLEX FUNDS PROGRAM: This will provide for PAT's F. F. Y. 2004-05 Flex Funds, which will be used to fund replacement buses, small transit vehicle program and park-n-ride.

State	1,215	0	135	1,350
Fed.	6,480	0	0	6,480
Local	270	0	0	270

Department of Transportation 2003-04 Projects

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS (continued)

(Dollar Amounts in Thousands)

Program: Urban Mass Transportation (continued)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Southeastern Pennsylvania Transportation Authority					
F.F.Y. 2000 SECTION 5309 FIXED GUIDEWAY PROGRAM:	State	\$ 9,372	\$ 0	\$ 1,041	\$ 10,413
This project will provide for rail car acquisition, station rehabilitation, elevated reconstruction and improved train control systems.	Fed.	49,984	0	0	49,984
	Local	2,083	0	0	2,083
F.F.Y. 2003 SAFETY AND SECURITY PROGRAM: This project will provide for security improvements at bus garages, rail shops and passenger stations.	State	4,687	0	521	5,208
	Fed.	25,000	0	0	25,000
	Local	1,042	0	0	1,042
FRANKFORD TRANSIT CENTER: This project will provide additional funding for the Frankford Transportation Center, a new transportation center at the Bridge-Pratt Terminal.	State	2,812	0	313	3,125
	Fed.	15,000	0	0	15,000
	Local	625	0	0	625
F.F.Y. 2003 IMPROVE FACILITIES: This project will provide for improvements at the intermodal facilities project, which provides for the rehabilitation of rail stations and parking expansions.	State	1,407	0	156	1,563
	Fed.	7,500	0	0	7,500
	Local	312	0	0	312
GIRARD AVENUE STREETScape: This project will provide for Girard Avenue streetscape construction of improvements as part of the restoration of the Girard Avenue trolley light rail service.	State	94	0	10	104
	Fed.	500	0	0	500
	Local	21	0	0	21
SUBURBAN STATION STREETScape: This project will provide for Suburban Station's pedestrian and streetscape improvements as part of the Suburban Station project.	State	94	0	10	104
	Fed.	500	0	0	500
	Local	21	0	0	21
F.F.Y. 2004 FEDERAL PROGRAM: This project will provide funds for various projects, fleet renewal, signal systems, rail car acquisition, repairs, and garage replacement.	State	27,000	0	3,000	30,000
	Fed.	144,000	0	0	144,000
	Local	6,000	0	0	6,000
F. F. Y. 2003 FEDERAL HIGHWAY FLEX PROGRAM: This project will provide for F. F. Y. Federal Highway Flex projects, which includes the CMAQ park and ride programs and candidates for the DVRPC competitive CMAQ program.	State	750	0	83	833
	Fed.	4,000	0	0	4,000
	Local	167	0	0	167
F.F.Y. 2004 BUS PURCHASE PROGRAM: This project will purchase approximately 300 accessible 40-foot low-floor buses and 42 accessible 27-foot buses.	State	3,207	0	356	3,563
	Fed.	17,100	0	0	17,100
	Local	712	0	0	712
Williamsport Bureau of Transit					
REPLACE TRANSIT VEHICLES: This project will provide for replacement of two transit vehicles, an automatic vehicle location system and trade and transit centre phase II improvements.	State	529	0	59	588
	Fed.	2,820	0	0	2,820
	Local	117	0	0	117

Department of Transportation 2003-04 Projects

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS (continued)

(Dollar Amounts in Thousands)

Program: Urban Mass Transportation (continued)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
York County Transit Authority				
REPLACE TRANSIT VEHICLES: This project will provide for replacement of nine heavy duty transit coaches.	State \$ 358	\$ 0	\$ 40	\$ 398
	Fed. 1,908	0	0	1,908
	Local 79	0	0	79
Department of Transportation				
RAIL PASSENGER IMPROVEMENTS: This project will provide for rail passenger improvements across the Commonwealth including matching funds for Keystone Corridor federal funding.	State 9,000	0	1,000	10,000
	Fed. 40,000	0	0	40,000
	Local 0	0	0	0
TOTAL STATE FUNDS.....	\$ 81,914	\$ 0	\$ 9,101	\$ 91,015
TOTAL FEDERAL FUNDS.....	428,868	0	0	428,868
TOTAL LOCAL FUNDS.....	16,202	0	0	16,202
PROGRAM TOTAL.....	<u>\$ 526,984</u>	<u>\$ 0</u>	<u>\$ 9,101</u>	<u>\$ 536,085</u>

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Adams County SR 94	State	\$ 600	\$ 70	\$ 111	\$ 781
PA-94 from Adams/York County Line to Apple Road	Fed	2,400	80	444	2,924
Conewago, Berwick and Oxford Townships	Other	0	0	0	0
Widen, reconstruct, and add center turn lane	Total	3,000	150	555	3,705
Allegheny County, SR 22	State	4,000	200	400	4,600
SR 22/30 and SR 60 Interchange	Fed	16,000	800	1,600	18,400
North Fayette & Robinson Townships	Other	0	0	0	0
Highway Restoration and Interchange Reconstruction	Total	20,000	1,000	2,000	23,000
Allegheny County, SR 22	State	840	100	132	1,072
McDonald and Noblestown Interchange on SR 22	Fed	3,360	400	528	4,288
North Fayette Township	Other	0	0	0	0
Reconstruction of ramps	Total	4,200	500	660	5,360
Allegheny County, SR 22	State	1,160	100	132	1,392
Imperial and Hanky Farms Interchange	Fed	4,640	400	528	5,568
North Fayette Township	Other	0	0	0	0
Reconstruction of interchange ramps	Total	5,800	500	660	6,960
Allegheny County, SR 88	State	980	200	187	1,367
SR 3037 to Grove Rd.	Fed	3,920	800	0	4,720
Castle Shannon Borough	Other	0	0	0	0
Widening	Total	4,900	1,000	187	6,087
Allegheny County, SR 88	State	380	270	170	820
SR 3037 School Street - Castle Shannon Blvd.	Fed	1,520	1,080	0	2,600
Bethel Park and Castle Shannon Boroughs	Other	0	0	0	0
Restoration of roadway	Total	1,900	1,350	170	3,420
Allegheny County, SR 88	State	654	209	260	1,123
McKeilly Road to 6th Street	Fed	2,616	1,236	0	3,852
City of Pittsburgh and Castle Shannon Borough	Other	0	0	0	0
Reconstruction of roadway	Total	3,270	1,445	260	4,975
Allegheny County, SR 837	State	2,115	126	296	2,537
Rankin Bridge to Ravine Street	Fed	8,460	204	1,184	9,848
Munhall and Whitaker Boroughs	Other	0	0	0	0
Reconstruction of roadway	Total	10,575	330	1,480	12,385
Beaver County, PA 51	State	1,200	220	516	1,936
TR 51 and Franklin Ave Interchange	Fed	4,800	880	2,064	7,744
City of Aliquippa	Other	0	0	0	0
Reconstruction of interchange	Total	6,000	1,100	2,580	9,680
Beaver County, PA 3016	State	552	0	0	552
West of Raccoon CK Bridge to East to the Intersection SR 3013	Fed	2,208	0	0	2,208
Hopewell Township	Other	0	0	0	0
New Alignment	Total	2,760	0	0	2,760
Bedford County, SR 56	State	500	50	27	577
SR 56 and 4032 and T-559	Fed	2,000	200	109	2,309
East Saint Clair Township	Other	0	0	0	0
Safety Improvements	Total	2,500	250	136	2,886
Bedford County, SR 56	State	880	62	128	1,070
Vicinity of Chestnut Ridge School	Fed	3,520	298	514	4,332
East Saint Clair Township	Other	0	0	0	0
Add Lane	Total	4,400	360	642	5,402

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Bedford County, SR 56	State	\$ 426	\$ 74	\$ 92	\$ 592
At SR 4028, T541 and SR 4015	Fed	3,575	296	368	4,239
East Saint Clair Township	Other	0	0	0	0
Add Lane	Total	4,001	370	460	4,831
Bedford County, SR 56	State	6,000	0	200	6,200
East of Somerset Line to east of Pleasantville Mountain Curve	Fed	24,000	0	800	24,800
West Saint Clair Township	Other	0	0	0	0
Reconstruction/Relocation	Total	30,000	0	1,000	31,000
Berks County, SR 61	State	3,000	500	500	4,000
Vicinity of I-78 & Associated intersections in the Hamburg area	Fed	0	0	0	0
Tilden Township	Other	0	0	0	0
Reconstruction, Safety Improvements, and Relocation of Mountain Rd.	Total	3,000	500	500	4,000
Berks County, SR 61	State	1,200	70	360	1,630
SR 61/SR 225 Intersection	Fed	4,800	280	1,040	6,120
Shamokin and Coal Townships	Other	0	0	0	0
Intersection Improvement	Total	6,000	350	1,400	7,750
Berks County, SR 222	State	807	250	60	1,117
SR 222 Kutztown By-pass	Fed	3,206	0	290	3,496
Maxatawny & Richmond Townships	Other	0	0	0	0
Resurfacing	Total	4,013	250	350	4,613
Berks County, SR 222	State	1,000	100	50	1,150
Penn Ave. to Exeter Township Business 422	Fed	4,000	400	250	4,650
Cumru, Exeter, Reading, and West Reading Townships	Other	0	0	0	0
Resurfacing	Total	5,000	500	300	5,800
Berks County, SR 422	State	1,000	250	60	1,310
From West Shore Bypass to West Wyomissing	Fed	4,000	0	240	4,240
Spring, West Lawn, Wyomissing, and West Wyomissing Townships	Other	0	0	0	0
Restoration of roadway	Total	5,000	250	300	5,550
Berks County, SR 501	State	2,400	300	300	3,000
In the vicinity of Interchange I-78 & SR 501	Fed	9,600	1,200	1,200	12,000
Bethel Township	Other	0	0	0	0
Reconstruction and Safety Improvements	Total	12,000	1,500	1,500	15,000
Blair County, SR 6036	State	6,000	2,100	260	8,360
9th Ave. Extension Between 8th Street and PA 36	Fed	24,000	8,400	1,040	33,440
City of Altoona	Other	0	0	0	0
Roadway extension	Total	30,000	10,500	1,300	41,800
Blair County, SR 6036	State	600	100	180	880
Park Avenue Extension SR 4010 southward to SR 1009	Fed	2,400	400	720	3,520
Logan Township	Other	0	0	0	0
Construction of a New 2-Lane Roadway	Total	3,000	500	900	4,400
Blair County, SR 453	State	2,200	90	340	2,630
I-99 to Pemberton Bridge	Fed	8,800	360	1,360	10,520
Warriors, Mark and Snyder Townships	Other	0	0	0	0
Restoration	Total	11,000	450	1,700	13,150
Bradford County, SR 6006	State	1,542	495	0	2,037
Wysox to North Towanda	Fed	6,169	1,981	0	8,150
North Towanda and Towanda Townships	Other	0	0	0	0
New Roadway	Total	7,711	2,476	0	10,187

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Bucks County, SR 202	State	\$ 20,834	\$ 1,260	\$ 200	\$ 22,294
SR 463 to Pickertown Road	Fed	83,336	5,040	800	89,176
Montgomery and Warrington Townships	Other	0	0	0	0
Four Lane Divided Relocation	Total	104,170	6,300	1,000	111,470
Bucks County, SR 202	State	27,830	3,440	300	31,570
Pickertown Road to SR 611 Bypass	Fed	111,320	13,760	1,200	126,280
Doylestown Borough	Other	0	0	0	0
Four Lane Divided Relocation	Total	139,150	17,200	1,500	157,850
Bucks County, SR 232	State	320	525	200	1,045
SR 232/Nesham	Fed	1,280	0	0	1,280
Wrightstown Township	Other	0	0	0	0
Signal and Safety Improvements	Total	1,600	525	200	2,325
Bucks County, SR 313	State	600	120	60	780
Route 313/Ferry Road to Broad Street	Fed	2,400	480	240	3,120
Quakertown	Other	0	0	0	0
Safety Improvements	Total	3,000	600	300	3,900
Bucks County, SR 2002	State	800	50	160	1,010
State Road: Elm Ave to Neshaminy Creek	Fed	3,200	200	640	4,040
Bristol Township	Other	0	0	0	0
Restoration and Drainage Improvements	Total	4,000	250	800	5,050
Bucks County, SR 2025	State	500	20	375	895
Bristol Rd.: Hulmeville to Old Lincoln Highway	Fed	2,000	80	0	2,080
Bensalem Township	Other	0	0	0	0
Intersection Improvements	Total	2,500	100	375	2,975
Bucks County, SR 2033	State	200	70	50	320
Woodbourne Road: At Langhorne-Yardley Intersection	Fed	800	280	150	1,230
Middletown Township	Other	0	0	0	0
Intersection Improvements	Total	1,000	350	200	1,550
Bucks County, SR 2036	State	1,149	350	300	1,799
Swamp Road SR 413 to Rushland Road	Fed	4,594	1,400	1,200	7,194
Newtown and Wrightstown Townships	Other	0	0	0	0
Reconstruction/Realignment	Total	5,743	1,750	1,500	8,993
Bucks County, SR 2038	State	0	250	500	750
New Roadway From Bustleton Pike to Philmont Avenue	Fed	1,600	0	0	1,600
Lower Southampton Township	Other	0	0	0	0
New Roadway	Total	1,600	250	500	2,350
Bucks County, SR 2038	State	500	40	200	740
Stump Road to Kulp Road	Fed	2,000	160	800	2,960
Horsham, Montgomery, and Warrington Townships	Other	0	0	0	0
Widening of Roadway	Total	2,500	200	1,000	3,700
Bucks County, SR 6309	State	1,200	10	100	1,310
Between SR 309 and SR 663	Fed	4,800	40	400	5,240
Milford Township	Other	0	0	0	0
New Alignment	Total	6,000	50	500	6,550



Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Bucks County, SR 2038	State	\$ 2,900	\$ 0	\$ 300	\$ 3,200
US 202-Upper State Road	Fed	0	0	1,200	1,200
New Britain and Montgomery Townships	Other	0	0	0	0
Widening of Roadway/Additional Lanes	Total	2,900	0	1,500	4,400
Butler County I-79	State	350	0	30	380
Allegheny County Line to SR 3025	Fed	3,150	0	0	3,150
Cranberry and Jackson Townships	Other	0	0	0	0
Restoration	Total	3,500	0	30	3,530
Butler County I-79	State	360	0	30	390
SR 3025 to SR 488	Fed	3,240	0	0	3,240
Jackson, Lancaster and Muddy Creek Townships	Other	0	0	0	0
Restoration	Total	3,600	0	30	3,630
Butler County I-79	State	350	0	30	380
SR 488 to Lawrence County Line	Fed	3,150	0	0	3,150
Muddy Creek and Worth Townships	Other	0	0	0	0
Restoration	Total	3,500	0	30	3,530
Cambria County SR 22	State	400	100	100	600
East of US 219 Overpass to West of SR 3034	Fed	1,600	400	400	2,400
Cambria Township	Other	0	0	0	0
Safety and Traffic flow improvements	Total	2,000	500	500	3,000
Cambria County SR 56	State	14,960	400	500	15,860
Broad Street to the Westmoreland County Line	Fed	59,840	1,600	2,000	63,440
City of Johnstown and Lower Yoder Township	Other	0	0	0	0
Relocation	Total	74,800	2,000	2,500	79,300
Cambria County SR 219	State	40,700	4,000	600	45,300
Carrolltown to Clearfield County Line	Fed	162,800	16,000	2,400	181,200
East Carroll, West Carroll, and Susquehanna Townships	Other	0	0	0	0
Relocation	Total	203,500	20,000	3,000	226,500
Cambria County SR 219	State	800	0	100	900
US 22 to US 422	Fed	3,200	0	0	3,200
Cambria Township	Other	0	0	0	0
Restoration and Safety Improvements	Total	4,000	0	100	4,100
Cambria County	State	173	33	20	226
Maple and Clinton Streets	Fed	690	171	180	1,041
City of Johnstown	Other	0	0	0	0
Safety Improvements	Total	863	204	200	1,267
Cambria County SR 756	State	600	190	120	910
Scalp Avenue to Luther Road	Fed	2,400	760	480	3,640
Geistown Borough and Richland Township	Other	0	0	0	0
Widening	Total	3,000	950	600	4,550
Carbon County, SR 54	State	200	100	160	460
From Schuylkill County Line to Tippetts Street	Fed	800	400	640	1,840
Borough of Nesquehoning	Other	0	0	0	0
Reconstruction	Total	1,000	500	800	2,300
Carbon County, SR 443	State	1,000	200	200	1,400
From Mall Road to Thomas J. McCall Memorial Bridge	Fed	4,000	800	800	5,600
Lehighon Borough and Mahoning Township	Other	0	0	0	0
Widening	Total	5,000	1,000	1,000	7,000

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Chester County, US 30	State	\$ 700	\$ 120	\$ 49	\$ 869
US 30 at Waterloo Road and Devon Blvd.	Fed	2,800	480	183	3,463
Easttown Township	Other	0	0	0	0
Intersection Improvement	Total	3,500	600	232	4,332
Chester County, US 30	State	2,200	400	300	2,900
At Paoli Pike	Fed	8,800	1,600	1,200	11,600
Willistown and Tredyffrin Townships	Other	0	0	0	0
Center Access Improvements	Total	11,000	2,000	1,500	14,500
Chester County, SR 41	State	0	1,000	600	1,600
PA 41 - US 30 - PA 926	Fed	5,000	4,000	2,400	11,400
Various Municipalities	Other	0	0	0	0
Intersection Corridor Improvements	Total	5,000	5,000	3,000	13,000
Chester County, SR 100	State	1,500	0	0	1,500
Eagle Loop Rd - PA Turnpike - Byers Rd.	Fed	1,020	0	0	1,020
Uwchlan Township and Upper Uwchlan Township	Other	0	300	200	500
New Alignment	Total	2,520	300	200	3,020
Chester County, SR 100	State	2,936	320	0	3,256
PA 100 - PA 113 to Township Line Rd.	Fed	11,744	0	0	11,744
Uwchlan Township	Other	0	80	1,400	1,480
Safety, Interchange and Bridge Improvements	Total	14,680	400	1,400	16,480
Chester County, US 202	State	8,000	0	0	8,000
Swedesford Rd(south) to Abandon Railroad	Fed	32,000	0	0	32,000
East Whiteland and Tredyffrin Townships	Other	0	0	0	0
Roadway and Bridge Reconstruction	Total	40,000	0	0	40,000
Chester County, US 202	State	4,000	0	0	4,000
Rt 1 to North Rt 29, Rt 30 to Rt 340, Rt 100 to PA Turnpike	Fed	16,000	0	0	16,000
Various Municipalities	Other	0	0	0	0
Installation of Traffic & Incident Management System	Total	20,000	0	0	20,000
Chester County, US 322	State	400	50	100	550
US 322, Main St. at Rt 10, Conestoga Ave	Fed	0	0	0	0
Honeybrook Borough	Other	0	0	0	0
Intersection Improvements	Total	400	50	100	550
Chester County, US 422	State	11,120	30	900	12,050
Schuylkill River to Norfolk Southern Railroad	Fed	44,480	120	3,600	48,200
North Coventry and Lower Pottsgrove Townships	Other	0	0	0	0
Interchange Improvements	Total	55,600	150	4,500	60,250
Chester County, SR 926	State	480	140	0	620
SR 926 Street Rd. at SR 352 and S-curve east of SR 352	Fed	1,920	560	0	2,480
Westtown Township	Other	0	0	1,000	1,000
Channelize and Realign	Total	2,400	700	1,000	4,100
Chester County, SR 2014	State	500	50	80	630
82 - Paoli Pike at N. Five Points	Fed	0	0	0	0
West Goshen Township	Other	0	0	0	0
Intersection Improvements	Total	500	50	80	630
Chester County, SR 3033	State	500	100	200	800
Newark Rd to Hillendale Rd.	Fed	0	0	0	0
New Garden Township Uwchlan Township	Other	0	0	0	0
Channelization/Safety	Total	500	100	200	800

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Clearfield County, SR 3006	State	\$ 700	\$ 1,000	\$ 215	\$ 1,915
Water Street Location	Fed	0	0	0	0
Westover Borough	Other	0	0	0	0
Relocation including New Intersection	Total	700	1,000	215	1,915
Crawford County, US 6	State	200	50	50	300
US 6/19/322	Fed	800	200	200	1,200
Various Municipalities	Other	0	0	0	0
Safety Traffic Flow Improvements	Total	1,000	250	250	1,500
Cumberland County, US 11	State	800	20	200	1,020
Village of New Kingstown	Fed	3,200	80	800	4,080
Silver Spring Township	Other	0	0	0	0
Relocation of Eastbound Lanes	Total	4,000	100	1,000	5,100
Cumberland County, US 11	State	400	100	100	600
SR 581 Interchange to I-81	Fed	1,600	400	400	2,400
Camp Hill and Wormleysburg Boroughs, East Pennsboro Township	Other	0	0	0	0
Safety and Traffic Flow Improvements	Total	2,000	500	500	3,000
Cumberland County, SR 174	State	360	70	30	460
SR 174, US 11 to I-81	Fed	1,440	80	120	1,640
Shippensburg Borough & Southampton Township	Other	0	0	0	0
Add Lane	Total	1,800	150	150	2,100
Cumberland County, SR 1010	State	400	100	100	600
SR 34 to 32nd Street in Camp Hill	Fed	1,600	400	400	2,400
Carlisle and Camp Hill Boroughs	Other	0	0	0	0
Safety and Traffic Flow Improvements	Total	2,000	500	500	3,000
Dauphin Co. SR 39	State	1,440	25	83	1,548
Old Jonestown Rd to West of Fairville Avenue	Fed	5,160	0	432	5,592
West Hanover Township	Other	0	425	485	910
Widening	Total	6,600	450	1,000	8,050
Dauphin County, SR 230	State	823	0	0	823
AMTRAK Rail Line near the Harrisburg International Airport	Fed	3,294	0	0	3,294
Lower Swatara Township	Other	0	0	0	0
Construct an Intermodal Transfer Center	Total	4,117	0	0	4,117
Dauphin County, SR 322	State	600	100	120	820
US 322 and SR - 743	Fed	2,400	400	480	3,280
Derry Township	Other	0	0	0	0
Upgrade Traffic Signals and Realign Intersection	Total	3,000	500	600	4,100
Dauphin County, SR 3010	State	3,000	500	500	4,000
Paxton, Harrisburg, 40th Sts, Chambers Hill and Lindle Rds,	Fed	0	0	0	0
Eisenhower Blvd, L. Paxton, L. Swatara & Swatara Townships & City	Other	0	0	0	0
of Harrisburg Restoration	Total	3,000	500	500	4,000
Delaware County, I-95	State	336	5	359	700
Delaware Expressway at Darby Creek Bridge	Fed	3,024	0	0	3,024
Ridley Township	Other	0	0	0	0
Roadway Restoration	Total	3,360	5	359	3,724
Delaware County, I-95	State	1,600	3,000	200	4,800
US 322 Interchange & Local Access	Fed	14,400	0	800	15,200
Upper Providence Township	Other	0	0	0	0
Widening & Signal Improvement	Total	16,000	3,000	1,000	20,000

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Delaware County, I-95	State	\$ 4,000	\$ 280	\$ 300	\$ 4,580
US 322 and I-95 Ramps	Fed	16,000	1,120	1,200	18,320
Chester City	Other	0	0	0	0
Widening	Total	20,000	1,400	1,500	22,900
Delaware County, I-95	State	500	10	160	670
SR 291 to I-476	Fed	4,500	40	640	5,180
Ridley & Tincum Townships, Ridley Boro, City of Philadelphia	Other	0	0	0	0
Installation of Traffic & Incident Management System	Total	5,000	50	800	5,850
Delaware County, PA 252	State	2,352	300	352	3,004
Palmer's Mill Road to Kirk Lane	Fed	0	0	71	71
Upper Providence Township	Other	0	0	0	0
Intersection Improvement	Total	2,352	300	423	3,075
Delaware County, SR 3009	State	200	100	60	360
Chichester and Meetinghouse Rd	Fed	800	400	240	1,440
Upper Chichester Township	Other	0	0	0	0
Interchange Improvements	Total	1,000	500	300	1,800
Erie County, SR 5	State	200	0	406	606
SR 5 (12th Street) from I-79 to Franklin Ave	Fed	800	0	1,624	2,424
City of Erie, Mill Creek and Lawrence Park Townships	Other	0	0	0	0
Safety and Traffic Flow Improvements	Total	1,000	0	2,030	3,030
Erie County, SR 89	State	800	200	100	1,100
I-79 to Franklin Ave	Fed	3,200	800	400	4,400
City of Erie, Mill Creek and Lawrence Park Townships	Other	0	0	0	0
Safety and Traffic Flow Improvements	Total	4,000	1,000	500	5,500
Erie County, SR 832	State	1,450	170	20	1,640
Penninsula Drive: 6th Street to Presque Isle State Park	Fed	5,800	680	80	6,560
City of Erie	Other	0	0	0	0
Relocation/Reconstruction	Total	7,250	850	100	8,200
Fayette County, SR 21	State	160	200	419	779
SR 166 Intersection to S&T Drive	Fed	640	800	1,676	3,116
German Township	Other	0	0	0	0
Widening	Total	800	1,000	2,095	3,895
Fayette County, SR 21	State	6,000	216	200	6,416
S&T Drive to Rt 40	Fed	24,000	864	800	25,664
City of Uniontown, South Union and Menallen Townships	Other	0	0	0	0
Widening	Total	30,000	1,080	1,000	32,080
Fayette County, SR 40	State	150	120	140	410
US 40 at Chalk Hill	Fed	1,350	0	0	1,350
Wharton Township	Other	0	0	0	0
Reconstruction	Total	1,500	120	140	1,760
Fayette County, SR 119	State	400	40	26	466
Everson Exit to Westmoreland County Line	Fed	1,600	160	104	1,864
Bullskin and Upper Tyrone Townships	Other	0	0	0	0
Restoration	Total	2,000	200	130	2,330

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Fayette County, SR 119	State	\$ 200	\$ 100	\$ 320	\$ 620
Morgantown Interchange	Fed	800	0	0	800
South Union Township	Other	0	0	0	0
add two ramps	Total	1,000	100	320	1,420
Fayette County, SR 711	State	300	50	40	390
Connellsville to Chest. Rdg	Fed	1,200	200	160	1,560
Connellsville and Springhill Townships	Other	0	0	0	0
Restoration	Total	1,500	250	200	1,950
Franklin County, I-81	State	1,568	150	450	2,168
Exit 4 to Exit 8	Fed	14,114	0	4,050	18,164
Guilford & Greene Townships	Other	0	0	0	0
Resurface and Rehabilitate	Total	15,682	150	4,500	20,332
Franklin County, I-81	State	400	100	100	600
I-81 and SR 696 Fayette Street Interchange	Fed	1,600	400	400	2,400
South Hampton Township	Other	0	0	0	0
Reconstruction and Safety Improvements	Total	2,000	500	500	3,000
Huntingdon County, SR 26	State	290	40	215	545
SR 26 at Jackson Corners	Fed	1,160	120	160	1,440
Miller Township	Other	0	0	0	0
Safety Improvement	Total	1,450	160	375	1,985
Huntingdon County, SR 26	State	2,860	65	59	2,984
Intersections of SR 26 at Harry's Valley Rd and SR 1029	Fed	11,440	585	441	12,466
Barree Township	Other	0	0	0	0
Safety Improvement	Total	14,300	650	500	15,450
Lackawanna County, SR 81	State	1,200	0	0	1,200
LLTS Interstate PM	Fed	10,800	0	0	10,800
Luzerne and Lackawanna Counties	Other	0	0	0	0
Preventive Maintenance along 1081	Total	12,000	0	0	12,000
Lancaster County, SR 41	State	233	40	225	498
SR 41 from Truck Climbing Lane to Dutchman's Market	Fed	932	0	0	932
Sadsbury Township	Other	0	0	0	0
Widen to Three Lanes	Total	1,165	40	225	1,430
Lancaster County, SR 41	State	385	14	128	527
SR 41 from US 30 to T-942	Fed	1,539	56	510	2,105
Salisbury Township	Other	0	0	0	0
Add Lane	Total	1,924	70	638	2,632
Lancaster County, SR 72	State	2,000	200	400	2,600
SR 72	Fed	8,000	800	1,600	10,400
Various Townships	Other	0	0	0	0
Relocation, Reconstruction, and Safety Improvements	Total	10,000	1,000	2,000	13,000
Lancaster County, SR 272	State	1,940	20	129	2,089
SR 741 to Smithville	Fed	7,760	80	518	8,358
West lampeter, Pequea and Providence Townships	Other	0	0	0	0
Resurface, Rehabilitate and Paint Bridges	Total	9,700	100	647	10,447
Lancaster County, SR 441	State	2,000	220	0	2,220
SR 441 Corridor Columbia	Fed	8,000	880	0	8,880
Columbia Borough and West Hempfield Township	Other	0	0	1,500	1,500
Resurface, Rehabilitate and Paint Bridges	Total	10,000	1,100	1,500	12,600

Capital Budget

Department of Transportation 2003-04 Projects

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HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Lancaster County, SR 1026	State	\$ 184	\$ 60	\$ 200	\$ 444
Wallups Hill Road to West of Kline Road	Fed	736	0	0	736
West Cocalico Township	Other	0	0	0	0
Reconstruction	Total	920	60	200	1,180
Lawrence County, SR 1005	State	636	210	100	946
Maitland Lane to Mercer County Line	Fed	2,544	840	400	3,784
Wilmington and Neshannock Townships	Other	0	0	0	0
Reconstruction	Total	3,180	1,050	500	4,730
Lawrence County, SR 4014	State	536	238	0	774
SR 4014 State Street	Fed	2,144	952	0	3,096
New Castle and Union Townships	Other	0	0	0	0
Reconstruction	Total	2,680	1,190	0	3,870
Lebanon County, SR 422	State	3,000	0	0	3,000
US 422 and Lingle Ave	Fed	0	0	0	0
Union & New Castle Townships	Other	0	1,000	500	1,500
Reconstruction	Total	3,000	1,000	500	4,500
Lebanon County, SR 501	State	450	60	100	610
SR 501 College Street & SR 2011 Richland Ave Intersection	Fed	0	0	0	0
Myerstown Borough	Other	0	0	0	0
Intersection Improvement	Total	450	60	100	610
Lebanon County, SR 4020	State	460	10	20	490
SR 4020 from SR 72 to SR 4019 through Fort Indiantown Gap	Fed	1,838	40	80	1,958
Union & East Hanover Townships	Other	0	0	0	0
Reconstruction	Total	2,298	50	100	2,448
Lehigh County, I-78	State	350	25	40	415
I-78 Black River Road Bridge Overpass and Saucon Park Bridge	Fed	3,150	225	360	3,735
Lower Saucon Township	Other	0	0	0	0
Update shoulders, Level, and Overlay	Total	3,500	250	400	4,150
Luzerne County, SR 1021	State	400	100	40	540
From 8th Street Bridge to I-81	Fed	1,600	400	160	2,160
Jenkins and Pittston Townships	Other	0	0	0	0
Construct new Roadway	Total	2,000	500	200	2,700
Luzerne County, I-81	State	400	100	200	700
Exit 178	Fed	3,600	900	1,800	6,300
Avoca	Other	0	0	0	0
Interchange Improvement	Total	4,000	1,000	2,000	7,000
Luzerne County, SR 93	State	300	0	0	300
Rock Glen Road to County Road	Fed	1,200	0	0	1,200
Conyngnam Borough	Other	0	0	0	0
Restoration, widening	Total	1,500	0	0	1,500
Lycoming County, SR 220,	State	2,500	0	70	2,570
Fire hall to Lycoming Creek Bridges	Fed	0	0	0	0
Woodward Township	Other	0	0	0	0
Restoration	Total	2,500	0	70	2,570

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Mercer County, SR 60-01L	State	\$ 400	\$ 0	\$ 300	\$ 700
SR 60 at I-80	Fed	1,600	0	0	1,600
Shenango Township	Other	0	0	0	0
Signing and Lighting	Total	2,000	0	300	2,300
Mercer County, SR 3014	State	500	100	20	620
From Buhl Farm Road to SR 18 (Hermitage Road)	Fed	1,000	400	80	1,480
City of Hermitage	Other	0	0	0	0
Resurface	Total	1,500	500	100	2,100
Monroe County, I- 81	State	1,200	0	40	1,240
I-81 Improvements	Fed	4,800	0	160	4,960
Tobyhanna Township	Other	0	0	0	0
Safety Improvements	Total	6,000	0	200	6,200
Monroe County, SR 209	State	600	100	100	800
SR 209/SR 33 interchange to Carbon County	Fed	2,400	400	400	3,200
Polk, Chestnut Hill, and Hamilton Townships	Other	0	0	0	0
Safety and Traffic Flow Improvements	Total	3,000	500	500	4,000
Monroe County, SR 209	State	302	0	0	302
SR 33 and SR 209 Northampton County line to I-80	Fed	2,722	0	110	2,832
Hamilton and Stroud Townships	Other	0	0	0	0
Median Barrier/Safety Improvements	Total	3,024	0	110	3,134
Montgomery County, SR 63	State	200	10	100	310
SR 63 Welsh Rd at Limekiln Pike and Norristown Rd.	Fed	800	40	400	1,240
Horsham and Upper Dublin Townships	Other	0	0	0	0
Intersection Improvements	Total	1,000	50	500	1,550
Montgomery County, SR 73	State	520	105	270	895
Plank/Otts/Meyers/Seltz Rds-SR 73 Township Line Road	Fed	2,080	420	0	2,500
Skippack and Perkiomen Townships	Other	0	0	0	0
Safety and Traffic Improvements	Total	2,600	525	270	3,395
Montgomery County, US 202	State	8,800	2,800	200	11,800
US 202 Dekalb Pike Johnson Highway - SR 309	Fed	35,200	11,200	800	47,200
Whitpain and E Norriton Townships and Norristown Borough	Other	0	0	0	0
Widen to Four Lanes	Total	44,000	14,000	1,000	59,000
Montgomery County, US 202	State	3,600	2,000	0	5,600
Swedesford Road to Morris Road	Fed	14,400	8,000	0	22,400
Whitpain Township	Other	0	0	0	0
Widening and Intersection Improvements	Total	18,000	10,000	0	28,000
Montgomery County, US 202	State	0	1,520	0	1,520
Johnson Highway to Swedesford Road	Fed	0	6,080	0	6,080
Whitpain and E Norriton Townships and Norristown Borough	Other	0	0	0	0
Widening	Total	0	7,600	0	7,600
Montgomery County, US 202	State	3,000	1,240	0	4,240
Morris Road to SR 63	Fed	12,000	4,960	0	16,960
Montgomery, Upper and Lower Gwynedd, and Whitpain Townships	Other	0	0	0	0
Reconstruction and Widening	Total	15,000	6,200	0	21,200
Montgomery County, US 202	State	1,000	0	0	1,000
Hancock Rd to SR 309	Fed	7,200	0	0	7,200
Montgomery, Upper, and Lower Gwynedd Townships	Other	0	0	0	0
Relocation	Total	8,200	0	0	8,200

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Montgomery County, US 202	State	\$ 400	\$ 620	\$ 0	\$ 1,020
Five Points Intersection (SR 309, SR 63, and US 202)	Fed	1,600	2,480	0	4,080
Montgomery Township	Other	0	0	0	0
Widening and Signalization	Total	2,000	3,100	0	5,100
Montgomery County, SR 309	State	12,000	0	0	12,000
SR 309 Haws Lane to Pennsylvania Ave.	Fed	48,000	0	0	48,000
Upper Dublin & Whitemarsh Townships	Other	0	0	0	0
Reconstruction	Total	60,000	0	0	60,000
Montgomery County, SR 363	State	2,400	0	0	2,400
Sumneytown at SR 363 Valley Forge Rd.	Fed	9,600	0	0	9,600
Towamencin & Upper Gwynedd Township	Other	0	200	100	300
Intersection and Signal Improvements	Total	12,000	200	100	12,300
Montgomery County, US 422	State	4,000	200	200	4,400
US 422 at SR 363	Fed	16,000	800	800	17,600
West Norriton and Lower Providence Townships	Other	0	0	0	0
New Interchange	Total	20,000	1,000	1,000	22,000
Montgomery County, SR 463	State	520	0	0	520
SR 463 (Horsham Rd.) North Wales Rd to General Hancock Rd.	Fed	2,080	0	0	2,080
Montgomery Township	Other	0	100	250	350
Widening	Total	2,600	100	250	2,950
Montgomery County, SR 2001	State	230	60	132	422
Morris Road at North Wales Road (North and South Leg)	Fed	920	240	477	1,637
Worcester & Whitpain Townships	Other	0	0	0	0
Intersection Improvements	Total	1,150	300	609	2,059
Montgomery County, SR 2027	State	760	138	233	1,131
Pennsylvania Avenue at Camp Hill Road	Fed	3,040	552	783	4,375
Springfield Township	Other	0	0	0	0
Intersection Improvements	Total	3,800	690	1,016	5,506
Montgomery County, SR 3045	State	1,300	0	0	1,300
Rock Hill Road/ Belmont Ave.	Fed	5,200	0	0	5,200
Lower Merion Township	Other	0	1,300	1,700	3,000
Corridor Improvements	Total	6,500	1,300	1,700	9,500
Northampton County, I-78	State	600	25	40	665
I-78 Restoration	Fed	5,400	225	360	5,985
Lower Saucon Township and Bethlehem	Other	0	0	0	0
Reconstruction	Total	6,000	250	400	6,650
Perry County, US 11	State	500	55	20	575
US11 I-81 to Perdix Village	Fed	2,000	0	80	2,080
Marysville Borough and Penn Township	Other	0	0	0	0
Resurfacing	Total	2,500	55	100	2,655
Perry County, SR 274	State	475	0	0	475
SR 274 and Friendly Drive	Fed	0	0	0	0
Penn Township	Other	0	22	61	83
Widen and Improve Intersection	Total	475	22	61	558



Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project Cost	Land Cost	Design & Contingencies	Project Cost
Perry County, SR 849	State	\$ 400	\$ 100	\$ 40	\$ 540
SR 849 at Duncannon	Fed	1,600	400	160	2,160
Penn Township	Other	0	0	0	0
Reconstruction and Drainage Improvements	Total	2,000	500	200	2,700
Philadelphia County, I-95	State	3,500	1,000	1,800	6,300
Ann St to Frankford Creek	Fed	31,500	4,000	7,200	42,700
City of Philadelphia	Other	0	0	0	0
Reconstruction	Total	35,000	5,000	9,000	49,000
Philadelphia County, I-95	State	8,000	5,400	2,200	15,600
Frankford Ave to Orthodox Street	Fed	72,000	600	8,800	81,400
City of Philadelphia	Other	0	0	0	0
Reconstruction and Drainage Improvements	Total	80,000	6,000	11,000	97,000
Philadelphia County, I-95	State	7,500	800	1,130	9,430
Orthodox Street to Levick Street	Fed	67,500	3,200	8,700	79,400
City of Philadelphia	Other	0	0	0	0
Reconstruction and Interchange Improvements	Total	75,000	4,000	9,830	88,830
Philadelphia County, I-95	State	8,500	1,025	3,000	12,525
Levick Street to Bleigh Avenue	Fed	76,500	651	12,000	89,151
City of Philadelphia	Other	0	0	0	0
Reconstruction and Interchange Improvements	Total	85,000	1,676	15,000	101,676
Philadelphia County, I-95	State	12,500	1,400	3,468	17,368
Shackamaxon Street and Ann Street	Fed	112,500	5,600	13,871	131,971
City of Philadelphia	Other	0	0	0	0
Reconstruction and Safety Improvements	Total	125,000	7,000	17,339	149,339
Philadelphia County, I-95	State	4,000	800	1,900	6,700
Bleigh Avenue to Academy Road	Fed	36,000	7,200	7,600	50,800
City of Philadelphia	Other	0	0	0	0
Reconstruction and Operational Improvements	Total	40,000	8,000	9,500	57,500
Philadelphia County, SR 1007	State	286	10	360	656
Adams Street Connector Torresdale To Aramingo Ave.	Fed	1,142	40	60	1,242
City of Philadelphia	Other	0	0	0	0
Construct new Roadway	Total	1,428	50	420	1,898
Philadelphia County, SR 3007	State	700	0	0	700
Benjamin Franklin Parkway from 16th Street to 25th Street	Fed	0	0	0	0
City of Philadelphia	Other	1,400	0	0	1,400
Installation of New Lighting	Total	2,100	0	0	2,100
Philadelphia County, SR 4007	State	800	80	80	960
Germantown Avenue: Allens Lane to Creshiem Valley Drive	Fed	3,200	200	320	3,720
City of Philadelphia	Other	0	0	0	0
Reconstruction	Total	4,000	280	400	4,680
Pike County, I-84	State	400	0	0	400
Wayne County Line to Delaware River Bridge	Fed	3,600	0	0	3,600
Pike County	Other	0	0	0	0
Restoration	Total	4,000	0	0	4,000

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total Project Cost
		Project Cost	Land Cost	Design & Contingencies	
Potter County, SR 6	State	\$ 500	\$ 90	\$ 60	\$ 650
SR 6 Main Street	Fed	2,000	360	240	2,600
Galeton Borough	Other	0	0	0	0
Restoration/Reconstruction	Total	2,500	450	300	3,250
Schuykill County, I-81	State	600	0	40	640
I-81	Fed	5,400	0	160	5,560
Schuykill County	Other	0	0	0	0
Restoration and Safety Improvements	Total	6,000	0	200	6,200
Snyder County, US 11	State	467	0	63	530
Selinsgrove Bypass Phase I	Fed	1,866	0	252	2,118
Monroe, Penn, Selinsgrove, and Union Townships	Other	0	0	0	0
Restoration	Total	2,333	0	315	2,648
Snyder County, US 11	State	373	0	63	436
Selinsgrove Bypass	Fed	1,493	0	252	1,745
Monroe, Penn, Selinsgrove, and Union Townships	Other	0	0	0	0
Patch and Resurface	Total	1,866	0	315	2,181
Snyder County, US 15	State	200	50	100	350
CSV T	Fed	800	200	400	1,400
Monroe and Shamokin Dam Townships	Other	0	0	0	0
Wetland mitigation site for CSV T	Total	1,000	250	500	1,750
Somerset County, SR 219	State	28,000	1,000	3,085	32,085
From Meyersdale Bypass to The Maryland State Line	Fed	112,000	4,000	12,340	128,340
Salisbury Borough, Elk Lick and Summit Townships	Other	0	0	0	0
New four Lane Roadway	Total	140,000	5,000	15,425	160,425
Sullivan County, SR 220	State	700	30	60	790
SR 42 in Muncy Valley to Sonestown	Fed	2,800	120	240	3,160
Davidson Township	Other	0	0	0	0
Reconstruction	Total	3,500	150	300	3,950
Susquehanna County, I-81	State	350	0	0	350
N. Tier interstate PM S.B.	Fed	3,150	0	0	3,150
Great Bend and New Milford Townships	Other	0	0	0	0
Preventative Maintenance	Total	3,500	0	0	3,500
Susquehanna County, SR 706	State	300	5	0	305
Fairdale to W. Montrose	Fed	1,200	20	0	1,220
Jessup and Bridgewater Townships	Other	0	0	0	0
Reconstruction	Total	1,500	25	0	1,525
Susquehanna County, SR 706	State	300	0	0	300
TR 706 Montrose to Tiffany	Fed	1,200	0	0	1,200
Montrose Borough and Bridgewater Township	Other	0	0	0	0
Reconstruction	Total	1,500	0	0	1,500
Susquehanna County, SR 706	State	400	20	40	460
Tiffany to US 11	Fed	1,600	80	160	1,840
Bridgewater and New Milford Townships	Other	0	0	0	0
Reconstruction	Total	2,000	100	200	2,300
Susquehanna County, SR 706	State	400	0	0	400
SR 706 and SR 3023	Fed	1,600	0	0	1,600
Rush Township	Other	0	0	0	0
Reconstruction	Total	2,000	0	0	2,000

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project Cost	Land Cost	Design & Contingencies	Project Cost
Tioga County, SR 6015	State	\$ 1,200	\$ 18	\$ 1,200	\$ 2,418
Township Road to SR 287	Fed	4,800	0	0	4,800
Richmond Township	Other	0	0	0	0
New Roadway	Total	6,000	18	1,200	7,218
Tioga County, SR 6015	State	800	195	0	995
SR 6015 Tioga Junction SR 328 to NY State Line	Fed	3,200	780	0	3,980
Lawrence Township and Lawrenceville Borough	Other	0	0	0	0
New Roadway	Total	4,000	975	0	4,975
Washington County, SR 18	State	30	210	150	390
Intersection at SR 18 & SR 4008	Fed	270	0	0	270
Burgettstown Borough	Other	0	0	0	0
Intersection Improvement	Total	300	210	150	660
Washington County, I-79	State	315	100	200	615
SR 40 to I-70/I-79 Interchange	Fed	2,835	0	0	2,835
Amwell and South Strabane	Other	0	0	0	0
Restoration	Total	3,150	100	200	3,450
Washington County, SR 88	State	90	220	80	390
SR 88/SR 1006	Fed	810	0	0	810
Finleyville	Other	0	0	0	0
Intersection Improvement	Total	900	220	80	1,200
Washington County, SR 88	State	80	85	184	349
SR 88 and SR 837	Fed	720	0	0	720
Carroll Township	Other	0	0	0	0
Add Lane and Signal Improvement	Total	800	85	184	1,069
Washington County, SR 136	State	100	100	100	300
Various Curves near Monongahela	Fed	400	0	0	400
Carroll Township	Other	0	0	0	0
Restoration and Safety Improvements	Total	500	100	100	700
Washington County, SR 136	State	95	250	200	545
SR 0917/ SR 1087	Fed	855	0	0	855
Carroll and Fallowfield Townships	Other	0	0	0	0
Intersection Improvement	Total	950	250	200	1,400
Washington County, SR 136	State	95	350	200	645
SR 136/ SR 1055	Fed	855	0	0	855
Somerset Township	Other	0	0	0	0
Interchange Improvement	Total	950	350	200	1,500
Washington County, SR 519	State	150	250	200	600
SR 1055/ SR 519	Fed	1,350	0	0	1,350
North Strabane Township	Other	0	0	0	0
Interchange Improvement	Total	1,500	250	200	1,950
Washington County, SR 519	State	100	100	100	300
Intersection of SR 519 at SR 980 & SR 19 Southbound Ramps	Fed	400	0	0	400
North Strabane Township	Other	0	0	0	0
Signal, Intersection, Channelization	Total	500	100	100	700
Washington County, SR 980	State	200	85	110	395
SR 980 South Approach to SR 50	Fed	800	0	0	800
Cecil Township	Other	0	0	0	0
Intersection Improvements	Total	1,000	85	110	1,195

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Washington County, SR 2040	State	\$ 300	\$ 0	\$ 0	\$ 300
SR 2044, 2023 and 8030 near I-70 interchange	Fed	1,200	0	0	1,200
Bentleyville Borough	Other	0	0	0	0
Restoratoin	Total	1,500	0	0	1,500
Washington County, SR 2040	State	100	200	200	500
Between Pittsburgh Street and I-70	Fed	400	0	0	400
Bentleyville Borough and Somerset Township	Other	0	0	0	0
Add Turning Lane	Total	500	200	200	900
Washington County, SR 8013	State	600	65	330	995
I-79 to SR 1047	Fed	2,400	585	720	3,705
Chartiers Township	Other	0	0	0	0
Interchange Improvements	Total	3,000	650	1,050	4,700
Westmoreland County, SR 22	State	650	1,950	770	3,370
Export to Delmont	Fed	2,900	7,800	3,080	13,780
Municipality of Murrys ville	Other	0	0	0	0
Widening	Total	3,550	9,750	3,850	17,150
Westmoreland County, SR 30	State	1,000	100	100	1,200
From the Irwin Turnpike to the Allegheny County Line	Fed	4,000	400	400	4,800
North Huntingdon	Other	0	0	0	0
Widening and Safety Improvements	Total	5,000	500	500	6,000
Westmoreland County, SR 30	State	800	1,100	500	2,400
SR 30/ SR 981	Fed	3,200	0	0	3,200
Unity Township	Other	0	0	0	0
Intersection Improvement	Total	4,000	1,100	500	5,600
Westmoreland County, I-70	State	1,500	250	150	1,900
I-70	Fed	13,500	2,250	1,350	17,100
New Stanton Borough	Other	0	0	0	0
Interchange Improvements	Total	15,000	2,500	1,500	19,000
Westmoreland County, SR 119	State	1,200	120	200	1,520
Sony Interchange	Fed	4,800	480	800	6,080
East Huntingdon Township	Other	0	0	0	0
Interchange Improvement	Total	6,000	600	1,000	7,600
Westmoreland County, SR 130	State	500	5	25	530
SR4002 to Toll 66	Fed	2,000	45	225	2,270
Hempfield Township	Other	0	0	0	0
Restoration	Total	2,500	50	250	2,800
Westmoreland County, SR 130	State	0	150	200	350
SR 130 Improvements	Fed	1,800	1,350	0	3,150
Penn Township	Other	200	0	200	400
Intersection Improvement	Total	2,000	1,500	400	3,900
Westmoreland County, SR 130	State	100	250	200	550
At Pleasant Valley Road Intersection	Fed	400	0	0	400
Penn Township	Other	0	0	0	0
Intersection Improvement	Total	500	250	200	950
Westmoreland County, SR 366	State	600	250	350	1,200
SR 56 to Tarentum Bridge North From SR 56 LA	Fed	2,400	0	0	2,400
Murrysville, New Kensington, and Washington Townships	Other	0	0	0	0
Signal and Safety Improvement	Total	3,000	250	350	3,600

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Westmoreland County, SR 1045	State	\$ 600	\$ 125	\$ 400	\$ 1,125
St Vincent College	Fed	2,400	0	0	2,400
Unity Township	Other	0	0	0	0
Two Lane Relocation	Total	3,000	125	400	3,525
Wyoming County, SR 6	State	560	0	0	560
Meshoppen Township	Fed	2,240	0	0	2,240
Resurfacing and Restoration	Other	0	0	0	0
	Total	2,800	0	0	2,800
York County, US 30	State	1,000	0	0	1,000
Intersection of US 30 and Eden Road	Fed	4,000	0	0	4,000
Springettsbury Township	Other	0	500	500	1,000
Widening and Intersection Improvements, Realignment of Eden Road	Total	5,000	500	500	6,000
York County, SR 74	State	1,000	100	100	1,200
From Maryland State Line to Red Lion Borough	Fed	4,000	400	400	4,800
Various Townships	Other	0	0	0	0
Safety Improvements	Total	5,000	500	500	6,000
York County, SR 74	State	200	220	20	440
High St. and Sunset Lane	Fed	800	880	80	1,760
West Manchester Township	Other	0	0	0	0
Safety Improvements	Total	1,000	1,100	100	2,200
York County, I-83	State	1,050	200	240	1,490
I-83 Exits 6, 7, and 8	Fed	4,200	0	1,160	5,360
Various Municipalities	Other	0	0	0	0
Interchange and Safety Improvements	Total	5,250	200	1,400	6,850
York County, I-83	State	739	60	25	824
I-83 from Maryland to SR 214	Fed	6,654	0	225	6,879
Hopewell, Shrewsbury, & Springfield Townships	Other	0	0	0	0
Resurface and Ramp Improvements	Total	7,393	60	250	7,703
York County, I-83	State	6,200	500	431	7,131
I-83 From Exit 4 to Exit 5	Fed	55,800	4,500	3,879	64,179
Spring Garden, York	Other	0	0	0	0
Resurface and Ramp Improvements	Total	62,000	5,000	4,310	71,310
York County, SR 94	State	1,500	501	439	2,440
Kuhn Drive to Appler Road	Fed	6,000	2,005	2,156	10,161
Various Municipalities	Other	0	0	0	0
Widening	Total	7,500	2,506	2,595	12,601
York County, SR 116	State	160	60	150	370
SR 116 York, Jefferson, and Lehman Streets	Fed	640	0	0	640
North Codorus Township	Other	0	0	0	0
Realign Intersections	Total	800	60	150	1,010
York County, SR 124	State	400	100	39	539
Mt Rose Ave from Haines Rd. to Edgewood Rd.	Fed	1,600	400	156	2,156
Springettsbury Township	Other	0	0	0	0
Reconstruct and Widen	Total	2,000	500	195	2,695
York County, SR 2011	State	1,000	170	150	1,320
SR 2011 from Nursery to Mt Pisgah Rd.	Fed	4,000	680	600	5,280
Hellam and Lower Windsor Township	Other	0	0	0	0
Reconstruct and Realign Roadway	Total	5,000	850	750	6,600

Capital Budget

Department of Transportation 2003-04 Projects

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
York County, SR 4001	State \$ 269	\$ 35	\$ 150	\$ 454
SR 4001 Greenbriar Rd. to Church Rd.	Fed 1,075	0	0	1,075
Manchester & West Manchester Townships	Other 0	0	0	0
Curve Realignment	Total 1,344	35	150	1,529
Total State.....	\$ 386,327	\$ 56,969	\$ 45,638	\$ 488,934
Total Federal.....	\$ 1,784,120	\$ 165,951	\$ 148,734	\$ 2,098,805
Total Other.....	\$ 1,600	\$ 3,927	\$ 7,896	\$ 13,423
PROGRAM TOTAL.....	<u>\$ 2,172,047</u>	<u>\$ 226,847</u>	<u>\$ 202,268</u>	<u>\$ 2,601,162</u>

FORECAST OF FUTURE NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the estimated level of future authorizations by department from bond funds and current revenue sources.

(Dollar Amounts in Thousands)

	2004-05	2005-06	2006-07	2007-08
Agriculture.....	\$ 409	\$ 433	\$ 457	\$ 482
Conservation and Natural Resources.....	51,162	54,407	57,652	60,897
Corrections.....	59,864	63,385	66,907	70,427
Education.....	34,122	36,129	38,136	40,143
Environmental Protection.....	25,531	6,148	9,708	5,403
Fish and Boat Commission.....	2,000	1,500	1,000	1,000
Game Commission.....	2,000	1,000	1,000	1,000
General Services.....	12,382	13,110	13,839	14,567
Historical and Museum Commission.....	15,456	16,366	17,275	18,184
Military and Veterans Affairs.....	6,074	6,431	6,788	7,145
Public Welfare.....	10,725	11,356	11,987	12,618
State Police.....	5,321	5,634	5,947	6,260
Transportation.....	231,484	261,571	281,658	281,746
TOTAL.....	\$ 456,530	\$ 477,470	\$ 512,354	\$ 519,872

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2004-05 through 2007-08. 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)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
FROM CAPITAL FACILITIES BOND FUNDS				
Agriculture				
PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the laboratory.	\$ 409	\$ 433	\$ 457	\$ 482
Conservation and Natural Resources				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of support, day use, camping facilities and utility systems at the State parks; construction of district offices, central garages, radio communications systems and rehabilitation of forest roads in forest districts. Also may include original furniture and equipment authorizations.	21,162	22,407	23,652	24,897
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.	59,864	63,385	66,907	70,427
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.	34,122	36,129	38,136	40,143
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.	3,001	3,178	3,354	3,531
FLOOD CONTROL PROJECTS: Provides for the State share of Federal flood control projects including the construction and improvement of levees, dikes, walls, revetments, dams, lakes, reservoirs and other works deemed necessary to control floods. Also, will control, preserve, and regulate the flow of rivers and streams.	22,530	2,970	6,354	1,872
General Services				
PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to State office buildings and facilities.	12,382	13,110	13,839	14,567

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 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.	\$ 15,456	\$ 16,366	\$ 17,275	\$ 18,184
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.	6,074	6,431	6,788	7,145
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.	10,725	11,356	11,987	12,618
State Police				
PUBLIC IMPROVEMENT PROJECTS: Provides for renovation, expansion and construction of troop headquarters/station facilities and driver examination facilities. Also may include furniture and equipment authorizations.	5,321	5,634	5,947	6,260
Transportation				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction of and additions to highway maintenance and district office buildings, driver examination facilities, welcome centers and State-owned airport facilities. Also may include furniture and equipment authorizations.	1,484	1,571	1,658	1,746
TRANSPORTATION ASSISTANCE PROJECTS: Provides for the purchase/rehabilitation of rolling stock and equipment and for construction/renovation of facilities operated by local mass transportation agencies. Also includes the purchase and improvement of rail lines.	80,000	80,000	80,000	80,000
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program.....	\$ 170,000	\$ 180,000	\$ 190,000	\$ 200,000
Total — Flood Control Program.....	22,530	2,970	6,354	1,872
Total — Transportation Assistance Program.....	80,000	80,000	80,000	80,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS.....	\$ 272,530	\$ 262,970	\$ 276,354	\$ 281,872

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
FROM CURRENT REVENUES				
Conservation and Natural Resources				
PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation, repair and development of State park and forest facilities which are critical for visitor safety and environmental protection or essential for facility operation.	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000
PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation and development of open space, forests, parks and scenic environments.	15,000	16,000	17,000	18,000
Fish and Boat Commission				
PUBLIC IMPROVEMENT PROJECTS — FISH AND BOAT FUND: Provides for acquisition of property, construction of new capital assets and renovation of existing facilities for the development of fisheries and recreational boating facilities.	2,000	1,500	1,000	1,000
Game Commission				
PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional State game lands.	2,000	1,000	1,000	1,000
Transportation				
HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction of highways and bridges on the Commonwealth road system and major Federally designated safety projects.	150,000	180,000	200,000	200,000
CURRENT REVENUES				
Total – Public Improvement Program.....	\$ 34,000	\$ 34,500	\$ 36,000	\$ 38,000
Total – Highway Program.....	150,000	180,000	200,000	200,000
SUBTOTAL – CURRENT REVENUES.....	184,000	214,500	236,000	238,000
TOTAL – ALL PROGRAMS.....	\$ 456,530	\$ 477,470	\$ 512,354	\$ 519,872

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	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Executive Offices.....	\$ 25,753	\$ 20,348	\$ 863	\$ 618	\$ 221
Agriculture.....	3,148	3,037	1,982	1,495	711
Conservation and Natural Resources.....	47,226	47,269	47,381	50,837	55,926
Community and Economic Development.....	206,137	188,659	117,628	51,336	17,719
Corrections.....	38,116	20,683	20,409	29,478	44,583
Education.....	178,646	110,643	68,849	58,585	45,330
Emergency Management Agency.....	1,784	2,858	2,798	3,498	4,508
Environmental Protection.....	18,831	24,970	29,121	17,111	10,843
Fish and Boat Commission.....	750	2,410	2,905	3,255	2,920
Game Commission.....	0	2,000	1,000	1,000	1,000
General Services.....	49,248	44,164	31,190	28,249	23,714
Historical and Museum Commission.....	28,777	30,422	22,047	19,946	20,398
Liquor Control Board.....	11,644	0	0	0	0
Military and Veterans Affairs.....	9,980	12,041	10,799	12,726	16,157
Public Welfare.....	13,352	11,132	9,768	11,614	14,518
State Police.....	8,616	5,770	4,605	5,829	7,749
Transportation.....	526,401	513,377	505,995	503,745	506,186
TOTAL - ALL STATE FUNDS.....	\$ 1,168,409	\$ 1,039,783	\$ 877,340	\$ 799,322	\$ 772,483

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)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,183	\$ 1,348	\$ 863	\$ 618	\$ 221
Furniture and Equipment.....	18,570	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	6,000	19,000	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES.....	\$ 25,753	\$ 20,348	\$ 863	\$ 618	\$ 221
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 3,148	\$ 3,033	\$ 1,941	\$ 1,390	\$ 498
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	4	41	105	213
Furniture and Equipment.....	0	0	0	0	0
TOTAL - AGRICULTURE.....	\$ 3,148	\$ 3,037	\$ 1,982	\$ 1,495	\$ 711
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 19,956	\$ 15,439	\$ 9,656	\$ 6,914	\$ 2,478
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	220	1,980	3,300	5,500	8,800
Furniture and Equipment.....	320	961	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	212	2,129	5,428	11,030
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	\$ 20,496	\$ 18,592	\$ 15,085	\$ 17,842	\$ 22,308
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 6,758	\$ 7,705	\$ 4,930	\$ 3,530	\$ 1,265
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	\$ 6,758	\$ 7,705	\$ 4,930	\$ 3,530	\$ 1,265
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction.....	199,379	180,954	112,698	47,806	16,454
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT.....	\$ 206,137	\$ 188,659	\$ 117,628	\$ 51,336	\$ 17,719

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimated	Estimated	Estimated	Estimated	Estimated
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 37,848	\$ 17,671	\$ 10,366	\$ 7,422	\$ 2,660
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	268	2,413	4,021	6,702	10,723
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	599	6,022	15,354	31,200
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CORRECTIONS.....	\$ 38,116	\$ 20,683	\$ 20,409	\$ 29,478	\$ 44,583
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 174,991	\$ 97,205	\$ 57,932	\$ 41,476	\$ 14,870
Furniture and Equipment.....	2,316	7,352	3,165	1,158	1,158
Projects in 2003-04 Budget					
Buildings and Structures.....	288	2,592	4,320	7,200	11,519
Furniture and Equipment.....	1,051	3,153	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	341	3,432	8,751	17,783
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EDUCATION.....	\$ 178,646	\$ 110,643	\$ 68,849	\$ 58,585	\$ 45,330
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,679	\$ 1,914	\$ 1,225	\$ 877	\$ 314
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	105	944	1,573	2,621	4,194
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT.....	\$ 1,784	\$ 2,858	\$ 2,798	\$ 3,498	\$ 4,508
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 17,314	\$ 19,549	\$ 12,506	\$ 8,954	\$ 3,210
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	32	290	483	805	1,288
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	30	302	770	1,564
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	\$ 17,346	\$ 19,869	\$ 13,291	\$ 10,529	\$ 6,062
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements.....	\$ 1,235	\$ 466	\$ 235	\$ 0	\$ 0
Projects in 2003-04 Budget					
Structures and Improvements.....	250	1,030	250	0	0
Future Projects (2004-08)					
Structures and Improvements.....	0	3,605	15,345	6,582	4,781
Subtotal.....	\$ 1,485	\$ 5,101	\$ 15,830	\$ 6,582	\$ 4,781
TOTAL - ENVIRONMENTAL PROTECTION.....	\$ 18,831	\$ 24,970	\$ 29,121	\$ 17,111	\$ 10,843

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 48,930	\$ 40,932	\$ 25,700	\$ 18,400	\$ 6,596
Furniture and Equipment.....	52	715	256	26	26
Projects in 2003-04 Budget					
Buildings and Structures.....	266	2,393	3,989	6,648	10,637
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	124	1,245	3,175	6,455
Furniture and Equipment.....	0	0	0	0	0
TOTAL - GENERAL SERVICES.....	\$ 49,248	\$ 44,164	\$ 31,190	\$ 28,249	\$ 23,714
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 28,555	\$ 28,856	\$ 18,322	\$ 13,118	\$ 4,702
Furniture and Equipment.....	0	17	6	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	96	864	1,440	2,400	3,840
Furniture and Equipment.....	126	399	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	155	1,555	3,964	8,056
Furniture and Equipment.....	0	131	724	464	3,800
TOTAL - HISTORICAL AND MUSEUM.....	\$ 28,777	\$ 30,422	\$ 22,047	\$ 19,946	\$ 20,398
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,434	\$ 7,425	\$ 4,718	\$ 3,378	\$ 1,211
Furniture and Equipment.....	2,280	2,161	1,480	1,140	1,140
Projects in 2003-04 Budget					
Buildings and Structures.....	266	2,394	3,990	6,650	10,640
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	61	611	1,558	3,166
Furniture and Equipment.....	0	0	0	0	0
TOTAL - MILITARY AFFAIRS.....	\$ 9,980	\$ 12,041	\$ 10,799	\$ 12,726	\$ 16,157
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 13,167	\$ 9,357	\$ 5,909	\$ 4,230	\$ 1,516
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	185	1,668	2,780	4,633	7,413
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	107	1,079	2,751	5,589
Furniture and Equipment.....	0	0	0	0	0
TOTAL - PUBLIC WELFARE.....	\$ 13,352	\$ 11,132	\$ 9,768	\$ 11,614	\$ 14,518

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 8,507	\$ 4,738	\$ 2,439	\$ 1,746	\$ 626
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	109	979	1,631	2,719	4,350
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	53	535	1,364	2,773
Furniture and Equipment.....	0	0	0	0	0
TOTAL - STATE POLICE	\$ 8,616	\$ 5,770	\$ 4,605	\$ 5,829	\$ 7,749
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 9,009	\$ 2,466	\$ 1,397	\$ 1,000	\$ 359
Furniture and Equipment.....	0	0	0	0	0
Projects in 2003-04 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2004-08)					
Buildings and Structures.....	0	15	150	381	773
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	\$ 9,009	\$ 2,481	\$ 1,547	\$ 1,381	\$ 1,132
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air.....	\$ 149,100	\$ 117,770	\$ 113,827	\$ 111,885	\$ 105,000
Projects in 2003-04 Budget					
Mass Transit, Rail and Air.....	0	32,230	24,173	16,115	8,058
Future Projects (2004-08)					
Mass Transit, Rail and Air.....	0	0	12,000	22,000	33,000
Subtotal.....	\$ 149,100	\$ 150,000	\$ 150,000	\$ 150,000	\$ 146,058
TOTAL - TRANSPORTATION.....	\$ 158,109	\$ 152,481	\$ 151,547	\$ 151,381	\$ 147,190
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures.....	\$ 380,314	\$ 275,856	\$ 202,532	\$ 202,532	\$ 202,532
Furniture and Equipment.....	30,715	33,889	5,631	2,788	6,124
Redevelopment Assistance Projects					
Acquisition and Construction.....	199,379	180,954	112,698	47,806	16,454
Flood Control Projects					
Structures and Improvements.....	1,485	5,101	15,830	6,582	4,781
Transportation Assistance Projects.....					
Mass Transit, Rail and Air.....	149,100	150,000	150,000	150,000	146,058
TOTAL.....	\$ 760,993	\$ 645,800	\$ 486,691	\$ 409,708	\$ 375,949

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
CURRENT REVENUES					
FISH AND BOAT FUND					
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
Projects in 2003-04 Budget.....	0	0	0	0	0
Future Projects (2004-08).....	0	660	1,155	1,505	1,170
TOTAL - FISH AND BOAT COMMISSION.....	\$ 750	\$ 2,410	\$ 2,905	\$ 3,255	\$ 2,920
GAME FUND					
Game Commission					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Projects in 2003-04 Budget.....	0	0	0	0	0
Future Projects (2004-08).....	0	2,000	1,000	1,000	1,000
TOTAL - GAME COMMISSION.....	\$ 0	\$ 2,000	\$ 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 Currently Authorized.....	\$ 12,639	\$ 11,484	\$ 9,397	\$ 6,616	\$ 4,107
Projects in 2003-04 Budget.....	924	1,386	1,848	2,079	1,386
Future Projects (2004-08).....	0	1,500	3,850	7,100	10,925
Subtotal.....	\$ 13,563	\$ 14,370	\$ 15,095	\$ 15,795	\$ 16,418
ENVIRONMENTAL STEWARDSHIP FUND					
Conservation and Natural Resources					
Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized.....	\$ 11,626	\$ 10,495	\$ 10,267	\$ 6,632	\$ 3,963
Projects in 2003-04 Budget.....	1,542	2,312	3,083	3,468	2,312
Future Projects (2004-08).....	0	1,500	3,850	7,100	10,925
Subtotal.....	\$ 13,168	\$ 14,307	\$ 17,200	\$ 17,200	\$ 17,200
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	\$ 26,730	\$ 28,677	\$ 32,296	\$ 32,995	\$ 33,618
STATE STORES FUND					
Liquor Control Board					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 11,644	\$ 0	\$ 0	\$ 0	\$ 0
Projects in 2003-04 Budget.....	0	0	0	0	0
Future Projects (2004-08).....	0	0	0	0	0
TOTAL - LIQUOR CONTROL BOARD.....	\$ 11,644	\$ 0	\$ 0	\$ 0	\$ 0

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized.....	\$ 368,292	\$ 342,851	\$ 329,637	\$ 317,128	\$ 305,146
Projects in 2003-04 Budget.....	0	10,827	17,722	17,618	25,130
Future Projects (2004-08).....	0	7,218	7,089	17,618	28,720
TOTAL - TRANSPORTATION.....	\$ 368,292	\$ 360,896	\$ 354,448	\$ 352,364	\$ 358,996
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Fish and Boat Fund.....	\$ 750	\$ 2,410	\$ 2,905	\$ 3,255	\$ 2,920
Public Improvement Projects					
Game Fund.....	0	2,000	1,000	1,000	1,000
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund.....	13,563	14,370	15,095	15,795	16,418
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund.....	13,168	14,307	17,200	17,200	17,200
Public Improvement Projects					
State Stores Fund.....	11,644	0	0	0	0
Highway and Bridge Projects					
Motor License Fund	368,292	360,896	354,448	352,364	358,996
TOTAL - CURRENT REVENUES.....	\$ 407,416	\$ 393,983	\$ 390,649	\$ 389,614	\$ 396,534
TOTAL - ALL STATE FUNDS.....	\$ 1,168,409	\$ 1,039,783	\$ 877,340	\$ 799,322	\$ 772,483

Totals may not add due to rounding.



Governor's Executive Budget

PUBLIC DEBT



PUBLIC DEBT

This section presents data on the debt obligations of the Commonwealth. Debt financing is used by the Commonwealth to finance its capital programs, finance voter-approved bond referendums, and fund certain disaster relief programs. Most long-term financing by the Commonwealth is provided by the issuance of general obligation debt. Appropriation-backed debt has been used in limited instances for capital purposes. Data on such debt is included in this presentation only in the calculation of the debt ratios shown.

The Commonwealth Constitution permits debt to be issued for (i) capital projects in approved capital budgets; (ii) purposes approved by voter referendum; and (iii) response to disasters. The following items are guidelines the Commonwealth follows in executing its capital and other debt financing activities:

- Referendums to authorize additional debt should be submitted to the voters only for critical needs when sufficient other resources are not available.
 - The general obligation pledge of the Commonwealth is the preferred source of security for Commonwealth debt.
 - A moral obligation pledge of the Commonwealth should not be given beyond those already given.
 - Revenue pledges are to be used only by independent agencies and authorities that cannot pledge the Commonwealth's general obligation.
 - Lease revenue debt should be used only when budgetary restraints prohibit current revenue funding for assets that are infrequently obtained and do not meet capital project definitions.
 - Debt should be structured to mature within the useful life of the projects being financed.
 - All long-term financing should be sold by competitive bid.
 - Short-term borrowing should not comprise a majority of outstanding debt.
 - Debt service paid by the General Fund should not exceed four percent of revenues.
 - Capital projects addressing health, safety and public protection receive top priority for activation. New construction projects have the lowest priority.
 - Highway capital projects should be funded from current revenues of the Motor License Fund.
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DEBT AUTHORIZED, ISSUED AND OUTSTANDING

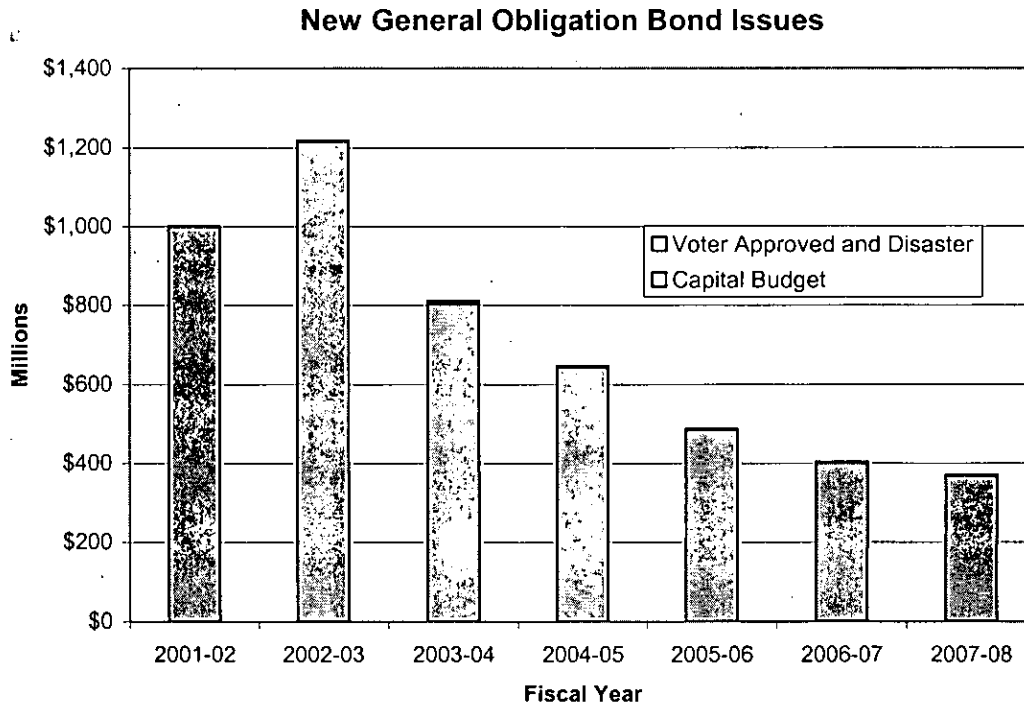
The following statement reflects the debt of the Commonwealth as of December 31, 2002. Issues that have been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

	(Dollar Amounts in Thousands)		
	Total Debt Authorized	Total Original Debt Issued	Debt Outstanding*
Debt Subject to Constitutional Limit			
Capital Budget.....	\$ 49,732,806	\$ 12,502,630	\$ 4,056,247
Capital Budget Refunding Bonds Outstanding.....			1,488,707
Less: Capital Debt Fund Balance.....			0
Subtotal.....	<u>\$ 49,732,806</u>	<u>\$ 12,502,630</u>	<u>\$ 5,544,954</u>
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster			
Disaster Relief.....	\$ 192,708	\$ 170,800	\$ 5,035
Disaster Relief 1996.....	110,000	26,000	23,135
Economic Revitalization.....	190,000	176,000	6,065
Land and Water Development.....	500,000	499,700	5,585
Vietnam Veterans' Compensation.....	65,000	62,000	480
Volunteer Companies Loan.....	50,000	50,000	9,620
Water Facilities - 1981 Referendum.....	300,000	288,500	35,220
PENNVEST- 1988 & 1992 Referenda.....	650,000	383,000	95,460
Agricultural Conservation Easement.....	100,000	100,000	23,405
Local Criminal Justice.....	200,000	192,000	28,875
Keystone Recreation, Park and Conservation.....	50,000	50,000	32,110
Refunding Bonds Outstanding.....			460,447
Less: Non-capital Sinking Fund Balances.....			0
Subtotal.....	<u>\$ 2,407,708</u>	<u>\$ 1,998,000</u>	<u>\$ 725,437</u>
TOTAL.....	<u>\$ 52,140,514</u>	<u>\$ 14,500,630</u>	<u>\$ 6,270,391</u>

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES 2001-02 Through 2007-08

This table shows the projected amount of general obligation bonds of the Commonwealth to be issued during the prior and current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.



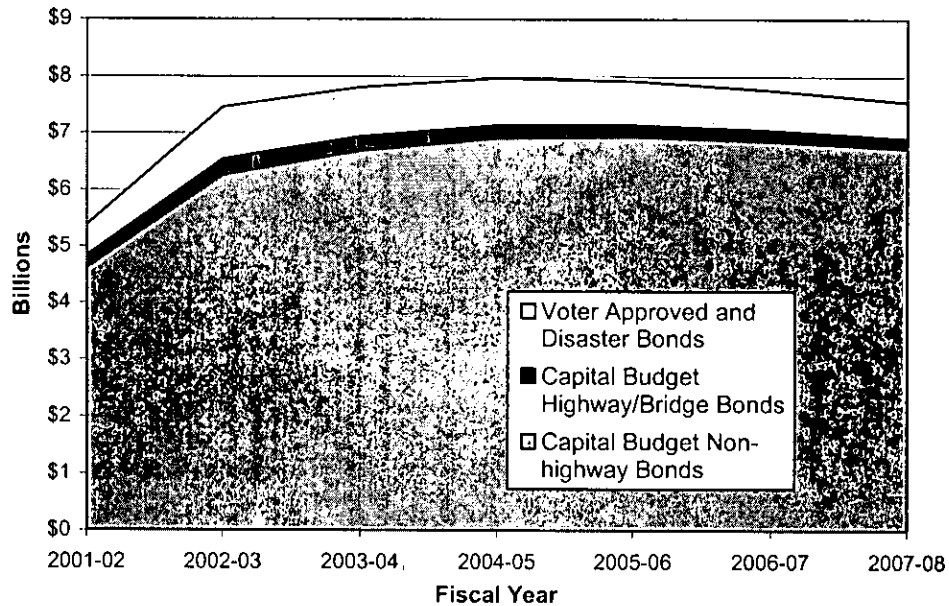
(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
General Obligation Bond Issues							
Capital Budget							
Buildings and Structures.....	\$ 611,000	\$ 760,000	\$ 538,000	\$ 275,000	\$ 200,000	\$ 200,000	\$ 200,000
Flood Control.....	6,000	6,000	3,000	6,000	15,000	6,000	4,000
Furnishings and Equipment.....	30,000	40,000	0	33,000	5,000	0	0
Redevelopment Assistance.....	203,000	260,000	120,000	180,000	115,000	45,000	15,000
Transportation Assistance.....	150,000	150,000	142,000	150,000	150,000	150,000	150,000
Subtotal.....	<u>\$ 1,000,000</u>	<u>\$ 1,216,000</u>	<u>\$ 803,000</u>	<u>\$ 644,000</u>	<u>\$ 485,000</u>	<u>\$ 401,000</u>	<u>\$ 369,000</u>
Voter Approved and Disaster							
Disaster Relief.....	\$ 0	\$ 1,000	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0
Local Criminal Justice.....	1,000	0	5,200	0	0	0	0
PENNVEST -- 1988 & 1992 Referenda.....	0	1,000	2,000	1,000	1,000	1,000	1,000
Water Facilities Loan -- 1981 Referendum..	0	0	0	1,000	1,000	1,000	1,000
Subtotal.....	<u>\$ 1,000</u>	<u>\$ 2,000</u>	<u>\$ 8,200</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
TOTAL.....	<u><u>\$ 1,001,000</u></u>	<u><u>\$ 1,218,000</u></u>	<u><u>\$ 811,200</u></u>	<u><u>\$ 646,000</u></u>	<u><u>\$ 487,000</u></u>	<u><u>\$ 403,000</u></u>	<u><u>\$ 371,000</u></u>

GENERAL OBLIGATION DEBT OUTSTANDING 2001-02 Through 2007-08

Outstanding debt of the Commonwealth is projected using the proposed bond issuance contained in this budget and encompasses all general obligation debt. Sinking fund balances are excluded. Only capital budget debt is subject to the constitutional debt limit [Article VIII, Section 7(a)(4)].

**Projected Total Debt Outstanding
Fiscal Year End**

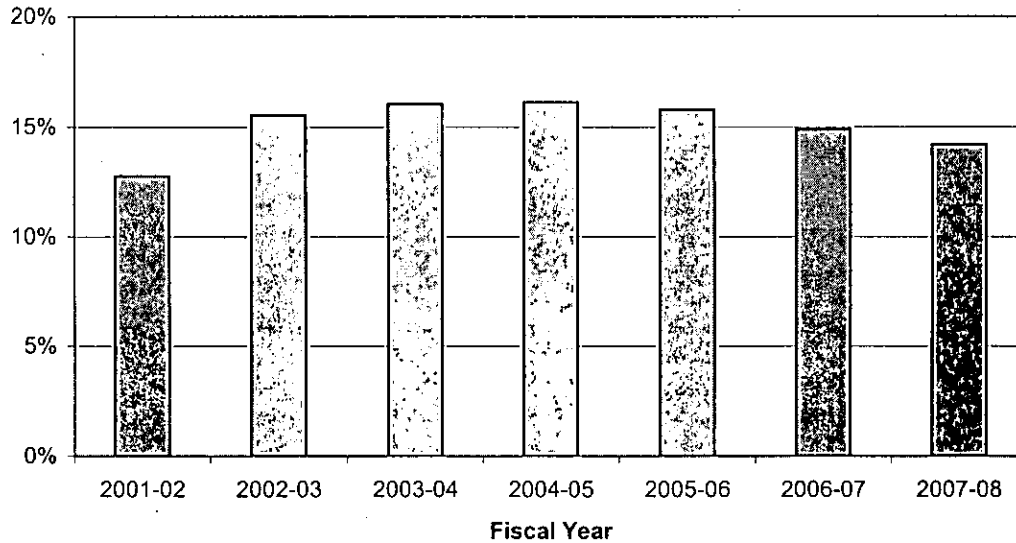


	(Dollar Amounts in Thousands)						
Fiscal Year End Debt Outstanding	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
Capital Budget Non-highway Bonds.....	\$ 4,613,234	\$ 6,257,471	\$ 6,686,272	\$ 6,911,975	\$ 6,940,856	\$ 6,860,727	\$ 6,737,121
Capital Budget Highway/Bridge Bonds.	224,028	282,800	251,033	238,189	216,978	196,849	174,263
Voter Approved and Disaster Bonds.....	545,141	925,508	879,244	824,862	768,532	713,489	655,635
TOTAL.....	\$ 5,382,403	\$ 7,465,779	\$ 7,816,549	\$ 7,975,026	\$ 7,926,366	\$ 7,771,065	\$ 7,567,019

CONSTITUTIONAL DEBT LIMIT 2001-02 Through 2007-08

The Commonwealth Constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for six fiscal years.

Capital Budget Debt as a Percent of the Debt Limit



(Dollar Amounts in Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated

Debt Limit Projection

Capital Budget Debt Subject to Constitutional Debt Limit:

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Outstanding Debt							
Beginning of Fiscal Year.....	\$ 4,567,293	\$ 5,285,945	\$ 6,540,271	\$ 6,937,305	\$ 7,150,164	\$ 7,157,834	\$ 7,057,576
Debt to be Issued.....	1,000,000	1,216,000	803,000	644,000	485,000	401,000	369,000
Debt to be Retired*.....	-281,348	38,326	-405,966	-431,141	-477,330	-501,258	-515,192
Outstanding Debt							
End of Fiscal Year**.....	<u>\$ 5,285,945</u>	<u>\$ 6,540,271</u>	<u>\$ 6,937,305</u>	<u>\$ 7,150,164</u>	<u>\$ 7,157,834</u>	<u>\$ 7,057,576</u>	<u>\$ 6,911,384</u>
Debt Limit (from below).....	41,406,804	42,066,634	43,241,723	44,342,899	45,362,185	47,411,478	48,641,513
Capital Budget Debt as a percent of Debt Limit.....	12.8%	15.5%	16.0%	16.1%	15.8%	14.9%	14.2%

Calculation of Debt Limit:

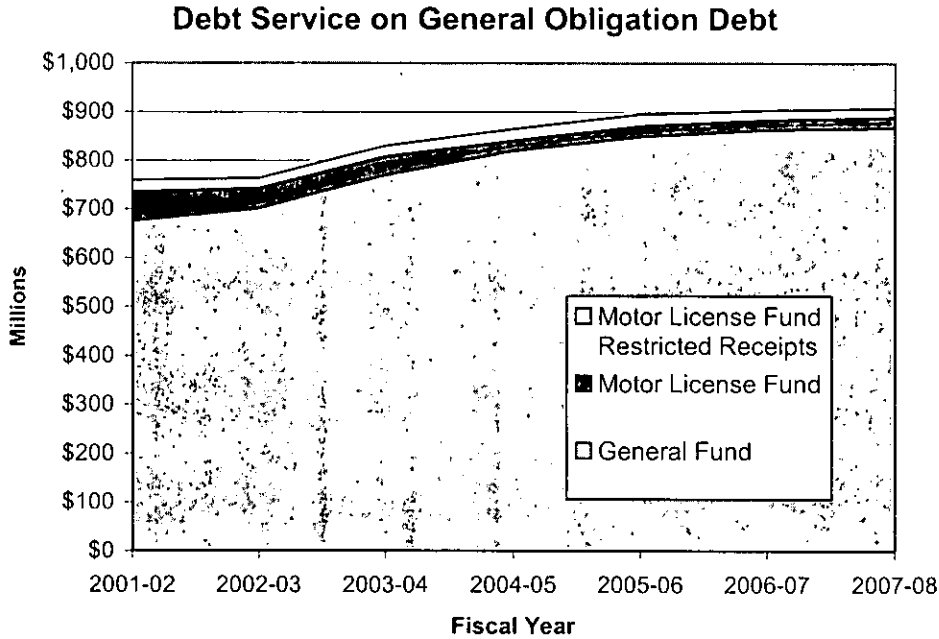
Average Tax Revenues							
Previous Five Years.....	\$ 23,661,031	\$ 24,038,076	\$ 24,709,556	\$ 25,338,799	\$ 25,921,249	\$ 27,092,273	\$ 27,795,150
Debt Limit (1.75 times revenues).	41,406,804	42,066,634	43,241,723	44,342,899	45,362,185	47,411,478	48,641,513

* Net of interest accruing on capital appreciation bonds during fiscal year.

** 2001-02 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2001-02 Through 2007-08

This table shows the estimated debt service payable by the Commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.



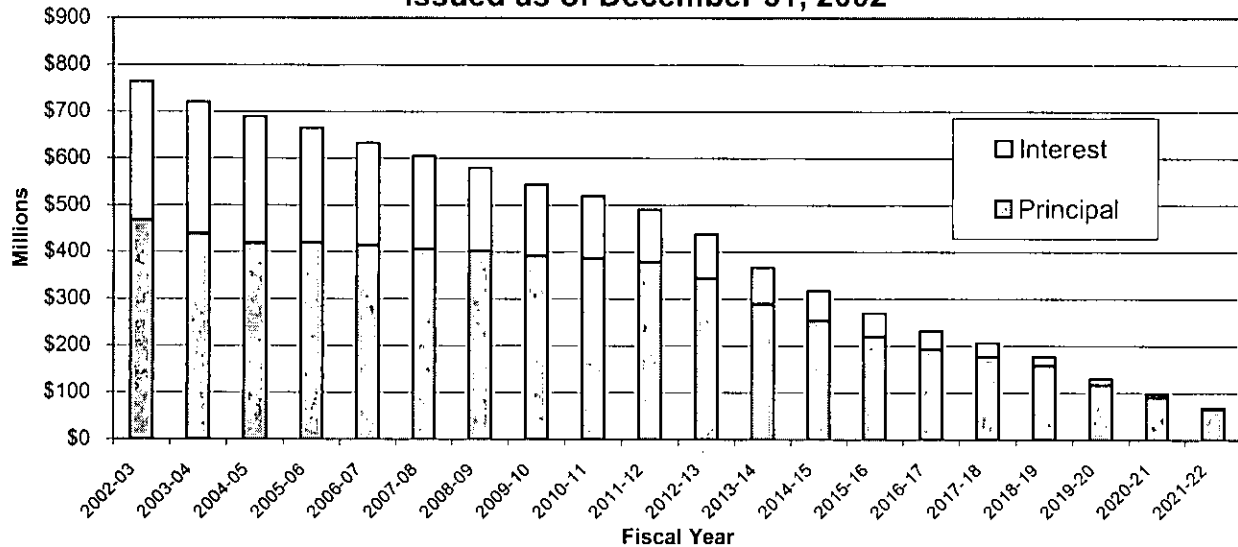
(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Estimated	2003-04 Budget	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated
General Fund							
Capital Budget Non-Highway.....	\$ 558,324	\$ 595,025	\$ 676,351	\$ 727,515	\$ 759,827	\$ 777,470	\$ 782,490
Voter Approved and Disaster.....	117,545	106,231	93,892	92,823	89,516	85,113	84,913
Subtotal.....	<u>\$ 675,869</u>	<u>\$ 701,256</u>	<u>\$ 770,243</u>	<u>\$ 820,338</u>	<u>\$ 849,343</u>	<u>\$ 862,583</u>	<u>\$ 867,403</u>
Motor License Fund							
Capital Budget -- Highways.....	\$ 58,434	\$ 39,997	\$ 29,722	\$ 11,890	\$ 12,155	\$ 11,489	\$ 12,596
Capital Budget.....	1,473	1,798	8,964	9,203	9,153	9,153	9,153
Subtotal.....	<u>\$ 59,907</u>	<u>\$ 41,795</u>	<u>\$ 38,686</u>	<u>\$ 21,093</u>	<u>\$ 21,308</u>	<u>\$ 20,642</u>	<u>\$ 21,749</u>
Motor License Fund Restricted Receipts							
Aviation -- Capital Budget.....	\$ 27	\$ 27	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Highway Bridge Improvement -- Capital Budget.....	24,220	21,073	21,375	23,554	24,426	19,695	18,431
Subtotal.....	<u>\$ 24,247</u>	<u>\$ 21,100</u>	<u>\$ 21,375</u>	<u>\$ 23,554</u>	<u>\$ 24,426</u>	<u>\$ 19,695</u>	<u>\$ 18,431</u>
TOTAL.....	<u><u>\$ 760,023</u></u>	<u><u>\$ 764,151</u></u>	<u><u>\$ 830,304</u></u>	<u><u>\$ 864,985</u></u>	<u><u>\$ 895,077</u></u>	<u><u>\$ 902,920</u></u>	<u><u>\$ 907,583</u></u>

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS Bonds Issued as of December 31, 2002

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2002 are shown in the table below. Debt service on projected bond issues is excluded from this data.

Principal and Interest on Outstanding Bonds Issued as of December 31, 2002



General Obligation Bond Annual Debt Service

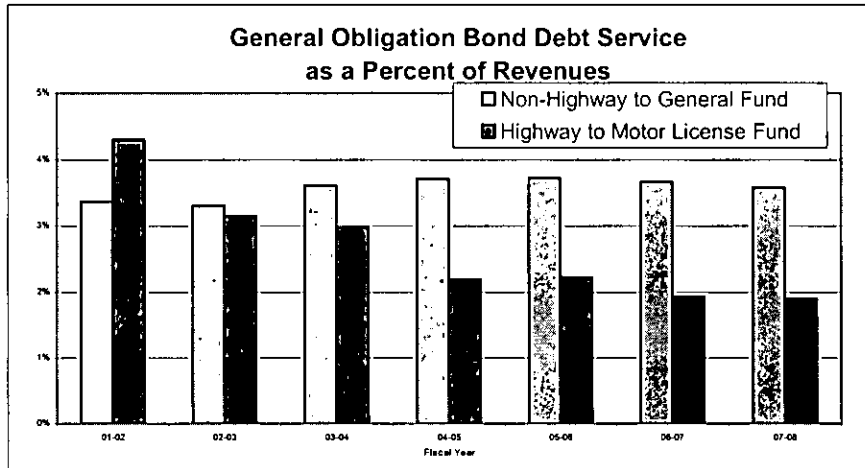
(Dollar Amounts in Thousands)

Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2002-03	\$ 374,223	\$ 265,499	\$ 639,722	\$ 48,548	\$ 12,521	\$ 61,069	\$ 45,620	\$ 17,726	\$ 63,346	\$ 764,137
2003-04	365,371	257,861	623,232	40,454	10,640	51,094	33,100	12,660	45,760	720,086
2004-05	375,430	248,640	624,070	24,211	11,231	35,442	18,320	11,213	29,533	689,045
2005-06	376,244	224,366	600,610	25,445	11,135	36,580	18,025	10,213	28,238	665,428
2006-07	372,032	202,134	574,166	23,071	8,111	31,182	18,585	9,211	27,796	633,144
2007-08	366,001	183,625	549,626	24,111	6,916	31,027	15,750	8,281	24,031	604,684
2008-09	364,245	164,916	529,161	21,130	5,673	26,803	16,170	7,431	23,601	579,565
2009-10	352,897	143,937	496,834	18,048	3,033	21,081	19,575	6,553	26,128	544,043
2010-11	350,776	125,585	476,361	17,959	2,069	20,028	17,110	5,485	22,595	518,984
2011-12	343,824	107,713	451,537	15,951	1,204	17,155	17,640	4,538	22,178	490,870
2012-13	316,429	90,609	407,038	8,946	565	9,511	18,205	3,559	21,764	438,313
2013-14	271,570	74,861	346,431	4,175	145	4,320	13,360	2,715	16,075	366,826
2014-15	239,080	61,672	300,752	775	20	795	13,665	2,017	15,682	317,229
2015-16	205,275	49,473	254,748	0	0	0	13,970	1,301	15,271	270,019
2016-17	186,050	38,857	224,907	0	0	0	6,095	636	6,731	231,638
2017-18	172,255	29,131	201,386	0	0	0	4,155	316	4,471	205,857
2018-19	154,740	20,289	175,029	0	0	0	2,155	131	2,286	177,315
2019-20	116,190	12,727	128,917	0	0	0	705	58	763	129,680
2020-21	90,160	7,205	97,365	0	0	0	505	24	529	97,894
2021-22	65,270	2,917	68,187	0	0	0	50	1	51	68,238

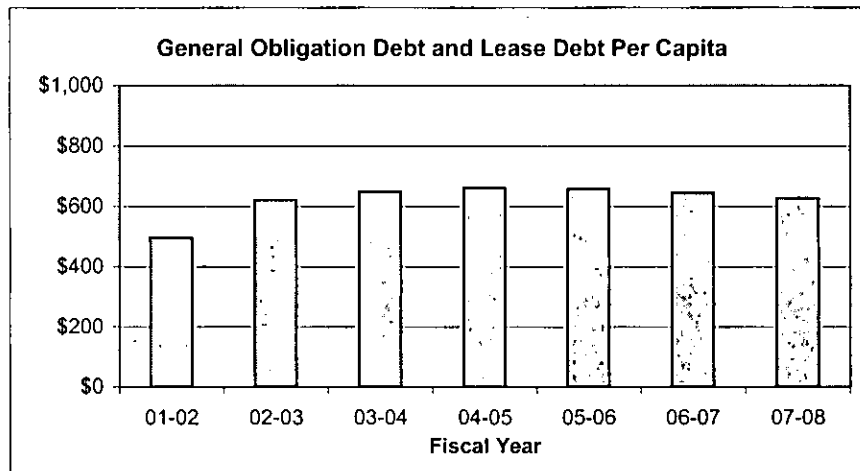
TRENDS IN DEBT SERVICE AND DEBT RATIOS 2001-02 Through 2007-08

The charts portray projections for indicators of the cost of projected annual debt service and the burden of projected debt outstanding. Debt service does not include debt paid from lease rental payments. Outstanding debt includes general obligation debt and debt secured by lease rental payments from various Commonwealth departments.

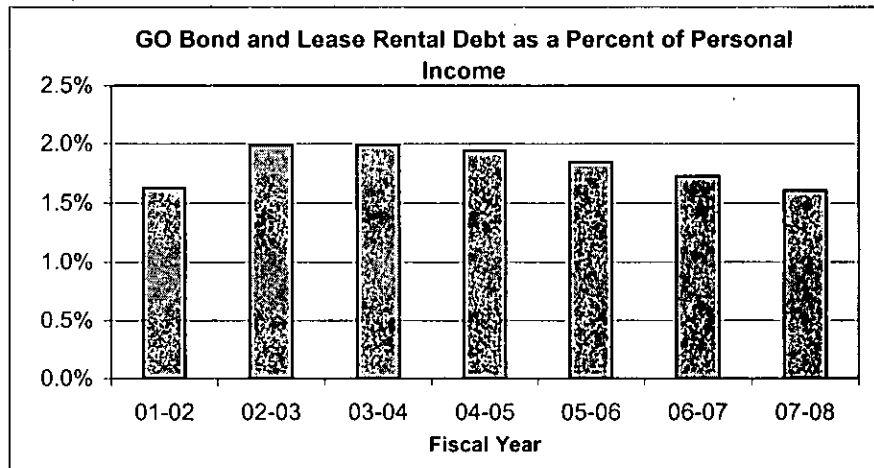
The Motor License Fund debt service ratio declines as debt is retired and not replaced.



Per capita debt is expected to rise and then hold steady as debt issuance declines.



Growing personal income keeps the planned bond issuance affordable.



OUTSTANDING INDEBTEDNESS OF PENNSYLVANIA AGENCIES AND AUTHORITIES

The indebtedness of the following agencies and authorities is not an obligation of the Commonwealth of Pennsylvania but represents the debt of those agencies and authorities created by the Commonwealth for a public purpose. These obligations are not considered as debt under Article VIII of the Commonwealth Constitution.

Bonds and
Notes as of
06/30/02
(In Millions)

<p>Delaware River Joint Toll Bridge Commission Created by Pennsylvania and New Jersey to construct, operate and maintain bridges crossing the upper Delaware River. Debt service on the bonds is paid from tolls and other revenues of the commission.</p>	\$ 76.6
<p>Delaware River Port Authority Created by Pennsylvania and New Jersey to control and operate bridges crossing the Delaware River, it may construct or acquire other bridges, tunnels and other projects for port improvement and development. The authority operates a rapid transit system, which it constructed. Debt service on the bonds is paid from tolls, fares, rents and other revenue of the authority.</p>	1,324.8
<p>Pennsylvania Economic Development Financing Authority Created to offer pooled bond issues of both taxable and tax-exempt bonds on behalf of local industrial and commercial development authorities for economic development projects. Debt service on the bonds is paid by loan interest and repayments and other authority revenues.</p>	1,576.4
<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>	65.8
<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>	3,418.9
<p>Pennsylvania Higher Educational Facilities Authority Acquires, constructs, improves and leases (as lessor) college facilities and makes loans to colleges and universities within the Commonwealth. Debt service on the bonds is paid from rentals and from loan repayments collected for the use of the facilities.</p>	3,968.0
<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>	2,974.9
<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>	556.6
<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>	171.6
<p>Pennsylvania Turnpike Commission Constructs, maintains and operates the Pennsylvania Turnpike. Debt service on the bonds is paid from tolls and other revenue sources of the commission.</p>	2,138.7
<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>	52.6
<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>	523.9
<p>TOTAL.....</p>	\$ 16,848.8



Governor's Executive Budget

*OTHER
SPECIAL FUNDS*



OTHER SPECIAL FUNDS

APPENDIX

This section provides brief descriptive and financial data for Commonwealth funds not given an expanded treatment in other sections of the Governor's Budget. This information is presented to demonstrate the magnitude and complexity of the Commonwealth's financial structure as well as give some details of the various funds.

OTHER SPECIAL FUNDS

This appendix contains a brief presentation of all active Commonwealth funds not given an expanded treatment in the other sections of the budget.

In a limited number of cases expenditures from funds presented in this section are included in other presentations.

Generally, the Commonwealth uses a modified cash basis of accounting for financial reporting where certain revenues are accrued and expenditures are reflected when disbursed or committed. Unless otherwise noted in the fund description, all financial data shown herein is on a cash basis, which means that the beginning and ending balances are cash plus investments. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Disbursements represent checks drawn or transfers made by the Treasury Department and do not include commitments, encumbrances or vouchers payable.

Several funds carrying long-term investments show an adjustment to reflect the current market value of those investments as of June 30, 2002.

This format for displaying financial data was chosen for its simplicity and easy adaptability to all funds. As such, the data may not present the best statement of the funds' condition nor accurately describe the operating characteristics of the funds.

The vast majority of Commonwealth day-to-day activities are financed from the General Fund; however, over time a large number of other funds have been created to more closely relate specific revenue sources to specific programs or to identify

particular government programs or activities. These special funds are categorized into six groups to aid in identifying their purpose. These groups are defined below.

Special Revenue Funds — These funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities.

Internal Service Funds — These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units, on a cost-reimbursement basis.

Bond Funds — Bond Funds are used to account for the receipt and disbursement of bond sale proceeds that normally finance the construction or acquisition of designated fixed assets.

Debt Service Funds — These funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Trust and Agency Funds — These funds are used to account for assets held by the Commonwealth as trustee or agent for individuals, private organizations and other government units.

Enterprise Funds — These funds accommodate the operation of public service programs financed wholly or mostly by user charges, or where the periodic determination of net income is deemed appropriate.

Acid Mine Drainage Abatement and Treatment Fund

This fund was created in 1992 to receive money authorized by Title IV of the Federal Surface Mining Control and Reclamation Act. This fund receives up to ten percent of the Commonwealth's Federal Title IV grant for abandoned mine reclamation. Funds are used for acid mine drainage abatement and treatment.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 15,836	\$ 18,157	\$ 18,543
Receipts:			
Federal Funds.....	\$ 2,458	\$ 2,500	\$ 2,500
Interest.....	624	850	850
Total Receipts	<u>3,082</u>	<u>3,350</u>	<u>3,350</u>
Total Funds Available	\$ <u>18,918</u>	\$ <u>21,507</u>	\$ <u>21,893</u>
Disbursements:			
Environmental Protection.....	\$ 761	\$ 2,964	\$ 2,964
Total Disbursements	<u>-761</u>	<u>-2,964</u>	<u>-2,964</u>
Cash Balance, Ending	\$ <u>18,157</u>	\$ <u>18,543</u>	\$ <u>18,929</u>

Administration Fund

This fund was created for the administrative costs associated with the Unemployment Compensation Law and the State system of public employment offices (Office of Employment Security). While the fund can receive funds from any source, the majority of revenue results from moneys requisitioned from the Commonwealth's account in the Federal Unemployment Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 124	\$ 498	\$ 433
Receipts:			
Federal Unemployment Trust Fund.....	\$ 199,610	\$ 194,750	\$ 196,500
Federal — Other Funds.....	6,964	4,200	4,500
Other.....	89	85	90
Total Receipts	<u>206,663</u>	<u>199,035</u>	<u>201,090</u>
Total Funds Available	\$ <u>206,787</u>	\$ <u>199,533</u>	\$ <u>201,523</u>
Disbursements:			
Labor and Industry.....	\$ 206,289	\$ 199,100	\$ 201,250
Total Disbursements	<u>-206,289</u>	<u>-199,100</u>	<u>-201,250</u>
Cash Balance, Ending	\$ <u>498</u>	\$ <u>433</u>	\$ <u>273</u>

Agricultural College Land Scrip Fund

This fund was established in 1862 with \$500,000 received from the sale of lands and scrip which was donated to the Commonwealth by an Act of Congress to establish a college for the benefit of Agriculture and the Mechanical Arts (The Pennsylvania State University). The income derived from the investment of the monies in the fund plus appropriations which may be made from time to time by the General Assembly serve as revenue to the fund. Monies in this fund can be disbursed only for use by the officially designated land grant college (The Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning.....	\$ 634	\$ 627	\$ 621
Receipts:			
Interest on Securities.....	\$ 24	\$ 25	\$ 25
Total Receipts.....	24	25	25
Total Funds Available.....	\$ 658	\$ 652	\$ 646
Disbursements:			
Treasury.....	\$ 31	\$ 31	\$ 31
Total Disbursements.....	-31	-31	-31
Cash Balance, Ending.....	\$ 627	\$ 621	\$ 615

Agricultural Conservation Easement Purchase Fund

This fund was created by Act 64 of 1988 to implement the referendum approved by the electorate November 8, 1988. That referendum authorized the Commonwealth to incur indebtedness of \$100 million to be used for farmland preservation through the purchase of agricultural conservation easements. Act 23 of 1992 increased the annual ceiling on easement purchases from bond sales from \$20 to \$25 million. All bonds authorized have been issued.

Act 22 of 1991 provided that two thirty-firsts of the cigarette tax be transferred twice a year into the fund. Act 89 of 2002 changed the annual transfer of cigarette tax revenues from a percentage to \$20,485,000 to be made in two equal payments by July 15th and January 15th. Act 15 of 1999 created a supplemental program for farmland preservation, and Act 1-A of 1999 appropriated \$43 million from the General Fund for that supplemental program. Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, provided for an additional General Fund transfer in 1999-00 for the basic program and provided for transfers from the Environmental Stewardship Fund beginning on July 1, 2000, through June 30, 2004, to fund the purchase of easements. Act 233 of 2003 provided for a \$16,500,000 transfer in Fiscal Year 2004-05 from the disposal fees collected for municipal waste landfills for this fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning.....	\$ 55,244	\$ 40,131	\$ 25,438
Receipts:			
Interest on Securities.....	\$ 1,742	\$ 1,800	\$ 1,800
Transfer of Cigarette Tax.....	20,485	20,485	20,485
Transfer from the Environmental Stewardship Fund.....	13,630	13,334	15,851
Other.....	1,185	600	600
Total Receipts.....	37,042	36,219	38,736
Total Funds Available.....	\$ 92,286	\$ 76,350	\$ 64,174
Disbursements:			
Agriculture.....	52,155	50,912	50,000
Total Disbursements.....	-52,155	-50,912	-50,000
Cash Balance, Ending.....	\$ 40,131	\$ 25,438	\$ 14,174

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 7,239	\$ 5,757	\$ 4,459
Accrued Interest on Bonds Sold.....	0	0	0
Total Receipts	<u>7,239</u>	<u>5,757</u>	<u>4,459</u>
Total Funds Available	\$ 7,239	\$ 5,757	\$ 4,459
Disbursements:			
Treasury.....	\$ 7,239	\$ 5,757	\$ 4,459
Total Disbursements	<u>-7,239</u>	<u>-5,757</u>	<u>-4,459</u>
Cash Balance, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 359	\$ 377	\$ 249
Receipts:			
Operator Payments.....	\$ 5	\$ 2	\$ 2
Production Fees.....	0	5	5
Interest	14	15	15
Total Receipts	<u>19</u>	<u>22</u>	<u>22</u>
Total Funds Available	\$ 378	\$ 399	\$ 271
Disbursements:			
Environmental Protection	\$ 1	\$ 150	\$ 150
Total Disbursements	<u>-1</u>	<u>-150</u>	<u>-150</u>
Cash Balance, Ending	\$ <u>377</u>	\$ <u>249</u>	\$ <u>121</u>

Automobile Theft Prevention Trust Fund

The Automobile Theft Prevention Trust Fund was created by Act 171 of 1994. The purpose of the fund is to finance programs in the Commonwealth to prevent, combat and reduce automobile theft and to improve and support automobile theft prosecutions. Revenue to the fund consists of assessments on the insurance companies that conduct business in the Commonwealth, interest earnings, and fines and penalties.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,797	\$ 2,642	\$ 2,025
Receipts:			
Assessments	\$ 5,316	\$ 5,570	\$ 5,750
Interest on Securities	189	210	205
Total Receipts	<u>5,505</u>	<u>5,780</u>	<u>5,955</u>
Total Funds Available	\$ <u>8,302</u>	\$ <u>8,422</u>	\$ <u>7,980</u>
Disbursements:			
Automobile Theft Prevention Authority	\$ 5,660	\$ 6,397	\$ 7,231
Total Disbursements	<u>-5,660</u>	<u>-6,397</u>	<u>-7,231</u>
Cash Balance, Ending	\$ <u>2,642</u>	\$ <u>2,025</u>	\$ <u>749</u>

Ben Franklin / IRC Partnership Fund

This fund supported the activities of the Ben Franklin/IRC Partnership which was created by Act 64 of 1993. The Ben Franklin component assisted technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. The Industrial Resource Center (IRC) component assisted companies in solving problems through the deployment of technologies and with training programs in order to maintain a technically skilled workforce.

Act 38 of 2001 eliminated this fund and provided for transfer of the ending balance and program activities of the Ben Franklin technology centers to the new Ben Franklin Technology Development Authority Fund. The Industrial Resource Centers are funded through direct General Fund appropriations beginning in 2001-02.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 6,739	\$ 241	\$ 0
Receipts:			
Interest on Securities	\$ 111	\$ 0	\$ 0
Total Receipts	<u>111</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ <u>6,850</u>	\$ <u>241</u>	\$ <u>0</u>
Disbursements:			
Community and Economic Development	\$ 4,209	\$ 0	\$ 0
Transfer to Ben Franklin Technology Development Authority Fund	<u>2,400</u>	<u>241</u>	<u>0</u>
Total Disbursements	<u>-6,609</u>	<u>-241</u>	<u>0</u>
Cash Balance, Ending	\$ <u>241</u>	\$ <u>0</u>	\$ <u>0</u>

Ben Franklin Technology Development Authority Fund

Act 38 of 2001 created the Ben Franklin Technology Development Authority Fund. This fund merges the activities of the Ben Franklin Partnership and the Pennsylvania Technology Development Authority (PTIA) under one authority. The Ben Franklin component assists small and medium sized technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. PTIA provides high-tech financing to small and medium-sized businesses; stimulates the adoption and expansion of electronic commerce; and coordinates and expands university-based research and development in high-tech fields. Revenue to the fund includes transfers of the June 30, 2001 balance and refunded expenditures in 2002-03 from the Ben Franklin/IRC Fund, annual transfers from the General Fund and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 27,666	\$ 28,557
Receipts:			
Transfer from General Fund.....	\$ 66,959	\$ 53,397	\$ 53,500
Transfer from Ben Franklin/IRC Fund.....	2,400	241	0
Transfer from Industrial Authority Loan Fund.....	10,000	0	0
Loan Repayments.....	0	0	100
Interest on Securities.....	911	650	1,000
Other.....	40	0	0
Total Receipts	<u>80,310</u>	<u>54,288</u>	<u>54,600</u>
Total Funds Available	<u>\$ 80,310</u>	<u>\$ 81,954</u>	<u>\$ 83,157</u>
Disbursements:			
Community and Economic Development.....	\$ 52,644	\$ 53,397	\$ 55,485
Total Disbursements	<u>-52,644</u>	<u>-53,397</u>	<u>-55,485</u>
Cash Balance, Ending	<u>\$ 27,666</u>	<u>\$ 28,557</u>	<u>\$ 27,672</u>

Budget Stabilization Reserve Fund

This fund was created on July 15, 2002 by Act 91 of 2002 to replace the Tax Stabilization Reserve Fund. This fund provides financial assistance to minimize future revenue shortfalls and deficits, and promote greater continuity and predictability in the funding of vital government services. It also minimizes the need to increase taxes to balance the budget of the Commonwealth during periods of economic distress. Act 91 provides revenue through an annual transfer of twenty-five percent of the General Fund's fiscal year ending surplus beginning in 2002-03. If the fund's ending balance equals or exceeds six percent of actual General Fund revenues for the fiscal year in which the surplus occurs, the General Fund transfer is reduced to ten percent. Appropriations out of the fund require approval by two-thirds of the members of the General Assembly. The General Appropriations Act of 2002 provided for an initial \$300 million to be transferred into the fund from the General Fund. This budget proposes transferring \$50 million in 2002-03 and an additional \$250 million in 2003-04 from the Budget Stabilization Reserve Fund to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 253,140
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 300,000	\$ 0
Interest	0	3,140	7,700
Total Receipts	<u>0</u>	<u>303,140</u>	<u>7,700</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 303,140</u>	<u>\$ 260,840</u>
Disbursements:			
Transfer to General Fund	\$ 0	\$ 50,000	\$ 250,000
Total Disbursements	<u>\$ 0</u>	<u>\$ -50,000</u>	<u>\$ -250,000</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 253,140</u>	<u>\$ 10,840</u>

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 128,779	\$ 12,565	\$ 5,231
Receipts:			
Transfer from Other Funds.....	\$ 546,781	\$ 691,966	\$ 784,061
Rentals - State-Aided and State- Related Institutions.....	334	189	189
Interest Subsidy - Higher Education Construction Projects.....	158	157	157
Sale of Bonds- Bond Anticipation Notes Payment.....	0	0	0
Refunding Bond Maturing Escrow Funds.....	889,304	1,036,879	351,517
Accrued Interest on Bonds Sold.....	4,856	1,844	0
Interest on Securities.....	1,045	8	100
Total Receipts	<u>1,442,478</u>	<u>1,731,043</u>	<u>1,136,024</u>
Total Funds Available	<u>\$ 1,571,257</u>	<u>\$ 1,743,608</u>	<u>\$ 1,141,255</u>
Disbursements:			
Treasury.....	\$ 1,558,692	\$ 1,738,377	\$ 1,136,024
Total Disbursements	<u>-1,558,692</u>	<u>-1,738,377</u>	<u>-1,136,024</u>
Cash Balance, Ending	<u>\$ 12,565</u>	<u>\$ 5,231</u>	<u>\$ 5,231</u>

Capital Facilities Fund

This fund is used to meet the financial costs of capital projects authorized by capital budget acts. Revenue for this fund comes principally from the sale of general obligation debt and interest earnings. Debt issued for this fund is subject to a debt limit equal to one and three quarter times the average of annual tax revenues in the preceding five fiscal years. This fund has at least one account for each category of capital projects. Interest earned on investment or deposit of monies in the fund is credited to the account in the fund to which such invested or deposited money was originally credited.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 255,912	\$ 379,012	\$ 148,340
Receipts:			
Sale of Bonds.....	\$ 1,041,764	\$ 1,203,840	\$ 794,970
Intra Account Transfer.....	196,000	0	0
Interest on Securities.....	6,148	8,849	1,765
Other	69,886	16,424	15,000
Total Receipts	1,313,798	1,229,113	811,735
Total Funds Available	\$ 1,569,710	\$ 1,608,125	\$ 960,075
Disbursements:			
Community and Economic Development.....	\$ 203,017	\$ 187,269	\$ 199,979
Environmental Protection.....	4,330	7,041	1,500
General Services.....	629,112	1,113,784	413,719
Transportation.....	156,525	151,609	149,810
Other.....	197,714	82	0
Total Disbursements	-1,190,698	-1,459,785	-765,008
Cash Balance, Ending	\$ 379,012	\$ 148,340	\$ 195,067

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 207	\$ 241	\$ 241
Receipts:			
Contributions and Sales.....	\$ 25	\$ 20	\$ 25
Other.....	9	0	0
Total Receipts	34	20	25
Total Funds Available	\$ 241	\$ 261	\$ 266
Disbursements:			
Capitol Preservation Committee.....	\$ 0	\$ 20	\$ 20
Total Disbursements	0	-20	-20
Cash Balance, Ending	\$ 241	\$ 241	\$ 246

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. Revenue is obtained from a surcharge on certain motor vehicle moving violations.

Act 72 of 1995 authorized the transfer of funds from this fund to a restricted receipt account for the purpose of paying settlements and court orders arising from legal action related to contracts with Envirotec, Inc. In fiscal year 1997-98 the fund borrowed \$52.5 million from the Workers' Compensation Security Fund and completed repayment in 2001-02.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund. Effective January 1, 2004 revenues from the Moving Violation Surcharge will no longer accrue to the Catastrophic Loss Benefits Continuation Fund, rather they will accrue to the Mcare Fund for a period of 10 years, then will accrue to the General Fund.

This fund will continue to pay claimants from the balance and interest earnings of the fund until no further obligations exist. The most recent actuarial report estimates final expenditure in 2086.

No obligation or expense of, or claim against, the fund constitutes a debt of the Commonwealth or a charge against the General Fund or the Motor License Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 61,813	\$ 68,566	\$ 100,149
Receipts:			
Moving Violation Surcharge.....	\$ 44,002	\$ 45,000	\$ 22,000
Interest.....	2,688	1,300	1,000
Miscellaneous.....	13	110	15
Total Receipts	46,703	46,410	23,015
Total Funds Available	\$ 108,516	\$ 114,976	\$ 123,164
Disbursements:			
Insurance.....	\$ 12,918	\$ 14,827	\$ 17,921
Loan Repayment.....	27,032	0	0
Total Disbursements	-39,950	-14,827	-17,921
Cash Balance, Ending	\$ 68,566	\$ 100,149	\$ 105,243

Children's Trust Fund

Act 151 of 1988 created the Children's Trust Fund. Revenue is generated by a \$10 surcharge on marriage licenses and divorce applications. Expenditures are for community-based children's programs and services to prevent child abuse and neglect.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 3,220	\$ 2,829	\$ 2,307
Receipts:			
Marriage/Divorce Surcharge.....	\$ 1,220	\$ 1,220	\$ 1,220
Miscellaneous Revenue.....	108	108	108
Total Receipts	<u>1,328</u>	<u>1,328</u>	<u>1,328</u>
Total Funds Available	<u>\$ 4,548</u>	<u>\$ 4,157</u>	<u>\$ 3,635</u>
Disbursements:			
Public Welfare.....	\$ 1,719	\$ 1,850	\$ 1,850
Total Disbursements	<u>-1,719</u>	<u>-1,850</u>	<u>-1,850</u>
Cash Balance, Ending	<u>\$ 2,829</u>	<u>\$ 2,307</u>	<u>\$ 1,785</u>

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 41,615	\$ 43,632	\$ 35,396
Receipts:			
Fines and Penalties.....	\$ 1,481	\$ 2,020	\$ 1,900
Fees.....	20,552	19,500	19,600
Interest.....	1,872	1,700	1,600
Other.....	5		
Total Receipts	<u>23,910</u>	<u>23,220</u>	<u>23,100</u>
Total Funds Available	<u>\$ 65,525</u>	<u>\$ 66,852</u>	<u>\$ 58,496</u>
Disbursements:			
Environmental Protection	\$ 21,893	\$ 31,456	\$ 32,084
Total Disbursements	<u>-21,893</u>	<u>-31,456</u>	<u>-32,084</u>
Cash Balance, Ending	<u>\$ 43,632</u>	<u>\$ 35,396</u>	<u>\$ 26,412</u>

Coal and Clay Mine Subsidence Insurance Fund

This fund was created in 1961 to provide insurance to home owners in mining areas against damages resulting from subsidence. Revenue is derived from premiums paid by policyholders for subsidence insurance. Act 155 of 2002 updated this insurance program by further defining and establishing coverage by insurance providers, and requiring the Department of Environmental Protection to prepare an annual report on the program and insurance sales. Disbursements are used to cover the payment of insurance claims and commissions to insurance agents who forward insurance applications as outlined in Act 155.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 33,238	\$ 36,657	\$ 37,846
Receipts:			
Premiums Collected.....	\$ 4,583	\$ 4,600	\$ 4,650
Interest.....	1,319	1,500	1,500
Other.....	0	30	30
Total Receipts	<u>5,902</u>	<u>6,130</u>	<u>6,180</u>
Total Funds Available	<u>\$ 39,140</u>	<u>\$ 42,787</u>	<u>\$ 44,026</u>
Disbursements:			
Environmental Protection	\$ 2,483	\$ 4,941	\$ 4,941
Total Disbursements	<u>-2,483</u>	<u>-4,941</u>	<u>-4,941</u>
Cash Balance, Ending	<u>\$ 36,657</u>	<u>\$ 37,846</u>	<u>\$ 39,085</u>

Coal Lands Improvement Fund

This fund was created in 1965 to finance the restoration of land acquired by the Commonwealth through eminent domain or amicable methods which has been defaced by open pit or strip mining and has been declared a health hazard. Initially the fund was provided a \$1 million appropriation, but subsequent revenue is derived from the sale of restored land and interest on investments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,893	\$ 2,060	\$ 2,135
Receipts:			
Sale of Land.....	\$ 0	\$ 0	\$ 0
Interest	75	75	75
Other.....	92	0	0
Total Receipts	<u>167</u>	<u>75</u>	<u>75</u>
Total Funds Available	<u>\$ 2,060</u>	<u>\$ 2,135</u>	<u>\$ 2,210</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 2,060</u>	<u>\$ 2,135</u>	<u>\$ 2,210</u>

Conrad Weiser Memorial Park Trust Fund

This fund was created to provide for control, management, supervision, restoration and improvement of the Conrad Weiser Memorial Park, Berks County. Source of revenue for the fund is interest from the \$20,000 perpetual endowment created by the estate of Colonel Conrad Weiser.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 64	\$ 66	\$ 68
Receipts:			
Interest on Securities	\$ 2	\$ 2	\$ 2
Total Receipts	2	2	2
Total Funds Available	\$ 66	\$ 68	\$ 70
Disbursements:			
Historical and Museum Commission	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 66	\$ 68	\$ 70

Deferred Compensation Fund

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employees to defer a portion of their salaries into a retirement savings plan. The State Employees' Retirement System is responsible for administration of the act.

Contributions to the fund began in 1988. The disbursements shown under the Executive Offices are employee contribution funds transferred to one of the investment plan options. Those funds, together with the interest they earn, are available to employees upon retirement.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 16,145	\$ 11,869	\$ 12,841
Receipts:			
Employee Contributions	\$ 110,869	\$ 118,641	\$ 122,200
Premium on Sale of Securities.....	-193 ^a	187	238
Interest	16,568 ^b	16,874 ^b	17,214 ^b
Total Receipts	127,244	135,702	139,652
Total Funds Available	\$ 143,389	\$ 147,571	\$ 152,493
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Executive Offices.....	127,476	134,543	139,878
State Employees' Retirement System	4,044	182	187
Total Disbursements	-131,520	-134,730	-140,070 ^c
Cash Balance, Ending	\$ 11,869	\$ 12,841	\$ 12,423

^a Securities sold at a discount.

^b Includes interest earned on funds controlled by State Employees' Retirement System and Department of the Treasury.



Deferred Compensation Fund — Short-Term Portfolio

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employees to defer a portion of their salaries into a retirement savings plan. Available for the employees' investment selection is the Treasury Short-Term Money Market Account. In order to maintain the identity of the investments and deferred compensation contributions, the Deferred Compensation Fund - Short-Term Portfolio was established.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 29,419	\$ 31,893	\$ 34,208
Receipts:			
Transfers from Deferred			
Compensation Fund.....	\$ 4,404	\$ 3,684	\$ 3,795
Interest	1,197	1,221	1,249
Total Receipts	<u>5,601</u>	<u>4,905</u>	<u>5,044</u>
Total Funds Available	<u>\$ 35,020</u>	<u>\$ 36,798</u>	<u>\$ 39,252</u>
Disbursements:			
State Employees' Retirement System	\$ 3,127	\$ 2,590	\$ 2,636
Total Disbursements	<u>-3,127</u>	<u>-2,590</u>	<u>-2,636</u>
Cash Balance, Ending	<u>\$ 31,893</u>	<u>\$ 34,208</u>	<u>\$ 36,616</u>

Disaster Relief Fund

Act 4 of Special Session Two of 1996 authorized a \$110 million bond issue for rehabilitation of areas affected by the blizzard of January 1996 and the resulting flood emergency.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,405	\$ 753	\$ 983
Receipts:			
Sale of Bonds.....	\$ 0	\$ 2,000	\$ 1,000
Miscellaneous Revenue.....	34	20	20
Total Receipts	<u>34</u>	<u>2,020</u>	<u>1,020</u>
Total Funds Available	<u>\$ 1,439</u>	<u>\$ 2,773</u>	<u>\$ 2,003</u>
Disbursements:			
Emergency Management Agency.....	\$ 686	\$ 1,790	\$ 1,790
Total Disbursements	<u>-686</u>	<u>-1,790</u>	<u>-1,790</u>
Cash Balance, Ending	<u>\$ 753</u>	<u>\$ 983</u>	<u>\$ 213</u>

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 0
Transfer from General Fund.....	9,759	9,717	2,845
Accrued Interest on Bonds Sold.....	0	0	0
Miscellaneous Revenue.....	2	1	1
Total Receipts	<u>9,761</u>	<u>9,718</u>	<u>2,846</u>
Total Funds Available	\$ 9,762	\$ 9,718	\$ 2,846
Disbursements:			
Treasury.....	\$ 9,762	\$ 9,718	\$ 2,846
Total Disbursements	<u>-9,762</u>	<u>-9,718</u>	<u>-2,846</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

DNA Detection Fund

This fund was created by Act 14 of Special Session One of 1995 to account for the collection and processing of Deoxyribonucleic Acid (DNA) samples by State Police from individuals convicted, adjudicated delinquent, or granted accelerated rehabilitation disposition for a felony sex offense or other specified offense. Revenues are derived from mandatory fees which are assessed on sexual offenders. Expenditures are made to establish and maintain a DNA database and DNA bank. Act 57 of 2002 reestablished this fund as well as the State DNA Data Base and State DNA Data Bank. Additional requirements provide for testing and the imposition of related costs on certain offenders, while further defining the apportionment of liability and damages against defendants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 152	\$ 130	\$ 90
Receipts:			
Assessments.....	\$ 109	\$ 110	\$ 130
Interest.....	6	5	7
Total Receipts	<u>115</u>	<u>115</u>	<u>137</u>
Total Funds Available	\$ 267	\$ 245	\$ 227
Disbursements:			
State Police.....	\$ 137	\$ 155	\$ 226
Total Disbursements	<u>-137</u>	<u>-155</u>	<u>-226</u>
Cash Balance, Ending	\$ 130	\$ 90	\$ 1

Emergency Medical Services Operating Fund

The purpose of this fund is to assist in activities relating to the prevention and reduction of premature death and disability in the Commonwealth; to provide assistance, coordination and support of the development and maintenance of the comprehensive emergency medical services system; to determine qualifications, eligibility and certification of emergency medical services personnel; and to fund ambulance services. The fund was created by The Emergency Medical Services Act, Act 45 of 1985. Revenue is derived from a \$10 fine levied on all moving traffic violations and a \$25 fee imposed on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

These fines are in addition to other fines imposed at the discretion of the court. This statement includes both the Emergency Medical and Catastrophic Medical and Rehabilitation components of the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 16,171	\$ 20,200	\$ 15,461
Receipts:			
Fines	\$ 13,690	\$ 13,690	\$ 13,690
Interest	695	682	682
Total Receipts	<u>14,385</u>	<u>14,372</u>	<u>14,372</u>
Total Funds Available	<u>\$ 30,556</u>	<u>\$ 34,572</u>	<u>\$ 29,833</u>
Disbursements:			
Health	\$ 10,356	\$ 17,710	\$ 14,102
Public Welfare	0	1,401	478
Total Disbursements	<u>-10,356</u>	<u>-19,111</u>	<u>-14,580</u>
Cash Balance, Ending	<u>\$ 20,200</u>	<u>\$ 15,461</u>	<u>\$ 15,253</u>

Employment Fund for the Blind

This fund was created in 1967 to make loans to persons who are blind to purchase equipment, stock, merchandise and accessories necessary to put into operation vending or refreshment stands or other suitable business enterprises in suitable locations to be leased or arranged for by State agencies. Act 15 of 1999 transferred the authority to administer the fund from the Department of Public Welfare to the Department of Labor and Industry.

Monies credited to this fund include: (1) repayment of money advanced to persons who are blind for the purchase of merchandise, equipment, stock and accessories; (2) rental fees paid by persons who are blind for leasing equipment and accessories purchased, owned, installed and maintained by the Department of Labor and Industry; (3) a percentage of the profits from vending machines in State buildings where a restaurant or cafeteria is operated by the Department of General Services; and (4) any grants or contributions from the Federal Government.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 4,010	\$ 4,114	\$ 4,277
Receipts:			
Vending Stand Equipment Rentals	\$ 193	\$ 250	\$ 275
Vending Machine Receipts	370	320	330
Interest	154	178	178
Other	133	180	190
Total Receipts	850	928	973
Total Funds Available	\$ 4,860	\$ 5,042	\$ 5,250
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Labor and Industry.....	746	760	765
Total Disbursements	-746	-765	-770
	\$ 4,114	\$ 4,277	\$ 4,480

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 4,140	\$ 3,293	\$ 0
Receipts:			
Revenue Estimate	\$ 0	\$ 0	\$ 0
Other	148	150	150
Total Receipts	148	150	150
Total Funds Available	\$ 4,288	\$ 3,443	\$ 150
Disbursements:			
Environmental Protection	\$ 77	\$ 861	\$ 38
Public Welfare	918	2,582	113
Total Disbursements	-995	-3,443	-150
Cash Balance, Ending	\$ 3,293	\$ 0	\$ 0

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 298	\$ 288	\$ 175
Receipts:			
Interest	\$ 11	\$ 12	\$ 12
Total Receipts	11	12	12
Total Funds Available	\$ 309	\$ 300	\$ 187
Disbursements:			
Community and Economic Development	\$ 21	\$ 125	\$ 125
Total Disbursements	-21	-125	-125
Cash Balance, Ending	\$ 288	\$ 175	\$ 62

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 667	\$ 767	\$ 677
Receipts:			
Transfers from Other Funds.....	\$ 504 ^a	\$ 605	\$ 475
Interest.....	34	40	10
Total Receipts	<u>538</u>	<u>645</u>	<u>485</u>
Total Funds Available	<u>\$ 1,205</u>	<u>\$ 1,412</u>	<u>\$ 1,162</u>
Disbursements:			
Conservation and Natural Resources.....	\$ 99	\$ 184	\$ 198
Environmental Protection	339	551	592
Total Disbursements	<u>-438</u>	<u>-735</u>	<u>-790</u>
Cash Balance, Ending	<u>\$ 767</u>	<u>\$ 677</u>	<u>\$ 372</u>

^a Includes prior year lapse.

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 56,684	\$ 63,861	\$ 63,856
Receipts:			
Tax Payable to Municipalities.....	\$ 63,731	\$ 63,731	\$ 65,000
Total Receipts	<u>63,731</u>	<u>63,731</u>	<u>65,000</u>
Total Funds Available	<u>\$ 120,415</u>	<u>\$ 127,592</u>	<u>\$ 128,856</u>
Disbursements:			
Auditor General.....	\$ 56,552	\$ 63,731	\$ 65,000
Treasury.....	2	5	5
Total Disbursements	<u>-56,554</u>	<u>-63,736</u>	<u>-65,005</u>
Cash Balance, Ending	<u>\$ 63,861</u>	<u>\$ 63,856</u>	<u>\$ 63,851</u>

Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund

This fund was established by Act 102 of 1994 and derives revenue from private contributions, voluntary deductions from State Individual Income Tax returns from the years 1997 through 2000, and a voluntary \$1 add-on to the fee for an original or renewal driver's license, State identification card or vehicle registration.

After the payment of initial departmental operating costs associated with the fund and in support of the Organ Donation Advisory Committee, any remaining funds are spent as prescribed by the act: 10 percent for hospital and medical expenses, funeral expenses and incidental expenses incurred by the donor or the donor's family in conjunction with making a vital organ donation; 50 percent for grants to certified organ procurement organizations for the development and implementation of organ donation awareness programs; 15 percent in cooperation with certified organ procurement organizations for the "project-make-a-choice program;" and 25 percent for the implementation of organ donation awareness programs in secondary schools.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 964	\$ 1,397	\$ 997
Receipts:			
Driver's License Applicants.....	\$ 261	\$ 261	\$ 261
State Income Tax Contribution.....	37	0	0
Vehicle Registration.....	351	351	351
Interest on Securities.....	42	42	42
Total Receipts	<u>691</u>	<u>654</u>	<u>654</u>
Total Funds Available	\$ 1,655	\$ 2,051	\$ 1,651
Disbursements:			
Education.....	\$ 130	\$ 209	\$ 150
Health.....	128	845	455
Total Disbursements	<u>-258</u>	<u>-1,054</u>	<u>-605</u>
Cash Balance, Ending	\$ 1,397	\$ 997	\$ 1,046

Hazardous Material Response Fund

This fund was created by Act 165 of 1990 and amended by Act 121 of 2000 to carry out Pennsylvania's responsibilities under Title III of the Federal Superfund Amendments and Reauthorization Act (SARA Title III). Revenue is generated from toxic chemical registration fees and toxic chemical release form fees. Expenditures are for training programs for hazardous material response teams, public education programs, grants to counties for SARA Title III activities, cost recovery grants, facility and vehicle inspections and testing and administration of the program including data collection and management.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,144	\$ 2,615	\$ 3,027
Receipts:			
Toxic Chemical Release Form Fee	\$ 1,053	\$ 1,270	\$ 1,270
Chemical Inventory Fee	347	300	300
Interest on Securities	155	75	75
Other.....	125	80	80
Total Receipts	<u>1,680</u>	<u>1,725</u>	<u>1,725</u>
Total Funds Available	\$ 3,824	\$ 4,340	\$ 4,752
Disbursements:			
Emergency Management Agency	\$ 1,058	\$ 1,175	\$ 1,475
Labor and Industry	151	138	138
Total Disbursements	<u>-1,209</u>	<u>-1,313</u>	<u>-1,613</u>
Cash Balance, Ending	\$ <u>2,615</u>	\$ <u>3,027</u>	\$ <u>3,139</u>

Hazardous Sites Cleanup Fund

This fund was created by Act 58 of 1987 to finance the cleanup and restoration of abandoned hazardous waste sites in the Commonwealth. Expenditures from this fund are for cleaning up abandoned hazardous waste sites throughout the Commonwealth and restoring the land to productive use. Revenue is generated from a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. However, prior to fiscal year 2002-03, the fund received one quarter mill of the capital stock and franchise tax. Act 89 of 2002 eliminated the dedication of a portion of the Capital Stock and Franchise Tax to this fund and provided that when the Governor's budget projects that the balance in the fund will end the current fiscal year below \$5 million, the Governor shall authorize the Budget Secretary to transfer to the Hazardous Sites Cleanup Fund from the General Fund an amount equal to one-quarter mill of the Capital Stock and Franchise Tax. Act 68 of 1999 authorized a transfer from the Hazardous Sites Cleanup and Recycling Funds of up to \$30 million annually for five years to the Environmental Stewardship Fund to provide funding for various environmental programs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 140,590	\$ 135,754	\$ 76,223
Receipts:			
Capital Stock and Franchise Tax	\$ 31,352	\$ 0	\$ 0
Hazardous Waste Fee.....	1,932	2,400	2,400
Cost Recovery.....	2,723	2,000	2,000
Interest.....	5,077	4,500	2,000
Other.....	250	0	0
Total Receipts	41,334	8,900	6,400
Total Funds Available	\$ 181,924	\$ 144,654	\$ 82,623
Disbursements:			
Environmental Protection.....	\$ 46,170	\$ 68,431	\$ 58,806
Total Disbursements	-46,170	-68,431	-58,806
Cash Balance, Ending	\$ 135,754	\$ 76,223	\$ 23,817

Higher Education Assistance Fund

Moneys in this fund are currently used primarily for the following purposes: (1) maintenance of a monetary reserve to be used for all expenses associated with loans guaranteed by the Pennsylvania Higher Education Assistance Agency (PHEAA); (2) provision of grants to students; (3) provision of grants to nonsectarian private postsecondary educational institutions; (4) provision of grants to institutions of higher learning for the purpose of helping the institution secure Federal funds to provide direct financial aid to students; (5) provision of funds to institutions for College Work Study Programs; (6) operation of the Informational Technology Education Program and Math and Science Programs; (7) provision for grants to minority students entering graduate professional schools under the Equal Opportunity Professional Education Program; (8) provision of grants for loan forgiveness; and (9) payment of PHEAA administrative costs. Revenues to this fund are derived from General Fund appropriations by the General Assembly, gifts, Federal funds, interest earnings, and servicing fees. In response to a Federal statute change effective in 2000-01, PHEAA no longer includes Federal funds held for the Federal Government on this financial statement.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 78,278	\$ 74,193	\$ 45,409
Receipts:			
Transfer from General Fund	\$ 411,075	\$ 412,838	\$ 423,333
Investment Earnings	13,423	4,563	11,010
Federal Revenue	90,366	94,792	85,131
Other	93,532	110,835	137,048
Total Receipts	608,396	623,028	656,522
Total Funds Available	\$ 686,674	\$ 697,221	\$ 701,931
Disbursements:			
Treasury	\$ 13	\$ 40	\$ 40
Higher Education Assistance Agency	612,468	651,772	650,540
Total Disbursements	-612,481	-651,812	-650,580
Cash Balance, Ending	\$ 74,193	\$ 45,409	\$ 51,351

Highway Beautification Fund

The Highway Beautification Fund was created by Act 5 of Special Session Three of 1966. Activities include control of outdoor advertising and junkyards. Although General Fund monies were initially appropriated to establish the fund, highway beautification activities are now supported by licenses, fees, fines, penalties and interest.

Each year the Governor issues executive authorizations which establish the amount to be spent by the Department of Transportation in each of the highway beautification activities.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,050	\$ 1,118	\$ 752
Receipts:			
Licenses and Fees	\$ 326	\$ 310	\$ 319
Other	41	45	41
Total Receipts	367	355	360
Total Funds Available	\$ 1,417	\$ 1,473	\$ 1,112
Disbursements:			
Treasury	\$ 0	\$ 6	\$ 6
Transportation	299	715	715
Total Disbursements	-299	-721	-721
Cash Balance, Ending	\$ 1,118	\$ 752	\$ 391

Historical Preservation Fund

This fund was created for expenditure by the Historical and Museum Commission for the preservation, care and maintenance of State historical properties, museums and records and for the financing of historical research and publication programs. Money in the fund can also be used to purchase publications and souvenirs of a historical nature for sale at commission administered properties. This fund is made up of moneys from the sale of publications by the Pennsylvania Historical and Museum Commission and all moneys received from admission fees or other sales by the commission at the State historical properties and/or museums. Act 173 of 2002 enables the commission to sell most Commonwealth publications to the public and provides that net proceeds from the publication sales and from the sale of historical properties administered by the commission shall be deposited into the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,573	\$ 2,884	\$ 2,459
Receipts:			
Admission Fees.....	\$ 952	\$ 1,100	\$ 1,100
Interest	111	100	100
Other.....	2,883	3,000	3,000
Total Receipts	<u>3,946</u>	<u>4,200</u>	<u>4,200</u>
Total Funds Available	<u>\$ 6,519</u>	<u>\$ 7,084</u>	<u>\$ 6,659</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Historical and Museum Commission.....	3,635	4,620	4,620
Total Disbursements	<u>-3,635</u>	<u>-4,625</u>	<u>-4,625</u>
Cash Balance, Ending	<u>\$ 2,884</u>	<u>\$ 2,459</u>	<u>\$ 2,034</u>

HOME Investment Trust Fund

This fund was established by Act 172 of 1992 in order to administer Pennsylvania's program under the National Affordable Housing Act of 1990. Funding is provided by the Federal Department of Housing and Urban Development on an annual basis. Expenditures are for development and support of affordable rental housing and home ownership through the acquisition, new construction, reconstruction or rehabilitation of housing.

Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development. Beginning in 2000-01 the majority of Federal funds are granted directly through the implementation of the United States Department of Housing and Urban Development Integrated Disbursement and Information System and do not flow through the Department of Community and Economic Development. Administrative funds are appropriated to the department to continue the program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 105	\$ 86	\$ 29
Receipts:			
Federal Revenue.....	\$ 790	\$ 1,065	\$ 1,065
Miscellaneous.....	3	3	3
Total Receipts	<u>793</u>	<u>1,068</u>	<u>1,068</u>
Total Funds Available	<u>\$ 898</u>	<u>\$ 1,154</u>	<u>\$ 1,097</u>
Disbursements:			
Community and Economic Development.....	\$ 812	\$ 1,125	\$ 1,000
Total Disbursements	<u>-812</u>	<u>-1,125</u>	<u>-1,000</u>
Cash Balance, Ending	<u>\$ 86</u>	<u>\$ 29</u>	<u>\$ 97</u>

Industrial Development Fund

Periodic General Fund appropriations made by the General Assembly to the Pennsylvania Industrial Development Authority (PIDA) are credited to this fund. From 1992 to 1994, these appropriations were replaced by an annual \$70 million transfer (\$17.5 million per quarter) of Corporate Net Income tax revenues as provided by Act 22 of 1991. This transfer ended at the close of the 1993-94 fiscal year as part of the PIDA recapitalization.

The fund makes loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayments of loans and other revenues, generally not credited to this fund, are used by PIDA to make additional loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 198	\$ 1	\$ 0
Receipts:			
Interest on Securities.....	\$ 32	\$ 10	\$ 100
Other.....	2	0	0
Total Receipts	34	10	100
Total Funds Available	\$ 232	\$ 11	\$ 100
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Community and Economic Development.....	231	6	95
Total Disbursements	-231	-11	-100
Cash Balance, Ending	\$ 1	\$ 0	\$ 0

Industrial Sites Cleanup Fund

Act 2 of 1995 created the Industrial Sites Cleanup Fund to provide grants and loans to political subdivisions, local economic development agencies, and others who as part of an economic development strategy undertake voluntary cleanup of property contaminated by industrial activity. Act 6 of 2000 allows the Department of Community and Economic Development to provide performance-based loans, which may be forgiven if performance measures are met. Also, Act 6 expanded the program to include remediation of non-hazardous waste or debris. Revenue to the fund consists of transfers from the Hazardous Sites Cleanup Fund, any funds appropriated by the General Assembly, interest earnings, and loan repayments. Grants and loans are prioritized based on the benefit of the project to the public health and safety, the cost effectiveness of the project, the economic distress of the area, and the potential of the project to result in economic development.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 20,195	\$ 13,348	\$ 8,398
Receipts:			
Transfer from Hazardous Sites Cleanup Fund.....	\$ 0	\$ 8,000	\$ 0
Loan Principal and Interest.....	441	750	800
Interest on Securities.....	634	500	400
Total Receipts	1,075	9,250	1,200
Total Funds Available	\$ 21,270	\$ 22,598	\$ 9,598
Disbursements:			
Community and Economic Development.....	\$ 7,922	\$ 14,200	\$ 9,200
Total Disbursements	-7,922	-14,200	-9,200
Cash Balance, Ending	\$ 13,348	\$ 8,398	\$ 398

Insurance Fraud Prevention Trust Fund

The Insurance Fraud Prevention Trust Fund was created by Act 166 of 1994. The purpose of the fund is to finance activities in the Commonwealth to prevent, combat and reduce insurance fraud, and to improve and support insurance fraud law enforcement, prosecutions and prevention. The source of funds is assessments on the insurance companies that conduct business in the Commonwealth of Pennsylvania, fines and penalties, and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 3,915	\$ 4,105	\$ 2,314
Receipts:			
Assessments.....	\$ 9,824	\$ 9,495	\$ 9,495
Fines and Penalties Income.....	0	200	200
Interest on Securities.....	235	415	415
Total Receipts	10,059	10,110	10,110
Total Funds Available	\$ 13,974	\$ 14,215	\$ 12,424
Disbursements:			
Insurance Fraud Prevention Authority.....	\$ 9,869	\$ 11,901	\$ 11,991
Total Disbursements	-9,869	-11,901	-11,991
Cash Balance, Ending	\$ 4,105	\$ 2,314	\$ 433

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of Commonwealth Court under Article V of the Insurance Department Act. This fund is utilized to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are utilized to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 109,032	\$ 159,344	\$ 138,044
Receipts:			
Carrier Assets.....	\$ 61,927	\$ 5,000	\$ 10,000
Net Investment Adjustment.....	3,863	0	0
Interest	4,822	4,000	3,000
Total Receipts	70,612	9,000	13,000
Total Funds Available	\$ 179,644	\$ 168,344	\$ 151,044
Disbursements:			
Insurance.....	\$ 20,300	\$ 30,300	\$ 29,000
Total Disbursements	-20,300	-30,300	-29,000
Cash Balance, Ending	\$ 159,344	\$ 138,044	\$ 122,044

Keystone Recreation, Park and Conservation Sinking Fund

Amounts in this fund are used to redeem or pay interest on bonds issued for the Keystone Recreation, Park and Conservation Fund. The annual appropriation for general obligation debt service from the General Fund provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund	\$ 4,158	\$ 3,855	\$ 3,810
Total Receipts	4,158	3,855	3,810
Total Funds Available	\$ 4,158	\$ 3,855	\$ 3,810
Disbursements:			
Treasury.....	\$ 4,158	\$ 3,855	\$ 3,810
Total Disbursements	-4,158	-3,855	-3,810
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 of any of these activities may be paid with monies in this fund. Initially, revenue to the fund was derived from the sale of Land and Water Development Bonds up to the \$500 million approved by the electorate on May 16, 1967. All appropriated funds from the bonds have been expended.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,656	\$ 1,628	\$ 873
Receipts:			
Sale of Refuse Bank Materials.....	\$ 36	\$ 0	\$ 0
Total Receipts	36	0	0
Total Funds Available	\$ 1,692	\$ 1,628	\$ 873
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection	64	750	750
Total Disbursements	-64	-755	-755
Cash Balance, Ending	\$ 1,628	\$ -873	\$ 118

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 17	\$ 9	\$ 9
Receipts:			
Transfer from General Fund.....	\$ 7,750	\$ 4,020	\$ 507
Interest on Securities.....	137	1	0
Total Receipts	<u>7,887</u>	<u>4,021</u>	<u>507</u>
Total Funds Available	<u>\$ 7,904</u>	<u>\$ 4,030</u>	<u>\$ 516</u>
Disbursements:			
Treasury.....	\$ 7,895	\$ 4,021	\$ 507
Total Disbursements	<u>-7,895</u>	<u>-4,021</u>	<u>-507</u>
Cash Balance, Ending	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>

Liquid Fuels Tax Fund

The Liquid Fuels Tax Fund was created in 1931 by an act of the General Assembly to assist in funding the local roads system. One-half cent per gallon of gasoline and diesel fuel taxes is deposited into the fund for semi-annual distribution to county governments and to pay registration fees for vehicles operated by mass transportation systems. After payment of fees, remaining funds are allocated to the counties on a three-year average refund to total refund formula and must be used for highway purposes. Since the majority of counties have direct jurisdiction over a limited number of roads, a large portion of these funds are further allocated by the counties to their political subdivisions. To streamline payments to counties the Department of Revenue delegated the authority for these payments and attendant expenses to the Department of Transportation effective in 1999-00.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 6,173	\$ 6,256	\$ 5,474
Receipts:			
Tax on Gasoline	\$ 25,168	\$ 24,875	\$ 25,246
Tax on Diesel Fuel	6,374	6,117	\$ 6,242
Total Receipts	<u>31,542</u>	<u>30,992</u>	<u>31,488</u>
Total Funds Available	<u>\$ 37,715</u>	<u>\$ 37,248</u>	<u>\$ 36,962</u>
Disbursements:			
Treasury.....	\$ 111	\$ 274	\$ 274
Transportation.....	31,348	31,500	31,500
Total Disbursements.....	<u>-31,459</u>	<u>-31,774</u>	<u>-31,774</u>
Cash Balance, Ending.....	<u>\$ 6,256</u>	<u>\$ 5,474</u>	<u>\$ 5,188</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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,405	\$ 2,362	\$ 2,368
Receipts:			
Liquor License Fees.....	\$ 4,554	\$ 4,600	\$ 4,600
Beer License Fees.....	109	110	110
Other.....	2	1	1
Total Receipts	<u>4,665</u>	<u>4,711</u>	<u>4,711</u>
Total Funds Available	<u>\$ 7,070</u>	<u>\$ 7,073</u>	<u>\$ 7,079</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Liquor Control Board.....	4,708	4,700	4,700
Total Disbursements	<u>-4,708</u>	<u>-4,705</u>	<u>-4,705</u>
Cash Balance, Ending	<u>\$ 2,362</u>	<u>\$ 2,368</u>	<u>\$ 2,374</u>

Local Criminal Justice Fund

This fund was created by Act 71 of 1990 which authorized the issuance of bonds to raise \$200 million for grants to counties for the repair, expansion, construction, rehabilitation and improvement of local correctional facilities or multicounty regional prison facilities or the purchase of electronic monitoring equipment for alternative sentencing programs.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,334	\$ 1,543	\$ 544
Receipts:			
Sale of Bonds.....	\$ 1,050	\$ 0	\$ 5,199
Interest.....	43	16	0
Total Receipts	<u>1,093</u>	<u>16</u>	<u>5,199</u>
Total Funds Available	<u>\$ 2,427</u>	<u>\$ 1,559</u>	<u>\$ 5,743</u>
Disbursements:			
Treasury.....	\$ 1	\$ 1	\$ 0
Corrections.....	883	1,014	5,743
Total Disbursements	<u>-884</u>	<u>-1,015</u>	<u>-5,743</u>
Cash Balance, Ending	<u>\$ 1,543</u>	<u>\$ 544</u>	<u>\$ 0</u>

Local Criminal Justice Sinking Fund

Payment of interest and principal due on outstanding local criminal justice bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on invested balances in this fund provide the revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 14,925	\$ 8,096	\$ 7,840
Accrued Interest on Bonds Sold.....	4	0	0
Total Receipts	14,929	8,096	7,840
Total Funds Available	\$ 14,930	\$ 8,096	\$ 7,840
Disbursements:			
Treasury.....	\$ 14,930	\$ 8,096	\$ 7,840
Total Disbursements	-14,930	-8,096	-7,840
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Local Government Capital Project Loan Fund

This fund was created in 1990 to assist municipal governments in acquiring equipment and facilities by providing low-interest loans to those governments which find conventional loan costs to be prohibitive. Loans are provided at a rate of two percent for periods not to exceed ten years. Revenues received from loan repayment and interest accrual are returned to the fund on a revolving basis. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development. Act 46 of 1997 extended this fund indefinitely.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,325	\$ 1,403	\$ 1,107
Receipts:			
Loan Repayments.....	\$ 627	\$ 650	\$ 675
Interest	51	54	35
Total Receipts	678	704	710
Total Funds Available	\$ 2,003	\$ 2,107	\$ 1,817
Disbursements:			
Community and Economic Development.....	\$ 600	\$ 1,000	\$ 1,000
Total Disbursements	-600	-1,000	-1,000
Cash Balance, Ending	\$ 1,403	\$ 1,107	\$ 817

Low-Level Waste Fund

This fund was created by Act 12 of 1988 to finance the selection, licensing, regulation and long-term care of a low-level radioactive waste disposal facility. Revenue is derived from fees for licenses and permits to generate, store and transport waste, surcharges on the disposal of waste, and fines and penalties for violating the provisions of the Low-Level Radioactive Waste Disposal Act. The siting process was suspended in 1998 because of a dramatic reduction in the volume of low-level radioactive waste being generated in the Appalachian Compact and the availability of out-of-state disposal capacity. Expenditures reflect the continued activity by the department to oversee Pennsylvania's generation of low-level waste and to reduce the waste stream.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 3,545	\$ 2,997	\$ 2,430
Receipts:			
Fines and Penalties (a).....	\$ 0	\$ 0	\$ 0
Licenses and Fees (a).....	0	0	0
Surcharges (a).....	0	0	0
Interest.....	134	90	62
Total Receipts	134	90	62
Total Funds Available	\$ 3,679	\$ 3,087	\$ 2,492
Disbursements:			
Environmental Protection	\$ 682	\$ 657	\$ 350
Total Disbursements	-682	-657	-350
Cash Balance, Ending	\$ 2,997	\$ 2,430	\$ 2,142

^a These revenues will not be received until the Commonwealth's low-level disposal site becomes operational.

Machinery and Equipment Loan Fund

This fund was established by Act 120 of 1988 to provide low-interest machinery and equipment financing for Pennsylvania businesses in order to facilitate their growth, competitiveness and value-added capacity. The fund was initially capitalized by an appropriation from the Pennsylvania Economic Revitalization Fund (PERF). It is now funded from loan repayments, transfers from the General Fund and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 19,313	\$ 23,946	\$ 21,516
Receipts:			
Loan Repayments.....	\$ 12,076	\$ 13,400	\$ 13,600
Miscellaneous.....	0	170	180
Interest on Securities.....	830	1,200	1,050
Total Receipts	12,906	14,770	14,830
Total Funds Available	\$ 32,219	\$ 38,716	\$ 36,346
Disbursements:			
Community and Economic Development.....	\$ 8,273	\$ 17,200	\$ 17,204
Total Disbursements	-8,273	-17,200	-17,204
Cash Balance, Ending	\$ 23,946	\$ 21,516	\$ 19,142

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 17,594	\$ 24,853	\$ 21,310
Receipts:			
Sale of Products.....	\$ 37,953	\$ 38,800	\$ 38,500
Interest.....	799	500	500
Other.....	4	150	100
Total Receipts	<u>38,756</u>	<u>39,450</u>	<u>39,100</u>
Total Funds Available	<u>\$ 56,350</u>	<u>\$ 64,303</u>	<u>\$ 60,410</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Corrections.....	31,497	42,988	41,500
Total Disbursements	<u>-31,497</u>	<u>-42,993</u>	<u>-41,505</u>
Cash Balance, Ending	<u>\$ 24,853</u>	<u>\$ 21,310</u>	<u>\$ 18,905</u>

Medical Care Availability and Reduction of Error Fund

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act, established the Medical Care Availability and Reduction of Error Fund and transferred to it the assets, liabilities, rights and responsibilities of the Medical Professional Liability Catastrophe Loss Fund effective October 15, 2002. The new fund is used to pay claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of the basic insurance coverage required by the act. In addition to the transfer of assets from the Medical Professional Liability Catastrophe Loss Fund, revenue will include a surcharge on health care providers. Beginning in 2003, the Moving Violation Surcharge revenue which currently accrues to the Catastrophic Loss Benefits Continuation Fund will accrue to this fund for a period of ten years..

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 163,317
Receipts:			
Transfer from Medical Professional Liability			
Catastrophe Loss Fund.....	\$ 0	\$ 306,670 ^a	\$ 0
Surcharges	0	205,850	349,000
Income on Investments.....	0	4,627	5,571
Reinsurance Proceeds.....	0	1,800	0
Catastrophic Loss Benefits Continuation Fund.....	0	0	22,000
Loan Proceeds Catastrophic Loss Benefits			
Continuation Fund	0	7,000	0
Other.....	0	6,375	10,299
Total Receipts	<u>0</u>	<u>532,322</u>	<u>386,870</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 532,322</u>	<u>\$ 550,187</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Insurance.....	0	369,000	357,998
Total Disbursements	<u>0</u>	<u>-369,005</u>	<u>-358,003</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 163,317</u>	<u>\$ 192,184</u>

^a Includes \$599,000 credited directly to this fund in the transition from the Medical Professional Liability Catastrophe Loss Fund.

Medical Professional Liability Catastrophe Loss Fund

The Health Care Services Malpractice Act of 1975 created this fund to make available professional liability insurance at a reasonable cost to health care providers and to establish a system through which injured parties can obtain a prompt determination and adjudication of their claims. Revenue is derived by levying an annual surcharge on health care providers. Act 135 of 1996 amended the original act to increase the amount of basic insurance coverage maintained by health care providers annually with the last incremental increase effective January 1, 2001.

Act 13 of 2002 transferred the assets, liabilities, rights and responsibilities of the fund to the Medical Care Availability and Reduction of Error Fund in the Insurance Department effective October 1, 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 135,933	\$ 126,093	\$ 0
Receipts:			
Surcharges	\$ 322,916	\$ 179,568	\$ 0
Income on Investments.....	6,921	1,843	0
Reinsurance Proceeds.....	177	0	0
Other.....	441	2	0
Total Receipts	330,455	181,413	0
Total Funds Available	\$ 466,388	\$ 307,506	\$ 0
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 0
Executive Offices.....	340,295	1,435	0
Transfer to Medical Care Availability and Reduction of Error Fund.....	0	306,071	0
Total Disbursements	-340,295	-307,506	0
Cash Balance, Ending	\$ 126,093	\$ 0	\$ 0

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 3,069	\$ 3,937	\$ 4,302
Receipts:			
Interest on Securities.....	\$ 124	\$ 185	\$ 220
Loan Principal and Interest Repayments.....	1,401	1,425	1,450
Other.....	37	5	5
Total Receipts	1,562	1,615	1,675
Total Funds Available	\$ 4,631	\$ 5,552	\$ 5,977
Disbursements:			
Community and Economic Development.....	\$ 694	\$ 1,250	\$ 1,250
Total Disbursements	-694	-1,250	-1,250
Cash Balance, Ending	\$ 3,937	\$ 4,302	\$ 4,727

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,092	\$ 1,133	\$ 1,050
Receipts:			
Dealer/Agent Assessment.....	\$ 125	\$ 77	\$ 80
Interest	44	52	44
Total Receipts	169	129	124
Total Funds Available	\$ 1,261	\$ 1,262	\$ 1,174
Disbursements:			
Transportation.....	\$ 128	\$ 212	\$ 150
Total Disbursements	-128	-212	-150
Cash Balance, Ending	\$ 1,133	\$ 1,050	\$ 1,024

Municipal Pension Aid Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Beginning in July 1985, this fund receives a portion of the revenues from the Foreign Casualty Insurance Premium Tax and the Foreign Fire Insurance Premium Tax. These revenues and earnings are for distribution to municipalities for various municipal, police and fire pension funds, including post-retirement adjustments mandated by Act 147 of 1988. Beginning in 2004-05, fund disbursements will include additional post-retirement adjustments according to the provisions of Act 64 of 2002.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 131,715	\$ 146,194	\$ 146,623
Receipts:			
Foreign Casualty Insurance Premium Tax.....	\$ 150,131	\$ 138,870	\$ 140,000
Foreign Fire Insurance Premium Tax.....	4,165	12,640	13,000
Interest	3,185	3,189	4,000
Total Receipts	157,481	154,699	157,000
Total Funds Available	\$ 289,196	\$ 300,893	\$ 303,623
Disbursements:			
Auditor General.....	\$ 143,002 ^a	\$ 154,265 ^b	\$ 160,000 ^c
Treasury.....	0	5	5
Total Disbursements	-143,002	-154,270	-160,005
Cash Balance, Ending	\$ 146,194	\$ 146,623	\$ 143,618

^a Includes post-retirement payment of \$4,455,450 as authorized by Act 147 of 1988.

^b Includes post-retirement payment of \$3,674,448 as authorized by Act 147 of 1988.

^c Includes post-retirement payment of \$5,700,000 as authorized by Act 147 of 1988.

Municipalities Financial Recovery Revolving Aid Fund

This fund was created by Act 157 of 1988 to make loans and grants to assist municipalities that are declared financially distressed. Initial funding was provided through the transfer of unused funds remaining from a 1986-87 General Fund appropriation for Distressed Community Emergency Aid. In addition, Act 157 stipulated that all repayments on loans made from the fund should be redeposited into the fund and used to make additional loans and grants to distressed municipalities. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 8,339	\$ 8,458	\$ 6,883
Receipts:			
Loan Repayments.....	\$ 466	\$ 750	\$ 750
Interest	326	475	350
Other.....	102	0	0
Total Receipts	<u>894</u>	<u>1,225</u>	<u>1,100</u>
Total Funds Available	\$ 9,233	\$ 9,683	\$ 7,983
Disbursements:			
Community and Economic Development.....	\$ 775	\$ 2,800	\$ 2,800
Total Disbursements	<u>-775</u>	<u>-2,800</u>	<u>-2,800</u>
Cash Balance, Ending	\$ 8,458	\$ 6,883	\$ 5,183

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 8,244	\$ 8,893	\$ 8,940
Receipts:			
Licenses and Fees.....	\$ 205	\$ 210	\$ 210
Penalties.....	54	57	57
Interest.....	324	450	450
Collateral.....	89	90	90
Payment in Lieu of Bonds.....	27	30	30
Forfeiture of Bond.....	10	10	10
Total Receipts	<u>709</u>	<u>847</u>	<u>847</u>
Total Funds Available	\$ 8,953	\$ 9,740	\$ 9,787
Disbursements:			
Environmental Protection	\$ 60	\$ 800	\$ 800
Total Disbursements	<u>-60</u>	<u>-800</u>	<u>-800</u>
Cash Balance, Ending	\$ 8,893	\$ 8,940	\$ 8,987

Nursing Home Loan Sinking Fund

Maturing principal on nursing home loan bonds and all interest payable on such bonds is paid from this fund. The annual appropriation from the General Fund for general obligation debt service and annual earnings received from investment of balances in this fund provide income to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 549	\$ 551	\$ 0
Total Receipts	549	551	0
Total Funds Available	\$ 550	\$ 551	\$ 0
Disbursements:			
Treasury.....	\$ 550	\$ 551	\$ 0
Total Disbursements	-550	-551	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Nutrient Management Fund

This fund was created under the authority of Act 6 of 1993 to fund loans and grants for the implementation of nutrient management plans by agricultural operations. Revenue comes from Commonwealth and Federal appropriations, interest, loan repayments and gifts. Act 18 of 1995 transferred some responsibilities for the Nutrient Management Program from the Department of Environmental Protection to the Department of Agriculture.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 9,654	\$ 6,960	\$ 3,986
Receipts:			
Transfer from General Fund.....	\$ 3,280	\$ 3,280	\$ 3,280
Interest.....	356	350	350
Fines	0	1	1
Total Receipts	3,636	3,631	3,631
Total Funds Available	\$ 13,290	\$ 10,591	\$ 7,617
Disbursements:			
Agriculture	\$ 5,219	\$ 5,005	\$ 5,106
Environmental Protection	1,111	1,600	1,600
Total Disbursements	-6,330	-6,605	-6,706
Cash Balance, Ending	\$ 6,960	\$ 3,986	\$ 911

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 5,167	\$ 4,268	\$ 843
Receipts:			
Rents and Royalties.....	\$ 3,079	\$ 4,200	\$ 4,300
Interest.....	213	275	275
Other.....	159	100	100
Total Receipts	<u>3,451</u>	<u>4,575</u>	<u>4,675</u>
Total Funds Available	\$ 8,618	\$ 8,843	\$ 5,518
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 5
Conservation and Natural Resources.....	4,350	8,000	5,500
Total Disbursements	<u>-4,350</u>	<u>-8,000</u>	<u>-5,505</u>
Cash Balance, Ending	\$ <u>4,268</u>	\$ <u>843</u>	\$ <u>13</u>

Patient Safety Trust Fund

Act 13 of 2002, known as the Medical Care Availability and Reduction of Error Act, established the Patient Safety Trust Fund for the purpose of independent review of medical facilities which will result in ensuring patient safety and reducing medical errors. Revenue to the fund includes a surcharge on medical facility licensing fees. These fees are assessed by the department of Health, deposited in the General Fund, and transferred to the Patient Safety Fund. The Patient Safety Authority also established by Act 13 contracts with entities who will collect, analyze and evaluate data regarding reports of serious events and incidents at medical facilities and identify patterns in frequency or severity at individual medical facilities or in certain regions of this Commonwealth. The authority and the individual facilities will be advised of changes in health care practices and procedures which are recommended for the purpose of reducing the number and severity of serious events and incidents. The authority may recommend regulatory or statutory changes which may help improve patient safety in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 2,000
Receipts:			
Surcharges.....	\$ 0	\$ 5,000	\$ 5,000
Total Receipts	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Total Funds Available	\$ 0	\$ 5,000	\$ 7,000
Disbursements:			
State.....	\$ 0	\$ 3,000	\$ 5,000
Total Disbursements	<u>0</u>	<u>-3,000</u>	<u>-5,000</u>
Cash Balance, Ending	\$ <u>0</u>	\$ <u>2,000</u>	\$ <u>2,000</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 and authorization for the fund was eliminated in 1995-96. Activity continues because of the long-term nature of existing projects. Upon completion of project activity, the remaining balance in this fund will be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 586	\$ 238	\$ 0
Receipts:			
Interest on Securities.....	\$ 47	\$ 25	\$ 0
Other.....	-51 ^a	-32 ^a	0
Total Receipts.....	-4	-7	0
Total Funds Available	<u>\$ 582</u>	<u>\$ 231</u>	<u>\$ 0</u>
Disbursements:			
Agriculture.....	\$ 0	\$ 98	\$ 0
Conservation and Natural Resources.....	344	133	0
Total Disbursements.....	-344	-231	0
Cash Balance, Ending	<u>\$ 238</u>	<u>\$ 0</u>	<u>\$ 0</u>

^a Net of transfers to the General Fund and the Pennsylvania Economic Revitalization Sinking Fund.

Pennsylvania Economic Revitalization Sinking Fund

Payment of interest and principal due on outstanding economic revitalization bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest earned in this fund and interest earned in and transferred from the Pennsylvania Economic Revitalization Fund provide revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 68	\$ 24	\$ 24
Receipts:			
Transfer from General Fund.....	\$ 5,042	\$ 1,730	\$ 1,667
Interest on Securities.....	24	24	0
Total Receipts	5,066	1,754	1,667
Total Funds Available	<u>\$ 5,134</u>	<u>\$ 1,778</u>	<u>\$ 1,691</u>
Disbursements:			
Treasury.....	\$ 5,110	\$ 1,754	\$ 1,667
Total Disbursements	-5,110	-1,754	-1,667
Cash Balance, Ending	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>



Pennsylvania Historical and Museum Commission Trust Fund

This fund, created in 1931, is administered by the Governor, Auditor General, State Treasurer and the Pennsylvania Historical and Museum Commission. The interest received from investment of the \$33,000 perpetual endowment to this fund in bonds of the Commonwealth or any of its political subdivisions is credited to the fund. Interest earned on investments is used for the restoration, maintenance and improvement of the Cornwall Charcoal Furnace, Cornwall Borough, Lebanon County.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 150	\$ 155	\$ 79
Receipts:			
Interest	\$ 5	\$ 4	\$ 4
Total Receipts	<u>5</u>	<u>4</u>	<u>4</u>
Total Funds Available	<u>\$ 155</u>	<u>\$ 159</u>	<u>\$ 83</u>
Disbursements:			
Historical and Museum Commission.....	\$ 0	\$ 80	\$ 0
Total Disbursements	<u>0</u>	<u>-80</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 155</u>	<u>\$ 79</u>	<u>\$ 83</u>

Pennsylvania Infrastructure Bank

This fund was established by Act 57 of 1997 to make loans to, or enter into leases with, qualified borrowers to finance the costs of transportation projects. Receipts are derived from Federal funds and the transfer of required matching State funds from the Motor License Fund and Public Transportation Assistance Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 18,561	\$ 18,669	\$ 11,979
Receipts:			
Federal Funds.....	\$ 0	\$ 102	\$ 0
Loan Repayments.....	1,751	2,732	3,689
Interest	710	476	384
Total Receipts	<u>2,461</u>	<u>3,310</u>	<u>4,073</u>
Total Funds Available	<u>\$ 21,022</u>	<u>\$ 21,979</u>	<u>\$ 16,052</u>
Disbursements:			
Transportation.....	\$ 2,353	\$ 10,000	\$ 10,118
Total Disbursements	<u>-2,353</u>	<u>-10,000</u>	<u>-10,118</u>
Cash Balance, Ending	<u>\$ 18,669</u>	<u>\$ 11,979</u>	<u>\$ 5,934</u>

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employees Retirement Law and the Municipal Police Retirement Law and combined all employees covered under both into a State-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employees, firemen and police of political subdivisions (counties, cities, boroughs and townships of the first and second class). Any municipality may elect by ordinance to join the system. Revenues are generated from the contributions of the members of the system and investment earnings. The board established under Act 15 has control over the system's operation. The net investment adjustment shown below is to reflect carrying value of long-term investments as of June 30. A municipality may, upon meeting the requirements set forth in Act 15, elect to withdraw from participation in this fund. Withdrawals may substantially increase the level of disbursements reflected in this presentation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,015,191	\$ 897,170	\$ 971,000
Receipts:			
Contributions.....	\$ 37,914	\$ 39,800	\$ 41,800
Interest on Securities	28,330	28,000	28,000
Net Investment Adjustment.....	-139,012	55,855	47,925
Total Receipts	<u>-72,768</u>	<u>123,655</u>	<u>117,725</u>
Total Funds Available	\$ 942,423	\$ 1,020,825	\$ 1,088,725
Disbursements:			
Treasury.....	\$ 6	\$ 25	\$ 25
Municipal Retirement Board.....	45,247	49,800	54,700
Total Disbursements	<u>-45,253</u>	<u>-49,825</u>	<u>-54,725</u>
Cash Balance, Ending	\$ 897,170	\$ 971,000	\$ 1,034,000

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission. Revenues come from General Fund appropriations and public or private contributions. Funds are expended to erect a monument to Pennsylvania Veterans who served in armed conflicts in which the United States was a participant. Act 63 of 2002 expanded the use of this fund to operation and maintenance of the memorial.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,775	\$ 354	\$ 224
Receipts:			
Transfer from General Fund.....	\$ 500	\$ 0	\$ 0
Public/Private Donations.....	145	60	20
Interest	47	10	8
Total Receipts	692	70	28
Total Funds Available	\$ 3,467	\$ 424	\$ 252
Disbursements:			
Military and Veterans Affairs.....	\$ 3,113	\$ 200	\$ 95
Total Disbursements	-3,113	-200	-95
Cash Balance, Ending	\$ 354	\$ 224	\$ 157

PENNVEST Bond Authorization Fund

This fund, created under the authority of Act 16 of 1988, receives the proceeds from the sale of bonds authorized by general referendum, transfers from the Water Facilities Loan Fund or from the Capital Facilities Fund for site development. Expenditures are for transfers of funds to the PENNVEST Fund, the PENNVEST Drinking Water Revolving Fund, the PENNVEST Water Pollution Control Revolving Fund, the PENNVEST Revolving Fund or the PENNVEST Non-Revolving Equity Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 20,313	\$ 17,592	\$ 17,142
Receipts:			
Referendum Bonds.....	\$ 0	\$ 2,000	\$ 2,000
Water Facilities Bonds.....	0	0	0
Interest.....	768	750	500
Total Receipts	768	2,750	2,500
Total Funds Available	\$ 21,081	\$ 20,342	\$ 19,642
Disbursements:			
Infrastructure Investment Authority:			
PENNVEST Fund	\$ 824	\$ 750	\$ 500
PENNVEST Drinking Water Revolving Fund.....	2,554	250	250
PENNVEST Water Pollution Control Revolving Fund.....	127	200	200
PENNVEST Revolving Equity Fund.....	-16 ^a	2,000	2,000
Total Disbursements	-3,489	-3,200	-2,950
Cash Balance, Ending	\$ 17,592	\$ 17,142	\$ 16,692

^a Negative amount is a reversal of a previous loan now charged to another fund.

PENNVEST Drinking Water Revolving Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from the Federal Government to establish a revolving loan program for drinking water projects. Required matching State funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 4,989	\$ 11,619	\$ 36,086
Receipts:			
Bond Authorization Fund.....	\$ 2,554	\$ 250	\$ 250
PENNVEST Fund.....	13,197	15,000	15,250
Water Pollution Control Revolving Fund.....	0	57,500	8,187
Federal Funds.....	22,470	39,900	40,200
Interest and Principal Payments.....	7,203	2,500	5,000
Investment Income.....	295	100	100
Total Receipts	45,719	115,250	68,987
Total Funds Available	\$ 50,708	\$ 126,869	\$ 105,073
Disbursements:			
Infrastructure Investment Authority.....	\$ 39,089	\$ 90,783	\$ 87,052
Total Disbursements	-39,089	-90,783	-87,052
Cash Balance, Ending	\$ 11,619	\$ 36,086	\$ 18,021

PENNVEST Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from sources other than the sale of general obligation bonds. These sources include appropriations from the General Fund, payments of revolving loans, interest received from revolving and non-revolving loans, investment income and the sale of assets. In addition to grants and loans for water and sewer projects, these funds can be used for administrative costs and matching funds for Federal grants.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 166,560	\$ 162,033	\$ 143,411
Receipts:			
Revolving Loan Payments.....	\$ 45,207	\$ 58,677	\$ 26,326
Bond Authorization Fund.....	824	750	500
Transfer from Environmental Stewardship Fund.....	21,827	21,353	25,383
Interest.....	6,338	2,500	2,500
Total Receipts	74,196	83,280	54,709
Total Funds Available	\$ 240,756	\$ 245,313	\$ 198,120
Disbursements:			
Infrastructure Investment Authority:			
Loans and Grants.....	\$ 2,543	\$ 4,000	\$ 3,500
Administration.....	2,066	3,039	2,922
Growing Greener Grants.....	21,688	21,353	26,000
Loans.....	52,426	73,510	53,210
Total Disbursements	-78,723	-101,902	-85,632
Cash Balance, Ending	\$ 162,033	\$ 143,411	\$ 112,488

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 4	\$ 5	\$ 0
Receipts:			
Other.....	\$ 1	\$ -5 ^a	\$ 0
Total Receipts	<u>1</u>	<u>-5</u>	<u>0</u>
Total Funds Available	\$ 5	\$ 0	\$ 0
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 0	\$ 0
Cash Balance, Ending	\$ <u>5</u>	\$ <u>0</u>	\$ <u>0</u>

^a Available balance is transferred to close this inactive fund.

PENNVEST Redemption Fund

This fund, created under the authority of Act 16 of 1988, receives repayments of non-revolving loans and investment interest along with the annual appropriation from the General Fund for general obligation debt service. Revenues are used to pay debt service on general obligation bonds issued for PENNVEST.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 3,216
Receipts:			
Transfer from General Fund.....	\$ 23,587	\$ 0	\$ 13,156
Interest on Securities.....	4	70	0
Accrued Interest on Bonds Sold	0	0	0
Non-Revolving Loan Repayments.....	2,212	21,902	0
Total Receipts	<u>25,803</u>	<u>21,972</u>	<u>13,156</u>
Total Funds Available	\$ 25,804	\$ 21,972	\$ 16,372
Disbursements:			
Treasury.....	\$ 25,804	\$ 18,756	\$ 16,372
Total Disbursements	<u>-25,804</u>	<u>-18,756</u>	<u>-16,372</u>
Cash Balance, Ending	\$ <u>0</u>	\$ <u>3,216</u>	\$ <u>0</u>

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. Funds are used for revolving loans which can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 31	\$ 32	\$ 32
Receipts:			
Bond Authorization Fund.....	\$ -15 ^a	\$ 2,000	\$ 2,000
Interest.....	1	0	0
Total Receipts	-14	2,000	2,000
Total Funds Available	\$ 17	\$ 2,032	\$ 2,032
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects.....	\$ 256	\$ 1,000	\$ 950
Sewer Projects.....	-271 ^b	750	500
Storm Water Projects.....	0	250	250
Total Disbursements	15	-2,000	-1,700
Cash Balance, Ending	\$ 32	\$ 32	\$ 332

^a Negative amount is a reversal of a previous transfer of revenue.

^b Negative amount is a reversal of a previous expenditure.

PENNVEST Water Pollution Control Revolving Fund

This fund was created under the authority of Act 16 of 1988 for funds received from the Federal Government to establish a revolving loan program for sewer projects. Required matching State funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 164,434	\$ 182,913	\$ 107,377
Receipts:			
Bond Authorization Fund.....	\$ 127	\$ 200	\$ 200
PENNVEST Fund.....	13,254	13,000	14,000
Federal Funds.....	75,539	67,000	68,739
Interest and Principal Payments.....	40,083	32,000	32,000
Investment Income.....	6,796	5,000	6,000
Total Receipts	135,799	117,200	120,939
Total Funds Available	\$ 300,233	\$ 300,113	\$ 228,316
Disbursements:			
Infrastructure Investment Authority.....	\$ 117,320	\$ -192,736	\$ -126,497
Total Disbursements	-117,320	-192,736	-126,497
Cash Balance, Ending	\$ 182,913	\$ 107,377	\$ 101,819

Pharmaceutical Assistance Fund (Contract for the Elderly)

The revenue for the Pharmaceutical Assistance Fund is received from the Lottery Fund and the Tobacco Settlement Fund. This fund provides a limited pharmaceutical assistance program for older Pennsylvanians who are 65 years of age or over and whose annual income does not exceed the maximum specified for program eligibility. Pharmaceutical product claims for the Chronic Renal Disease Program and the Special Pharmaceutical Benefits Program are also processed through the PACE Fund. Funds not expended in the fiscal year in which they are appropriated are available for use in the following fiscal year. For additional information on the programs refer to the program descriptions in the Departments of Aging, Health and Public Welfare.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 45,334	\$ 97,661	\$ 92,071
Receipts:			
Transfer from Lottery Fund.....	\$ 359,000	\$ 395,000	\$ 370,000
Transfer from Tobacco Settlement Fund.....	27,601	34,682	34,427
Interest on Securities.....	1,777	1,000	1,000
Chronic Renal Disease.....	6,571	7,684	7,691
Special Pharmaceutical Services.....	27,222	33,678	38,276
Total Receipts	<u>422,171</u>	<u>472,044</u>	<u>451,394</u>
Total Funds Available	\$ 467,505	\$ 569,705	\$ 543,465
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Aging.....	338,584	436,267	437,212
Health.....	6,701 ^a	7,684 ^a	7,691 ^a
Public Welfare.....	24,559 ^a	33,678 ^a	38,276 ^a
Total Disbursements	<u>-369,844</u>	<u>-477,634</u>	<u>-483,184</u>
Cash Balance, Ending	\$ 97,661	\$ 92,071	\$ 60,281

^a Expenditures from restricted accounts in the Department of Aging.

Philadelphia Regional Port Authority Fund

This authority was created by Act 50 of 1989 to acquire and operate the port facilities of the former Philadelphia Port Corporation. This fund handles payroll of the authority via transfer of funds by the authority from its private bank accounts. The authority is authorized to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 710	\$ 1,089	\$ 1,129
Receipts:			
Transfer from Philadelphia Regional Port Authority.....	\$ 5,395	\$ 5,050	\$ 4,250
Interest on Securities.....	34	40	36
Total Receipts	<u>5,429</u>	<u>5,090</u>	<u>4,286</u>
Total Funds Available	\$ 6,139	\$ 6,179	\$ 5,415
Disbursements:			
Philadelphia Regional Port Operations.....	\$ 5,050	\$ 5,050	\$ 4,750
Total Disbursements	<u>-5,050</u>	<u>-5,050</u>	<u>-4,750</u>
Cash Balance, Ending	\$ 1,089	\$ 1,129	\$ 665

Port of Pittsburgh Commission Fund

The Port of Pittsburgh Commission was created by Act 133 of 1992 to promote and encourage capital investment in port facilities and port-related projects within the port district encompassing Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Lawrence, Washington and Westmoreland counties.

Act 140 of 2000 expanded the authority of the commission to allow for economic development projects, including certain recreation projects that are sponsored by third parties. Act 111 of 2001 added Indiana County to the Port District.

Grants to the commission to support its operations, and previously to Allegheny County for port-related improvements, are deposited into this fund along with interest earnings from deposited funds. The commission also has the authority to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,741	\$ 1,664	\$ 1,752
Receipts:			
Transfer from General Fund.....	\$ 600	\$ 600	\$ 600
Other.....	107	25	25
Interest	67	63	51
Total Receipts	<u>774</u>	<u>688</u>	<u>676</u>
Total Funds Available	<u>\$ 2,515</u>	<u>\$ 2,352</u>	<u>\$ 2,428</u>
Disbursements:			
Port of Pittsburgh Commission.....	\$ 851	\$ 600	\$ 900
Total Disbursements	<u>-851</u>	<u>-600</u>	<u>-900</u>
Cash Balance, Ending	<u>\$ 1,664</u>	<u>\$ 1,752</u>	<u>\$ 1,528</u>

Public Transportation Assistance Fund

This fund was established by Act 26 of 1991 to help provide for the capital, asset maintenance and certain other transportation needs of the Commonwealth's transit entities. Revenue is derived from a fee on the sale of new tires, a percent of the total sales and use tax receipts, a motor vehicle lease tax, a motor vehicle rental fee and an additional utility realty tax.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 8,608	\$ 10,806	\$ 10,806
Receipts:			
Utility Realty Tax / Gross Receipts Tax.....	\$ 26,662	\$ 20,400	\$ 33,500
Other Taxes and Fees.....	156,449	157,700	160,800
Interest	717	1,000	1,000
Total Receipts	<u>183,828</u>	<u>179,100</u>	<u>195,300</u>
Total Funds Available	<u>\$ 192,436</u>	<u>\$ 189,906</u>	<u>\$ 206,106</u>
Disbursements:			
Transportation:			
Administration.....	\$ 4,754	\$ 4,748	\$ 4,789
Grants.....	176,876	174,352	190,511
Total Disbursements	<u>-181,630</u>	<u>-179,100</u>	<u>-195,300</u>
Cash Balance, Ending	<u>\$ 10,806</u>	<u>\$ 10,806</u>	<u>\$ 10,806</u>

Purchasing Fund

Created in 1933, this fund finances the purchase of materials, supplies, services and equipment by the Department of General Services and Executive Offices for use by other departments, boards and commissions. Salaries for the personnel administering the fund are paid by the fund. Revenue sources are periodic appropriations from the General Fund and reimbursements by other departments, boards and commissions for the materials and supplies provided them.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 17,989	\$ 7,293	\$ 21,799
Receipts:			
Reimbursements to General Services.....	\$ 281,802	\$ 283,656	\$ 283,339
Reimbursements to Executive Offices.....	64,073	114,635	105,627
General Fund Loan.....	14,300	14,300	14,300
Other.....	468	536	819
Total Receipts	360,643	413,127	404,085
Total Funds Available	\$ 378,632	\$ 420,420	\$ 425,884
Disbursements:			
Executive Offices.....	\$ 50,976	\$ 101,571	\$ 104,815
Treasury.....	0	5	5
Loan Repayment.....	38,000	14,300	14,300
General Services.....	282,363	282,745	283,702
Total Disbursements	-371,339	-398,621	-402,822
Cash Balance, Ending	\$ 7,293	\$ 21,799	\$ 23,062

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 623	\$ 686	\$ 256
Receipts:			
Additional License Fees.....	\$ 48	\$ 44	\$ 44
Interest	24	26	26
Total Receipts	72	70	70
Total Funds Available	\$ 695	\$ 756	\$ 326
Disbursements:			
State.....	\$ 9	\$ 500	\$ 100
Total Disbursements	-9	-500	-100
Cash Balance, Ending	\$ 686	\$ 256	\$ 226

Recycling Fund

This fund was created by Act 101 of 1988 to finance the planning, processing, resource recovery and recycling of solid waste. Revenue is generated by a fee on all waste disposed of in landfills or processed by resource recovery facilities. Expenditures are for recycling and planning grants, market and waste minimization studies, and public information and education activities throughout the Commonwealth. Act 125 of 1998 allows for up to \$1.5 million annually for five years of Recycling Fund money to finance the cleanup of illegally deposited waste on State forest and State park lands. Act 68 of 1999 authorizes a transfer of up to \$30 million annually for five years to the Environmental Stewardship Fund to provide funding for various environmental programs.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 123,221	\$ 96,346	\$ 54,150
Receipts:			
Recycling Fees.....	\$ 48,880	\$ 49,426	\$ 49,000
Fines and Penalties.....	0	3	3
Interest	4,630	3,025	2,137
Environmental Technology Loan Repayments and Interest.....	720	775	775
Total Receipts	54,230	53,229	51,915
Total Funds Available	\$ 177,451	\$ 149,575	\$ 106,065
Disbursements:			
Environmental Protection	\$ 81,105	\$ 95,425	\$ 93,025
Total Disbursements	-81,105	-95,425	-93,025
Cash Balance, Ending	\$ 96,346	\$ 54,150	\$ 13,040

Rehabilitation Center Fund

This fund was created May 13, 1959 for the operation of the Hiram G. Andrews Rehabilitation Center and is funded from fees for services rendered by the center. Most of these services are provided to vocational rehabilitation clients. The Department of Labor and Industry has diversified and privatized some of the services offered at the center. These changes included training enhancement for clients of the center and improved economic development opportunities for the Johnstown region.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,835	\$ 4,295	\$ 2,000
Receipts:			
Client Fees	\$ 16,846	\$ 17,841	\$ 18,282
Interest.....	136	73	80
Other.....	1,698	7,621	2,377
Total Receipts	18,680	25,535	20,739
Total Funds Available	\$ 21,515	\$ 29,830	\$ 22,739
Disbursements:			
Labor and Industry.....	\$ 17,220	\$ 27,830	20,382
Total Disbursements	-17,220	-27,830	-20,382
Cash Balance, Ending	\$ 4,295	\$ 2,000	\$ 2,357

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 145	\$ 178	\$ 198
Receipts:			
Transfers from Other Funds.....	\$ 100	\$ 1,000	\$ 1,000
Interest	7	20	20
Total Receipts	<u>107</u>	<u>1,020</u>	<u>1,020</u>
Total Funds Available	<u>\$ 252</u>	<u>\$ 1,198</u>	<u>\$ 1,218</u>
Disbursements:			
Environmental Protection	\$ 74	\$ 1,000	\$ 1,000
Total Disbursements	<u>-74</u>	<u>-1,000</u>	<u>-1,000</u>
Cash Balance, Ending	<u>\$ 178</u>	<u>\$ 198</u>	<u>\$ 218</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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 2,224	\$ 2,292	\$ 2,342
Receipts:			
Transfer from Land and Water Development Fund.....	\$ 88	\$ 0	\$ 0
Premium Payments.....	68	75	75
Total Receipts	<u>156</u>	<u>75</u>	<u>75</u>
Total Funds Available	<u>\$ 2,380</u>	<u>\$ 2,367</u>	<u>\$ 2,417</u>
Disbursements:			
Environmental Protection	\$ 88	\$ 25	\$ 25
Total Disbursements	<u>-88</u>	<u>-25</u>	<u>-25</u>
Cash Balance, Ending	<u>\$ 2,292</u>	<u>\$ 2,342</u>	<u>\$ 2,392</u>

School Employees' Retirement Fund

The Public School Employees' Retirement Fund provides for receipt and accounting of member and employer contributions, investment of those funds and payment of benefits to retired school employees.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The Commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 47,897,072	\$ 43,371,426	\$ 47,077,426
Receipts:			
Transfer from General Fund —			
Employer Contribution (non-school entities).....	\$ 466	\$ 583	\$ 2,075
Transfers from State Retirement System.....	3,004	3,658	3,822
Contributions of School Employees.....	627,434	662,175	717,890
Returned Contributions of			
School Employees.....	7,926	40,641	42,470
Contributions of Employers.....	52,046	119,649	431,825
Interest on Securities.....	45,807	1,510,123	1,638,483
Net Investment Adjustment.....	-2,608,157	4,260,121	4,269,239
Directed Commissions.....	7,269	10,000	10,000
Other.....	68,826	0	0
Total Receipts	-1,795,379	6,606,950	7,115,804
Total Funds Available	\$ 46,101,693	\$ 49,978,376	\$ 54,193,230
Disbursements:			
Treasury	\$ 265	\$ 950	\$ 950
Public School Employees'			
Retirement Board	2,730,002	2,900,000	3,100,000
Total Disbursements	-2,730,267	-2,900,950	-3,100,950
Cash Balance, Ending	\$ 43,371,426	\$ 47,077,426	\$ 51,092,280

School Retirees' Health Insurance Fund

This fund was created by Act 9 of 2001. The fund is used to establish and maintain a reserve sufficient to pay the expected claims experience of the Health Options Program (HOP). The HOP is a Public School Employees' Retirement System (PSERS) sponsored voluntary health insurance program for the sole benefit of PSERS retirees, their spouses or surviving spouses, and their dependents. The revenue for HOP is exclusively from the premiums paid by its participants for the benefit coverage they elect. The May 2002 initial transfer consisted of Insured funds and associated investment revenue in the amount of \$27,340 million that had accumulated in the Public School Employees' Retirement Fund prior to the creation of the separate health insurance fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 28,676	\$ 25,035
Receipts:			
Initial transfer from Public School Employees..... Retirement Fund.....	27,340	0	0
Contributions from membership.....	1,237	4,195	3,192
Investment Income.....	99	534	625
Total Receipts	<u>28,676</u>	<u>4,729</u>	<u>3,817</u>
Total Funds Available	<u>\$ 28,676</u>	<u>\$ 33,405</u>	<u>\$ 28,852</u>
Disbursements:			
School Employees Retirement System.....	\$ 0	\$ 8,370	\$ 8,199
Total Disbursements	<u>0</u>	<u>-8,370</u>	<u>-8,199</u>
Cash Balance, Ending	<u>\$ 28,676</u>	<u>\$ 25,035</u>	<u>\$ 20,653</u>

Self-Insurance Guaranty Fund

This fund was created by Act 44 of 1993, the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claims for injuries that occurred after Act 44 arising from defaulting members of self-insurance pooling arrangements and defaulting self-insurance employers under the Workers' Compensation Act. The fund is maintained by assessments on self-insurers and is administered by the Department of Labor and Industry. Act 53 of 2000 created a Prefund Account funded from transfers from the Workers' Compensation Administration Fund for claims from injuries that occurred prior to the creation of this fund in 1993. Act 49 of 2001 provided for the transfer of up to \$3.8 million annually from the Workers' Compensation Administration Fund to the Prefund Account.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 4,087	\$ 11,959	\$ 13,478
Receipts:			
Assessments.....	\$ 0	\$ 5,400	\$ 500
Self Insurers' Securities.....	7,486	0	0
Transfer from the Workmen's Compensation Fund.....	3,800	3,800	3,800
Miscellaneous.....	4,259	100	90
Interest.....	318	210	210
Total Receipts	<u>15,863</u>	<u>9,510</u>	<u>4,600</u>
Total Funds Available	<u>\$ 19,950</u>	<u>\$ 21,469</u>	<u>\$ 18,078</u>
Disbursements:			
Labor and Industry.....	\$ 7,991	\$ 7,991	\$ 8,000
Total Disbursements	<u>-7,991</u>	<u>-7,991</u>	<u>-8,000</u>
Cash Balance, Ending	<u>\$ 11,959</u>	<u>\$ 13,478</u>	<u>\$ 10,078</u>

Small Business First Fund

Act 67 of 1996 created the Small Business First Fund. The fund replaced the Air Quality Improvement Fund, Storage Tank Loan Fund and the Pennsylvania Capital Loan Fund. Balances and program commitments in those funds were transferred to the Small Business First Fund. The fund may receive transfers from the Minority Business Development Fund to facilitate its programs for small businesses.

This program provides low-interest loans for small businesses of 100 employees or less. Eligible projects include land and building acquisition and construction; machinery and equipment purchases; working capital; compliance with environmental regulations and municipal or commercial recycling. In addition, companies eligible to participate in this program are those impacted by the reduction in defense-related activities and those involved in exports, advanced technology and the hospitality industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 51,995	\$ 48,855	\$ 39,955
Receipts:			
Loan Repayments.....	\$ 18,000	\$ 18,000	\$ 17,950
Interest on Securities.....	1,886	1,600	1,207
Miscellaneous.....	340	0	0
Total Receipts	<u>20,226</u>	<u>19,600</u>	<u>19,157</u>
Total Funds Available	<u>\$ 72,221</u>	<u>\$ 68,455</u>	<u>\$ 59,112</u>
Disbursements:			
Community and Economic Development.....	\$ 23,366	\$ 28,500	\$ 28,500
Total Disbursements	<u>-23,366</u>	<u>-28,500</u>	<u>-28,500</u>
Cash Balance, Ending	<u>\$ 48,855</u>	<u>\$ 39,955</u>	<u>\$ 30,612</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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 942	\$ 934	\$ 869
Receipts:			
Interest.....	\$ 35	\$ 35	\$ 35
Total Receipts	<u>35</u>	<u>35</u>	<u>35</u>
Total Funds Available	<u>\$ 977</u>	<u>\$ 969</u>	<u>\$ 904</u>
Disbursements:			
Environmental Protection	\$ 43	\$ 100	\$ 100
Total Disbursements	<u>-43</u>	<u>-100</u>	<u>-100</u>
Cash Balance, Ending	<u>\$ 934</u>	<u>\$ 869</u>	<u>\$ 804</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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 200	\$ 205	\$ 200
Receipts:			
Interest and Penalties	\$ 5,857	\$ 6,881	\$ 7,781
Other	69	78	88
Total Receipts	<u>5,926</u>	<u>6,959</u>	<u>7,869</u>
Total Funds Available	<u>\$ 6,126</u>	<u>\$ 7,164</u>	<u>\$ 8,069</u>
Disbursements:			
Labor and Industry	\$ 5,921	\$ 6,964	\$ 7,869
Total Disbursements	<u>-5,921</u>	<u>-6,964</u>	<u>-7,869</u>
Cash Balance, Ending	<u>\$ 205</u>	<u>\$ 200</u>	<u>\$ 200</u>

State College Experimental Farm Fund

Act 56, approved May 13, 1887, authorized the sale of the eastern and western experimental farms which were purchased with Federal land grant monies in 1862. These farms were sold for \$17,000 in 1888 and the proceeds were placed in this fund to be invested in bonds of the Commonwealth at 6 percent per annum with the interest serving as an ongoing revenue to this fund. Several times a year the interest earned is disbursed to the Pennsylvania State University.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 25	\$ 25	\$ 25
Receipts:			
Miscellaneous	\$ 1	\$ 1	\$ 1
Total Receipts	<u>1</u>	<u>1</u>	<u>1</u>
Total Funds Available	<u>\$ 26</u>	<u>\$ 26</u>	<u>\$ 26</u>
Disbursements:			
Treasury	\$ 1	\$ 1	\$ 1
Total Disbursements	<u>-1</u>	<u>-1</u>	<u>-1</u>
Cash Balance, Ending	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 25</u>

State Employees' Retirement Fund

This fund was created in 1924 to accumulate reserves for the payment of pensions to eligible former State employees. Money in this fund is used to pay retirement, disability and death benefits to members of the State Employees' Retirement System and their beneficiaries. Membership in the system is mandatory for most State employees and available to employees of non-State entities, such as the Pennsylvania State University, the Turnpike Commission, the Delaware River Port Authority and other public and quasi-public institutions authorized by the Retirement Code.

The fund receives revenue from employee contributions, employer contributions and income derived from its investment portfolio. Employer contributions are an actuarially determined percentage of payroll sufficient to fund current and future benefit payments. Investment income is used to credit interest to each member's account; to pay the administrative expenses of the retirement system; and to accumulate monies for the payment of future benefits. Management of the fund and payment of benefits are overseen by the State Employees' Retirement Board.

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 26,229,155	\$ 23,168,190	\$ 23,967,424
Receipts:			
Contributions of Employees.....	\$ 271,473	\$ 310,000	\$ 320,000
State Share Contribution.....	68,523	27,500	94,500
Income from Securities.....	32,137	578,716	598,701
Directed Commissions.....	571	750	750
Net Investment Adjustment.....	-2,053,347	1,388,918	1,436,881
Other.....	200	0	0
Total Receipts	-1,680,443	2,305,884	2,450,832
Total Funds Available	\$ 24,548,712	\$ 25,474,074	\$ 26,418,256
Disbursements:			
Treasury.....	\$ 86	\$ 150	\$ 150
State Employees' Retirement System.....	1,380,436	1,506,500	1,664,000
Total Disbursements	-1,380,522	-1,506,650	-1,664,150
Cash Balance, Ending	\$ 23,168,190	\$ 23,967,424	\$ 24,754,106

State Insurance Fund

Created in 1915, this fund finances expenditures related to the rebuilding, restoring or replacing of buildings, structures, equipment or other property owned by the Commonwealth which have been damaged or destroyed by fire or other casualty. This includes natural or man-made disasters. Revenue is derived from interest earned by the fund, interest received from the Fire Insurance Tax Fund and from reimbursements by insurance companies. If needed, money may also be directly appropriated to this fund. Receipts of the fund include reimbursement from the Commonwealth's excess insurance policy, which is responsible for damages for any occurrence in excess of \$1 million.

Unencumbered amounts in the fund in excess of \$3 million on December 31st of each year are transferred to the General Fund. This fund satisfies the requirements of the Federal Government for the Disaster Insurance Program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 10,421	\$ 9,261	\$ 8,813
Receipts:			
Recovered Damages.....	\$ 0	\$ 475	\$ 20
Interest	1,074	1,574	1,499
Total Receipts	1,074	2,049	1,519
Total Funds Available	\$ 11,495	\$ 11,310	\$ 10,332
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
General Services.....	2,234	2,492	3,500
Total Disbursements	-2,234	-2,497	-3,505
Cash Balance, Ending	\$ 9,261	\$ 8,813	\$ 6,827

State Restaurant Fund

This fund was created in 1943 to finance the purchase and maintenance of equipment for the operation of the restaurant in the State Capitol as well as any other restaurants in other State Office Buildings. At present, the Capitol East Wing Cafeteria and the facility located in the Keystone Building are the only restaurants operated through this fund. Revenue is derived from the profits earned from those operations.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,604	\$ 1,718	\$ 1,872
Receipts:			
Revenue from Operations.....	\$ 133	\$ 162	\$ 164
Other.....	62	82	92
Total Receipts	195	244	256
Total Funds Available	\$ 1,799	\$ 1,962	\$ 2,128
Disbursements:			
General Services.....	\$ 81	\$ 90	\$ 90
Total Disbursements	-81	-90	-90
Cash Balance, Ending	\$ 1,718	\$ 1,872	\$ 2,038

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 546	\$ 541	\$ 552
Receipts:			
Sinking Fund Interest.....	\$ 4	\$ 4	\$ 4
Treasury Interest.....	19	20	20
Total Receipts	23	24	24
Total Funds Available	\$ 569	\$ 565	\$ 576
Disbursements:			
Education.....	\$ 28	\$ 13	\$ 13
Total Disbursements	-28	-13	-13
Cash Balance, Ending	\$ 541	\$ 552	\$ 563

State Stores Fund

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police receive funds for the enforcement of the Liquor Code. The Department of Health receives funds for alcohol abuse programs. This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code. Any surplus is transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 104,906	\$ 75,928	\$ 30,033
Receipts:			
Fees.....	\$ 9,736	\$ 9,736	\$ 9,736
Fines and Penalties.....	1,160	1,161	1,161
Sale of Goods.....	1,200,742	1,266,863	1,312,470
Recovered Losses and Damages.....	1,191	870	870
General Fund Loans.....	0	85,000	85,000
Other.....	5,327	3,962	3,962
Total Receipts	1,218,156	1,367,592	1,413,199
Total Funds Available	\$ 1,323,062	\$ 1,443,520	\$ 1,443,232
Disbursements:			
Treasury.....	\$ 7	\$ 30	\$ 30
Health.....	1,758	1,716	1,716
Liquor Control Board	1,228,400	1,393,003	1,361,512
State Police.....	16,969	18,738	19,113
Total Disbursements	-1,247,134	-1,413,487	-1,382,371
Cash Balance, Ending	\$ 75,928	\$ 30,033	\$ 60,861

State Treasury Armory Fund

Created in accordance with Act 92 of 1975, this fund receives monies derived from the sale of any armory building, armory site or other real estate. Funds are expended solely for the purchase of equipment, furniture and fixtures or for the construction of new armories in the Commonwealth.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 713	\$ 817	\$ 588
Receipts:			
Armory Rentals.....	\$ 184	\$ 300	\$ 210
Sale of Armories and Land.....	247	91	500
Interest.....	33	30	25
Total Receipts	464	421	735
Total Funds Available	\$ 1,177	\$ 1,238	\$ 1,323
Disbursements:			
Military and Veterans Affairs.....	\$ 360	\$ 650	\$ 650
Total Disbursements	-360	-650	-650
Cash Balance, Ending	\$ 817	\$ 588	\$ 673

State Workers' Insurance Fund

The State Workers' Insurance Fund (SWIF) was created by Act 338 of 1915, and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 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 as refunds to current or former policyholders. The funds recommended by the board to be 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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,285,268	\$ 1,307,833	\$ 1,390,658
Receipts:			
Premiums.....	\$ 158,409	\$ 240,000	\$ 255,000
Interest.....	70,858	72,000	77,000
Other.....	8,043	10,500	12,000
Net Investment Adjustment.....	-80	0	0
Total Receipts	<u>237,230</u>	<u>322,500</u>	<u>344,000</u>
Total Funds Available	\$ 1,522,498	\$ 1,630,333	\$ 1,734,658
Disbursements:			
Treasury.....	\$ 2	\$ 75	\$ 75
Labor and Industry.....	209,111	235,000	247,000
Premium Tax Payment to the General Fund.....	2,749	4,600	5,000
Payment to General Fund in Lieu of Taxes.....	2,803	0	0
Total Disbursements	<u>-214,665</u>	<u>-239,675</u>	<u>-252,075</u>
Cash Balance, Ending	\$ 1,307,833	\$ 1,390,658	\$ 1,482,583

Storage Tank Fund

This fund was created by Act 32 of 1989 for the operation of an aboveground and underground storage tank regulation, registration and enforcement program. Revenues to the fund consist of registration and permit fees, fines, judgements, bond forfeitures, interest and recovered costs. Expenditures include the remediation of leaking underground storage tanks.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 20,529	\$ 15,999	\$ 11,618
Receipts:			
Registration Fees.....	\$ 3,460	\$ 3,600	\$ 3,600
Federal Funds - EPA.....	1,206	2,751	2,951
Fines and Penalties.....	443	376	365
Interest.....	723	542	414
Other.....	8	15	15
Total Receipts	5,840	7,284	7,345
Total Funds Available	\$ 26,369	\$ 23,283	\$ 18,963
Disbursements:			
Environmental Protection.....	\$ 10,370	\$ 11,665	\$ 11,865
Total Disbursements	-10,370	-11,665	-11,865
Cash Balance, Ending	\$ 15,999	\$ 11,618	\$ 7,098

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. By statute, monies remaining in the fund are returned to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 51	\$ 54	\$ 57
Receipts:			
General Fund Appropriation.....	\$ 478	\$ 331	\$ 330
Interest	3	3	1
Total Receipts	481	334	331
Total Funds Available	\$ 532	\$ 388	\$ 388
Disbursements:			
Auditor General.....	\$ 478	\$ 331	\$ 330
Transfer to General Fund.....			58
Total Disbursements	-478	-331	-388
Cash Balance, Ending	\$ 54	\$ 57	\$ 0

Surface Mining Conservation and Reclamation Fund

This fund was created in 1945 to finance reclamation projects on land scarred by surface mining. Projects include recontouring, terracing and planting of trees, shrubs and grasses. Revenues are provided by charging surface mining operators for licenses and permits and by fining them for failure to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 31,273	\$ 40,002	\$ 50,732
Receipts:			
Licenses and Fees.....	\$ 135	\$ 150	\$ 150
Fines and Penalties.....	316	290	315
Interest.....	1,315	1,500	1,500
Forfeiture of Bonds.....	1,005	1,000	1,000
Trust Account Collateral.....	1,263	1,000	1,000
Miscellaneous.....	6,992	9,500	2,500
Total Receipts	11,026	13,440	6,465
Total Funds Available	\$ 42,299	\$ 53,442	\$ 57,197
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection.....	2,297	2,705	2,705
Total Disbursements	-2,297	-2,710	-2,710
Cash Balance, Ending	\$ 40,002	\$ 50,732	\$ 54,487

Tax Stabilization Reserve Fund

The Tax Stabilization Reserve Fund was created by Act 32 of 1985 to defray future revenue shortfalls and deficits, promote greater continuity and predictability in the funding of vital government services, and minimize the need to increase taxes to balance the Commonwealth's budget during periods of economic distress.

Act 91 of 2002 repealed the fund on June 29, 2002 and replaced it with the Budget Stabilization Reserve Fund. By law, the remaining balance in the Tax Stabilization Reserve Fund was transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 1,126,702	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 0	\$ 0
Interest	24,759	0	0
Realized Gain or Loss on Sale of Investment - L/T.....	-83,685	0	0
Total Receipts	-58,926	0	0
Total Funds Available	\$ 1,067,776	\$ 0	\$ 0
Disbursements:			
Adjustment to Market Value.....	\$ 29,345	\$ 0	\$ 0
Transfer to General Fund.....	1,038,431	0	0
Total Disbursements	\$ -1,067,776	\$ 0	\$ 0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Tuition Account Guaranteed Savings Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. This fund offers a guaranteed rate of return tied to tuition inflation. Revenue is derived primarily from application fees, Tuition Account Guaranteed Savings Program contracts and investment income. Fund expenditures consist mainly of payments to educational institutions for tuition and administrative costs.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 233,679	\$ 370,734	\$ 545,314
Receipts:			
Application Fees	\$ 423	\$ 280	\$ 280
Tuition Purchases.....	156,341	185,000	165,000
Investment Earnings.....	10,014	14,000	20,000
Net Investment Adjustment.....	-16,930	-5,000	0
Other.....	166	300	400
Total Receipts	150,014	194,580	185,680
Total Funds Available	\$ 383,693	\$ 565,314	\$ 730,994
Disbursements:			
Treasury.....	\$ 12,959	\$ 20,000	\$ 30,000
Total Disbursements	-12,959	-20,000	-30,000
Cash Balance, Ending	\$ 370,734	\$ 545,314	\$ 700,994

Tuition Account Investment Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. The Tuition Account Investment Program, launched in July 2002, provides market-based investment returns and offers participants several investment options based on age, investment risk, or socially responsible investments comprising a mix of equity and fixed income portfolios. Fund revenue is derived primarily from Tuition Account Investment Program Contracts and investment income. Fund expenditures consist mainly of redemption of program contracts.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 25,500
Receipts:			
Tuition Purchases.....	\$ 0	\$ 25,000	\$ 50,000
Investment Earnings.....	0	1,000	2,500
Total Receipts	0	26,000	52,500
Total Funds Available	\$ 0	\$ 26,000	\$ 78,000
Disbursements:			
Treasury.....	\$ 0	\$ 500	\$ 5,000
Total Disbursements	0	-500	-5,000
Cash Balance, Ending	\$ 0	\$ 25,500	\$ 73,000



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. With recent changes to the regulations, effective April 2002, tank owners pay a gallon fee of \$0.001 per gallon. Owners of diesel fuel and heating oil tanks pay a capacity fee of \$0.02 in lieu of the gallon fee. Pending regulation changes, the board has approved on September 12, 2002 an additional increase to \$0.01 cent for the gallon fee and an increase to \$0.075 per gallon for the capacity fee. These increases are necessary to maintain the actuarial soundness of the fund as prescribed by Act 32.

Act 13 of 1998 established a new loan program to assist owners of regulated underground storage tanks to upgrade their underground storage tank systems to meet Federal Environmental Protection Agency upgrade requirements or to remove them from service. Act 100 of 2000 expanded the upgrade loan program to include the removal of underground storage tanks. The Department of Community and Economic Development administers the loan program as part of its business loans program. The act also establishes an environmental cleanup program and a pollution prevention program which are administered by the Department of Environmental Protection. The net investment adjustment is included to reflect the current market value of long-term investments as of June 30. A loan of \$100 million was made to the General Fund on Oct 15, 2002 in accordance with Act 91 of 2002 and is to be repaid over ten years beginning in 2004.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 302,923	\$ 242,807	\$ 75,824
Receipts:			
Gallon Fee	\$ 2,694	\$ 6,000	\$ 60,000
Tank Capacity Fee	1,564	3,200	12,000
Investment Income	12,527	14,000	10,000
Net Investment Adjustment.....	-14,258	0	0
Miscellaneous Fees	1,609	260	260
Total Receipts	<u>4,136</u>	<u>23,460</u>	<u>82,260</u>
Total Funds Available	\$ 307,059	\$ 266,267	\$ 158,084
Disbursements:			
Treasury.....	\$ 0	\$ 15	\$ 15
Community and Economic Development.....	736	10,440	10,440
Environmental Protection.....	4,620	12,000	12,000
Insurance.....	58,896	167,988	81,801
Total Disbursements	<u>-64,252</u>	<u>-190,443</u>	<u>-104,256</u>
Cash Balance, Ending	\$ <u>242,807</u>	\$ <u>75,824</u>	\$ <u>53,828</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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Regular Unemployment Compensation Program.....	\$ 2,352,304	\$ 1,970,240	\$ 1,982,460
Federal Receipts in Transit ^a	43,611	36,500	36,700
Other.....	359,201	475,000	46,000
Total Receipts	<u>2,755,116</u>	<u>2,481,740</u>	<u>2,065,160</u>
Total Funds Available	\$ <u>2,755,116</u>	\$ <u>2,481,740</u>	\$ <u>2,065,160</u>
Disbursements:			
Labor and Industry.....	\$ 2,755,116	\$ 2,481,740	\$ 2,065,160
Total Disbursements	<u>-2,755,116</u>	<u>-2,481,740</u>	<u>-2,065,160</u>
Cash Balance, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

^a Represents future receipts of funds from the Federal Government for checks issued to individual recipients.

Unemployment Compensation Contribution Fund

This fund was created to hold moneys collected from employers under the Unemployment Compensation Law and, except for refunds of collections or transfers to the Special Administration Fund, the moneys are transferred to the United States Treasury for credit to the Commonwealth's account in the Federal Unemployment Trust Fund established under Section 904 of the Social Security Act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Budget
Cash Balance, Beginning	\$ 745	\$ 2	\$ 0
Receipts:			
Contributions of Employers and Employees.....	\$ 1,485,592	\$ 1,716,400	\$ 1,966,800
Other.....	713	810	930
Total Receipts	<u>1,486,305</u>	<u>1,717,210</u>	<u>1,967,730</u>
Total Funds Available	\$ <u>1,487,050</u>	\$ <u>1,717,212</u>	\$ <u>1,967,730</u>
Disbursements:			
Labor and Industry.....	\$ 1,487,048	\$ 1,717,212	\$ 1,967,730
Total Disbursements	<u>-1,487,048</u>	<u>-1,717,212</u>	<u>-1,967,730</u>
Cash Balance, Ending	\$ <u>2</u>	\$ <u>0</u>	\$ <u>0</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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund	\$ 482	\$ 487	\$ 491
Total Receipts	482	487	491
Total Funds Available	\$ 482	\$ 487	\$ 491
Disbursements:			
Treasury	\$ 482	\$ 487	\$ 491
Total Disbursements	-482	-487	-491
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Vocational Rehabilitation Fund

This fund, administered by the State Board of Vocational Rehabilitation in the Department of Labor and Industry, was created to provide vocational rehabilitation services to any person who has a disability, mental or physical, which constitutes a handicap to employment or to achievement of independent living status. Services can be provided directly or through a purchase of service arrangement. Receipts for this fund come from Federal vocational rehabilitation funds, General Fund appropriation of matching funds and interest earned.

This presentation reflects the transfer of services for the blind or visually impaired from the Department of Public Welfare to the Office of Vocational Rehabilitation within the Department of Labor and Industry effective July 1, 1999.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 7,943	\$ 13,283	\$ 6,914
Receipts:			
Transfer from General Fund	\$ 37,357	\$ 38,238	\$ 38,238
Federal Vocational Rehabilitation Funds	115,810	125,000	136,259
Other	593	600	600
Total Receipts	153,760	163,838	175,097
Total Funds Available	\$ 161,703	\$ 177,121	\$ 182,011
Disbursements:			
Labor and Industry	\$ 148,420	170,207	175,297
Total Disbursements	-148,420	-170,207	-175,297
Cash Balance, Ending	\$ 13,283	\$ 6,914	\$ 6,714

Volunteer Companies Loan Fund

Bond referendums in 1975, 1981, and 1990 authorized a total of \$50 million of bonds to be issued for acquisition and replacement of volunteer fire, ambulance and rescue company equipment and facilities. Act 208 of 1976 established a revolving loan fund known as the Volunteer Companies Loan Fund; loans provided for under these bond issues are administered by the Pennsylvania Emergency Management Agency. Revenue to the fund in addition to bond proceeds includes loan repayments and interest earnings. General Fund transfer appropriations have also been provided to fund the program.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 10,262	\$ 6,314	\$ 3,118
Receipts:			
Loan Principal Repayments.....	\$ 12,645	\$ 11,850	\$ 11,400
Loan Interest.....	2,111	1,854	1,852
Interest on Securities.....	359	500	500
Total Receipts	<u>15,115</u>	<u>14,204</u>	<u>13,752</u>
Total Funds Available	<u>\$ 25,377</u>	<u>\$ 20,518</u>	<u>\$ 16,870</u>
Disbursements:			
Emergency Management Agency.....	\$ 19,063	\$ 17,400	\$ 16,300
Total Disbursements	<u>-19,063</u>	<u>-17,400</u>	<u>-16,300</u>
Cash Balance, Ending	<u>\$ 6,314</u>	<u>\$ 3,118</u>	<u>\$ 570</u>

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)		
	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 2,882	\$ 2,049	\$ 1,424
Total Receipts	<u>2,882</u>	<u>2,049</u>	<u>1,424</u>
Total Funds Available	<u>\$ 2,882</u>	<u>\$ 2,049</u>	<u>\$ 1,424</u>
Disbursements:			
Treasury.....	\$ 2,882	\$ 2,049	\$ 1,424
Total Disbursements	<u>-2,882</u>	<u>-2,049</u>	<u>-1,424</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Water Facilities Loan Fund

This fund was created by Act 167 of 1982 to implement the water project loan referendum approved by the electorate on November 3, 1981. That referendum authorized the Commonwealth to incur an indebtedness of \$300 million for use as loans to repair, construct, reconstruct, rehabilitate, extend and improve water supply systems or to repair, reconstruct or rehabilitate flood control facilities, dams and port facilities. Act 16 of 1988 transferred the functions of the Water Facilities Loan Board to the Pennsylvania Infrastructure Investment Authority as part of the PENNVEST program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 1,500
Total Receipts	<u>0</u>	<u>0</u>	<u>1,500</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,500</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 0	\$ 1,500
Total Disbursements	<u>0</u>	<u>0</u>	<u>-1,500</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Water Facilities Loan Redemption Fund

Payment of interest and principal due on outstanding water facilities loan bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Water Facilities Loan Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 11,823	\$ 8,309	\$ 6,628
Total Receipts	<u>11,823</u>	<u>8,309</u>	<u>6,628</u>
Total Funds Available	<u>\$ 11,823</u>	<u>\$ 8,309</u>	<u>\$ 6,628</u>
Disbursements:			
Treasury.....	\$ 11,823	\$ 8,309	\$ 6,628
Total Disbursements	<u>-11,823</u>	<u>-8,309</u>	<u>-6,628</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Wild Resource Conservation Fund

This fund was created by Act 170 of 1982. Revenue is derived primarily from tax rebate check-offs and voluntary contributions. The fund collects information relating to population, distribution, habitat needs, limiting factors and other biological and ecological data to classify plants and to determine necessary management measures. These management measures include promotion of a Statewide system of private wild plant sanctuaries; permitting of removal, collection or transplanting of endangered or threatened plant species; and regulation of the digging, harvesting, sale and exploitation of designated species.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 591	\$ 322	\$ 142
Receipts:			
Tax Check-Offs.....	\$ 142	\$ 150	\$ 150
Interest on Securities.....	16	20	20
Voluntary Donations.....	104	100	100
License Plate Sales.....	115	100	100
Other.....	23	20	20
Total Receipts	<u>400</u>	<u>390</u>	<u>390</u>
Total Funds Available	<u>\$ 991</u>	<u>\$ 712</u>	<u>\$ 532</u>
Disbursements:			
Conservation and Natural Resources.....	\$ 669	\$ 570	\$ 450
Total Disbursements	<u>-669</u>	<u>-570</u>	<u>-450</u>
Cash Balance, Ending	<u>\$ 322</u>	<u>\$ 142</u>	<u>\$ 82</u>

Workers' Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Act 70 of 1990 authorized the Catastrophic Loss Benefits Continuation Fund to borrow funds from the Workers' Compensation Security Fund. A \$52.5 million loan was made in 1997-98 and was fully repaid in 2001-02.

Through June 30, 2000, assessments equal to one percent of the net written premiums received for workers' compensation insurance policies written in the Commonwealth by stock companies, mutual carriers and reciprocal exchanges during the preceding annual reporting period were credited to the fund.

Act 49 of 2000 removed the statutory annual assessment procedures in conjunction with giving prudent person investment authority to the Insurance Commissioner jointly with the State Treasurer for the investment of moneys in the fund. This change is expected to generate increased earnings to the fund, thereby reducing the frequency of the assessment. The act requires the Insurance Department to manage the fund to maintain its actuarial soundness and a minimum balance of \$500 million. If the fund balance falls below \$500 million, the department will assess contributions to restore the balance in the fund. Based on the 2001-02 experience, assessments are not anticipated in 2002-03.

As of June 30, 2002, the indemnity reserves were \$274.1million, the medical reserves were \$78.3 million, and the legal reserves were \$6.1 million. The June 30, 2002 fund balance less reserves was \$229.9 million.

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 529,721	\$ 504,906	\$ 502,401
Receipts:			
Premium Contributions	\$ 3,303	6,500	\$ 8,500
Interest on Securities	22,625	35,000	35,000
Loan Repayment	27,032	0	0
Net Investment Adjustment.....	-38,551	0	0
Total Receipts	<u>14,409</u>	<u>41,500</u>	<u>43,500</u>
Total Funds Available	\$ 544,130	\$ 546,406	\$ 545,901
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Insurance	39,224	44,000	45,000
Total Disbursements	<u>-39,224</u>	<u>-44,005</u>	<u>-45,005</u>
Cash Balance, Ending	\$ 504,906	\$ 502,401	\$ 500,896

Workmen's Compensation Administration Fund

This fund was created by Act 2 of 1976 to finance the expenses of the Department of Labor and Industry in administering the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act. The fund is supported by annual assessments on insurers and self-insurers under the act. These administrative funds are approved by the Legislature for expenditure through the appropriation process. Act 49 of 2001 provided for the transfer of up to \$3.8 million annually from the Workers' Compensation Administration Fund to the Prefund Account in the Self-Insurance Guaranty Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 41,064	\$ 49,675	\$ 48,100
Receipts:			
Assessments.....	\$ 55,100	\$ 51,635	\$ 51,635
Other.....	1,306	2,400	2,400
Total Receipts	<u>56,406</u>	<u>54,035</u>	<u>54,035</u>
Total Funds Available	\$ <u>97,470</u>	\$ <u>103,710</u>	\$ <u>102,135</u>
Disbursements:			
Community and Economic Development.....	\$ 156	\$ 175	\$ 184
Labor and Industry.....	47,639	55,435	55,006
Total Disbursements	<u>-47,795</u>	<u>-55,610</u>	<u>-55,190</u>
Cash Balance, Ending	\$ <u>49,675</u>	\$ <u>48,100</u>	\$ <u>46,945</u>

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)

	2001-02 Actual	2002-03 Available	2003-04 Estimated
Cash Balance, Beginning	\$ 219	\$ 417	\$ 375
Receipts:			
Assessments.....	\$ 34,833	\$ 32,154	\$ 29,340
Other.....	1,540	704	674
Total Receipts	<u>36,373</u>	<u>32,858</u>	<u>30,014</u>
Total Funds Available	\$ <u>36,592</u>	\$ <u>33,275</u>	\$ <u>30,389</u>
Disbursements:			
Labor and Industry.....	\$ 36,175	\$ 32,900	\$ 30,150
Total Disbursements	<u>-36,175</u>	<u>-32,900</u>	<u>-30,150</u>
Cash Balance, Ending	\$ <u>417</u>	\$ <u>375</u>	\$ <u>239</u>



Governor's Executive Budget

COMPLEMENT



COMPLEMENT

This section provides a summary by department of salaried complement on a full-time equivalent (FTE) basis for the actual, available and budget years. It also provides a brief description by agency and appropriation of the changes recommended in the budget.



**SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT (FTE)**

The following is a summary, by department, of the 2001-02 actual, 2002-03 available and 2003-04 recommended salaried complement levels on a full-time equivalent (FTE) basis.

<i>Department</i>	<i>2001-02 Actual</i>	<i>2002-03 Available</i>	<i>2003-04 Budget</i>	<i>Difference Budget vs. Available</i>
Governor's Office	91	91	91	
Executive Offices	2,382	2,377	2,226	-151
Lieutenant Governor's Office	15	15	15	
Aging	113	114	109	-5
Agriculture	649	656	628	-28
Banking	121	123	123	
Civil Service Commission	180	180	180	
Community and Economic Development	344	347	330	-17
Conservation and Natural Resources	1,385	1,391	1,370	-21
Corrections	15,067	15,476	15,223	-253
Education	854	864	751	-113
Emergency Management Agency	151	166	161	-5
Environmental Hearing Board	22	22	18	-4
Environmental Protection	3,206	3,211	3,066	-145
Fish and Boat Commission	441	436	432	-4
Game Commission	732	732	732	
General Services	1,361	1,448	1,350	-98
Health	1,472	1,526	1,469	-57
Historical and Museum Commission	357	358	332	-26
Infrastructure Investment Authority	25	27	27	
Insurance	324	396	370	-26
Labor and Industry	6,412	5,951	5,922	-29
Liquor Control Board	3,037	3,037	3,054	17
Military and Veterans Affairs	2,481	2,481	2,468	-13
Milk Marketing Board	36	36	36	
Municipal Employees' Retirement	27	27	27	
Probation and Parole Board	1,039	1,049	1,048	-1
Public Television Network	20	20	20	
Public Utility Commission	533	533	533	
Public Welfare	21,879	21,373	20,480	-893
Revenue	2,279	2,311	2,237	-74
School Employees' Retirement System	290	290	290	
Securities Commission	93	93	90	-3
State	415	502	498	-4
State Employees' Retirement System	192	192	192	
State Police	5,799	5,899	5,899	
Tax Equalization Board	22	22	22	
Transportation	12,351	12,356	12,350	-6
TOTAL ALL DEPARTMENTS	86,197	86,128	84,169	-1,959

Summary of 2003-04 Complement Changes

The following is a detailed listing, by department, of the recommended salaried complement changes (on a full-time equivalent basis) for 2003-04. It reflects proposed eliminations, new positions and transfers between appropriations and agencies.

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
EXECUTIVE OFFICES		
General Fund:		
Office of Inspector General.....	-2	Eliminated positions.
Juvenile Court Judges Commission.....	-1	Eliminated position.
Commission on Crime and Delinquency.....	-9	Eliminated positions.
Office of General Counsel.....	-7	Eliminated positions.
Inspector General - Welfare Fraud.....	-13	Eliminated positions.
Integrated Criminal Justice Systems.....	-4	Eliminated positions.
Commonwealth Technology Services.....	-15	Eliminated positions.
Partnership for Safe Children.....	-1	Eliminated position.
Victims of Juvenile Crime.....	-1	Eliminated position.
Communications Management.....	-2	Eliminated positions.
Integrated Management Systems.....	-3	Eliminated positions.
Office of the Budget.....	-78	Eliminated positions.
Office of Administration.....	-4	Eliminated positions.
Human Relations Commission.....	-7	Eliminated positions.
General Fund Total	<u>-147</u>	
Federal Funds:		
HUD - Special Project Grant (F).....	-3	Eliminated positions.
EEOC - Special Project Grant (F).....	-1	Eliminated position.
Federal Funds Total	<u>-4</u>	
DEPARTMENT TOTAL	<u><u>-151</u></u>	
AGING		
General Fund:		
General Government Operations - Lottery Programs.....	<u>-5</u>	Eliminated positions.
AGRICULTURE		
General Fund:		
General Government Operations.....	<u>-28</u>	Eliminated positions.
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
International Trade.....	-1	Eliminated position.
General Government Operations.....	-16	Eliminated positions.
DEPARTMENT TOTAL	<u>-17</u>	
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
State Forests Operations.....	-13	Eliminated positions.
Forest Pest Management.....	-1	Eliminated position.
General Government Operations.....	-7	Eliminated positions.
DEPARTMENT TOTAL	<u>-21</u>	
CORRECTIONS		
General Fund:		
State Correctional Institutions.....	-250	Eliminated positions.
General Government Operations.....	-3	Eliminated positions.
DEPARTMENT TOTAL	<u>-253</u>	

Summary of 2003-04 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
EDUCATION		
General Fund:		
Office of Safe Schools Advocate.....	-1	Eliminated position.
Thaddeus Stevens College of Technology.....	-86	ELIMINATED: Act 187 of 2002 removes Thaddeus Stevens College of Technology from the direct complement control of the Commonwealth effective July 1, 2003 (-86).
General Government Operations.....	-25	Eliminated positions.
State Library.....	-1	Eliminated position.
General Fund Total	<u>-113</u>	
Federal Funds:		
ESEA - Title VI - Administration/State (F).....	-3	TRANSFERRED: To Title VI-Part A Assessments (-3).
Title VI - Part A State Assessments (F).....	3	TRANSFERRED: From ESEA - Title VI - Administration/State (3).
Federal Funds Total	<u>0</u>	
DEPARTMENT TOTAL	<u><u>-113</u></u>	
EMERGENCY MANAGEMENT AGENCY		
General Fund:		
General Government Operations.....	-6	Eliminated positions.
Federal Funds:		
Fire Prevention (F).....	1	NEW: Terrorism training coordination (1).
DEPARTMENT TOTAL	<u><u>-5</u></u>	
ENVIRONMENTAL HEARING BOARD		
General Fund:		
Environmental Hearing Board.....	-4	Eliminated positions.
ENVIRONMENTAL PROTECTION		
General Fund:		
Office of Pollution Prevention and Compliance Assistance.....	-7	Eliminated positions.
Environmental Protection Operations.....	-48	Eliminated positions.
Environmental Program Management.....	-33	Eliminated positions.
Chesapeake Bay Agricultural Source Abatement.....	-1	Eliminated position.
Black Fly Control and Research.....	-1	Eliminated position.
West Nile Virus Control.....	-1	Eliminated position.
General Government Operations.....	-54	Eliminated positions.
DEPARTMENT TOTAL	<u><u>-145</u></u>	
FISH AND BOAT COMMISSION		
Fish Fund:		
General Operations.....	-4	ELIMINATED: Phased reduction at Big Spring Hatchery (-4).
GENERAL SERVICES		
General Fund:		
Capitol Police Operations.....	-40	Eliminated positions.
General Government Operations.....	-58	Eliminated positions.
DEPARTMENT TOTAL	<u><u>-98</u></u>	
HEALTH		
General Fund:		
Vital Statistics.....	-3	Eliminated positions.
State Laboratory.....	1	TRANSFERRED: From Lead - Administration & Operation (1).
State Health Care Centers.....	-18	Eliminated positions.
General Government Operations.....	-36	Eliminated positions.
General Fund Total	<u><u>-56</u></u>	

Summary of 2003-04 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Federal Funds:		
Health Statistics (F).....	-6	TRANSFERRED: To Cancer Prevention and Control to consolidate cancer efforts (-6).
Tobacco Control (F).....	-3	TRANSFERRED: To Preventive Health Special Project Grants (-3).
Lead - Administration and Operations (F).....	-1	TRANSFERRED: To State Laboratory (-1).
Breast and Cervical Cancer - Administration and Operation (F).....	-9	TRANSFERRED: To Cancer Prevention and Control to consolidate cancer efforts (-9).
Preventive Health Special Projects (F).....	2	TRANSFERRED: From Tobacco Control (3) and to Cancer Prevention and Control to consolidate cancer efforts (-1).
Cancer Prevention and Control (F).....	16	TRANSFERRED: From Preventive Health Special Projects (1), from Breast and Cervical Cancer-Administration & Operation (9) and from Health Statistics (6).
Federal Funds Total	<u>-1</u>	
DEPARTMENT TOTAL	<u><u>-57</u></u>	
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations.....	<u>-26</u>	Eliminated positions.
INSURANCE		
General Fund:		
Children's Health Insurance Administration.....	-2	Eliminated positions.
General Government Operations.....	<u>-24</u>	Eliminated positions.
DEPARTMENT TOTAL	<u><u>-26</u></u>	
LABOR AND INDUSTRY		
General Fund:		
Occupational and Industrial Safety.....	-20	Eliminated positions.
General Government Operations.....	<u>-9</u>	Eliminated positions.
DEPARTMENT TOTAL	<u><u>-29</u></u>	
LIQUOR CONTROL BOARD		
State Stores Fund:		
General Operations.....	<u>17</u>	NEW: Store clerk and computer support (17).
MILITARY AND VETERANS AFFAIRS		
General Fund:		
General Government Operations.....	<u>-13</u>	Eliminated positions.
PROBATION AND PAROLE		
General Fund:		
General Government Operations.....	-2	TRANSFERRED: To Sexual Offenders Assessment Board (-2).
Drug Offenders Work Program.....	-1	Eliminated position.
Sexual Offenders Assessment Board.....	<u>2</u>	TRANSFERRED: From General Government Operations (2).
DEPARTMENT TOTAL	<u><u>-1</u></u>	

Summary of 2003-04 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
PUBLIC WELFARE		
General Fund:		
County Administration - Statewide.....	-37	Eliminated positions.
Child Support Enforcement.....	-12	Eliminated positions.
New Directions.....	-7	Eliminated positions.
Mental Health Services (Hospitals).....	-235	Eliminated positions.
State Centers for Mentally Retarded.....	-293	Eliminated positions.
Information Systems.....	-38	Eliminated positions.
Youth Development Institutions and Forestry Camps.....	-58	Eliminated positions.
General Government Operations.....	-86	Eliminated positions.
County Assistance Offices.....	-127	Eliminated positions.
DEPARTMENT TOTAL	-893	
REVENUE		
General Fund:		
General Operations - Lottery Administration.....	-6	Eliminated positions.
General Government Operations.....	-68	Eliminated positions.
DEPARTMENT TOTAL	-74	
SECURITIES COMMISSION		
General Fund:		
General Government Operations.....	-3	Eliminated positions.
STATE		
General Fund:		
Professional and Occupational Affairs (R).....	-4	Eliminated positions.
TRANSPORTATION		
Motor License Fund:		
Transit and Rail Freight Operations.....	-6	Eliminated positions.
GRAND TOTAL	-1,959	



Governor's Executive Budget

STATISTICAL DATA



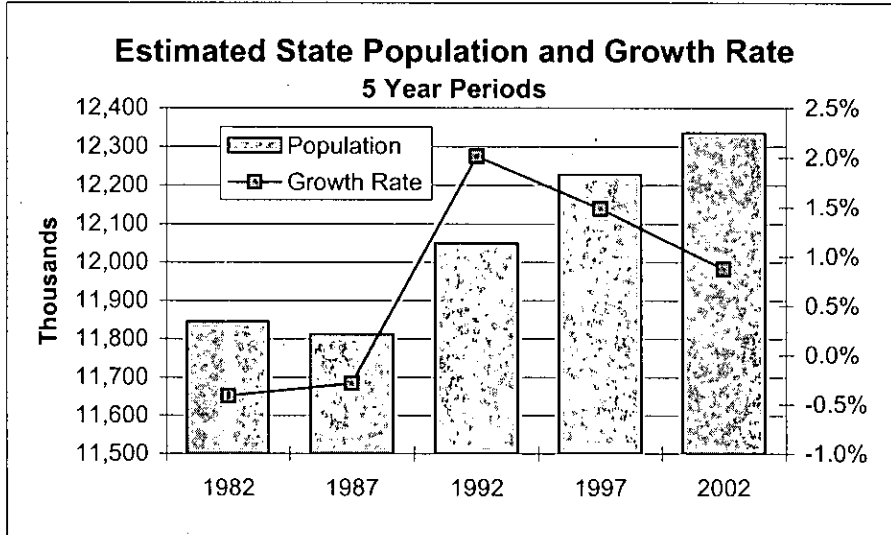
STATISTICAL DATA

This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Additional data is available from the Penn State Data Center through the Commonwealth's World Wide Web home page by selecting "About PA" on that page. (www.state.pa.us/PAPower/).

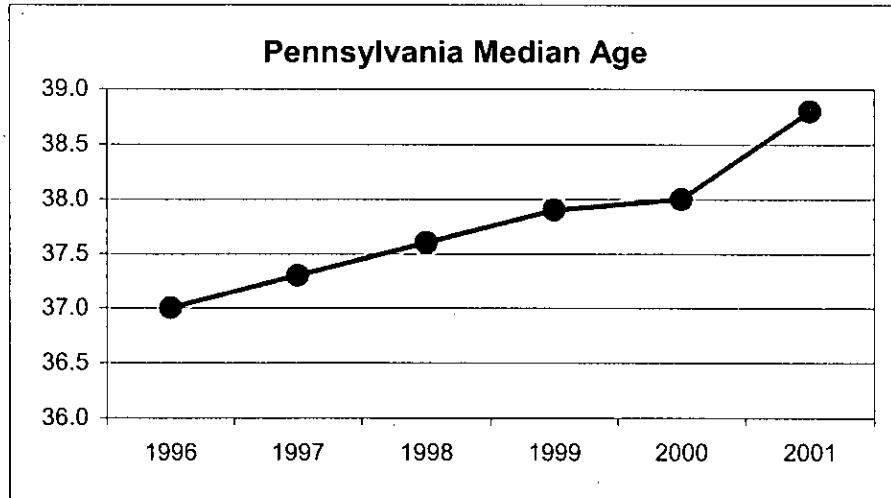


State Population Trends

The following charts and tables present trend information on Pennsylvania's population. The population estimate and growth rate for 5 year periods beginning in 1982 are given in the top chart and table. The bottom chart and table provide the trend for the median age of the Pennsylvania population beginning in 1996. Data are from the U.S. Census Bureau. Population data are from intercensal estimates.



Calendar Year	Population Estimate (thousands)	5 Year Growth Rate
1982	11,845	-0.4%
1987	11,811	-0.3%
1992	12,049	2.0%
1997	12,228	1.5%
2002	12,335	0.9%



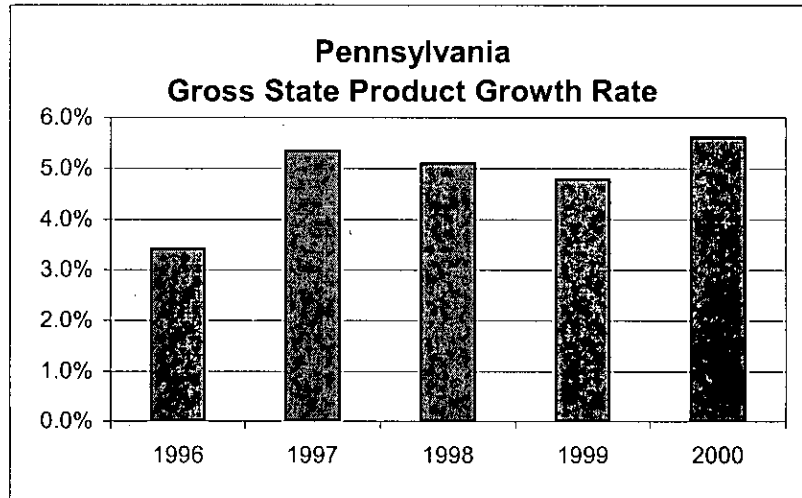
Calendar Year	Median Age
1996	37.0
1997	37.3
1998	37.6
1999	37.9
2000	38.0
2001	38.8
2002	N/A

N/A - Not Available

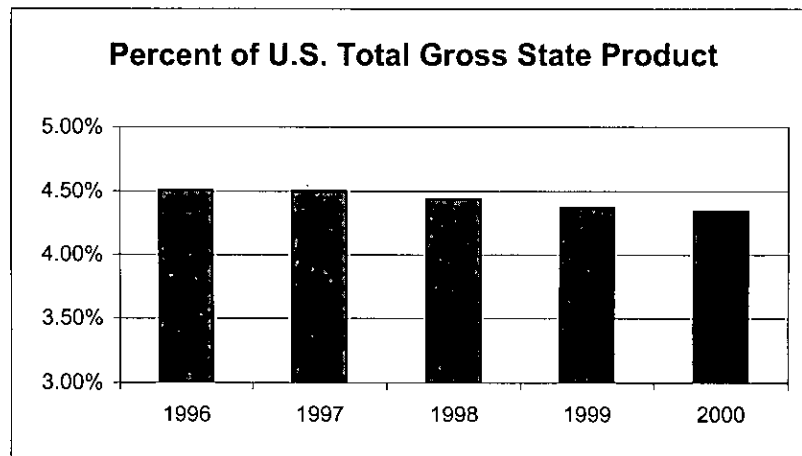


Gross State Product Trends

The following charts and tables present trend information on Pennsylvania's gross state product, the state counterpart of the nation's gross domestic product. Annual estimates of gross state product (in current dollars) and its annual growth rate are presented in the top chart and table. Data are available only through 2000. The bottom chart and table show Pennsylvania's gross state product as a percent of the U.S. total. All data are from the U.S. Bureau of Economic Analysis.



Calendar Year	Gross State Product (millions)	Growth Rate
1996	\$329,660	3.4%
1997	347,306	5.4%
1998	365,038	5.1%
1999	382,510	4.8%
2000	403,985	5.6%
2001	N/A	N/A

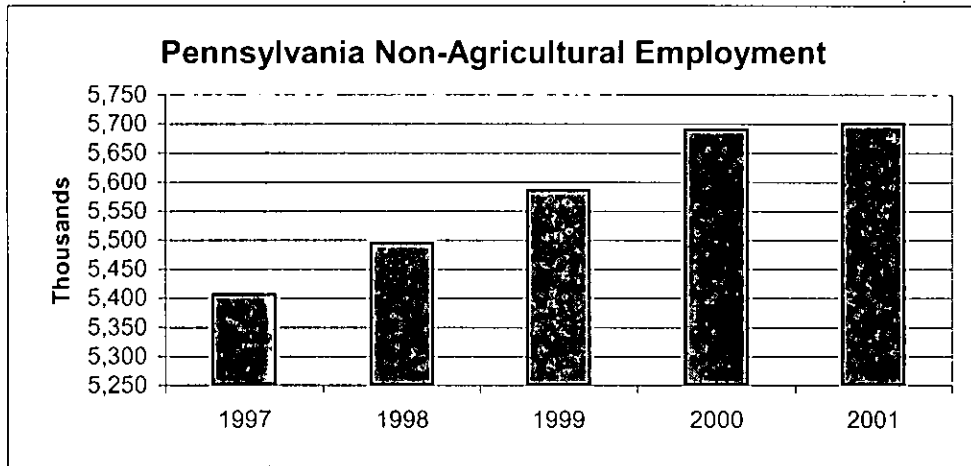


Calendar Year	Percent of U.S. Total
1996	4.51%
1997	4.50%
1998	4.44%
1999	4.37%
2000	4.34%
2001	N/A

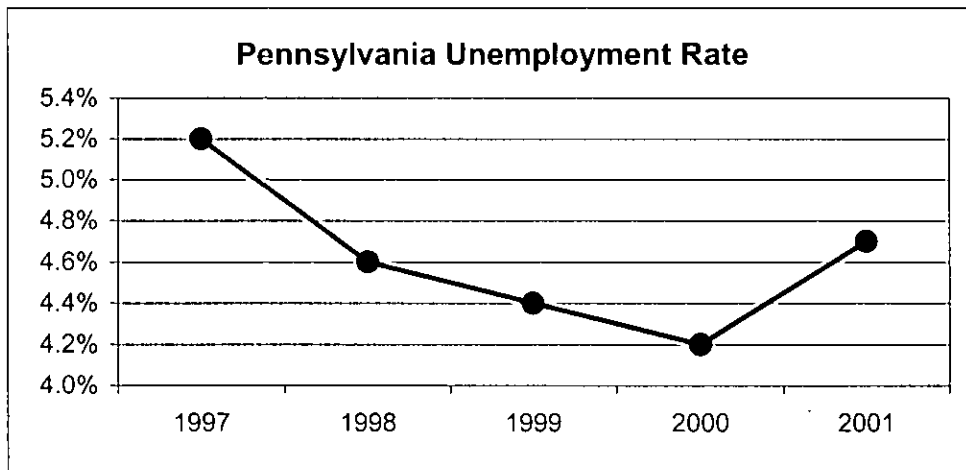
N/A - Not Available

State Employment Trends

The following charts and tables present trend information on Pennsylvania's non-agricultural jobs and its unemployment rate. Annual average non-agricultural job data are presented in the top chart and table. The bottom chart and table provide data on the average annual unemployment rate. Data are from the U.S. Bureau of Labor Statistics.



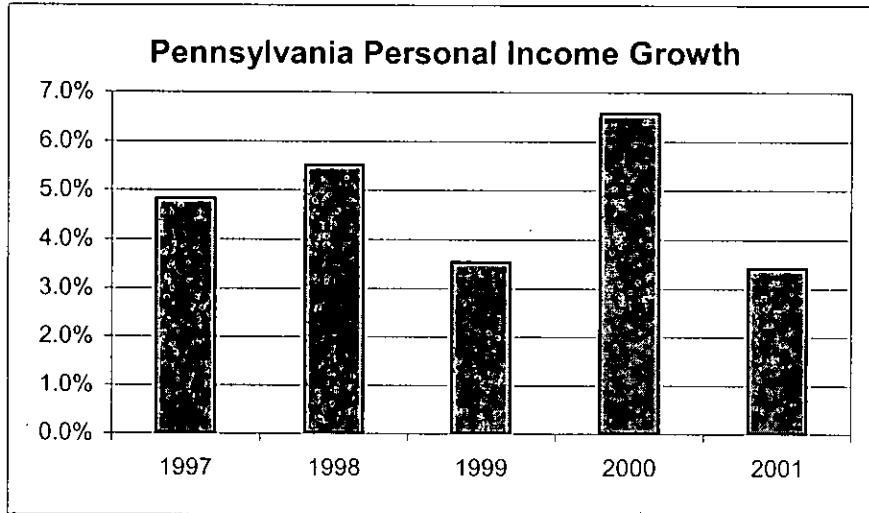
Calendar Year	Non-Agricultural Employment (thousands)	Growth Rate
1997	5,407	1.9%
1998	5,495	1.6%
1999	5,586	1.7%
2000	5,691	1.9%
2001	5,701	0.2%



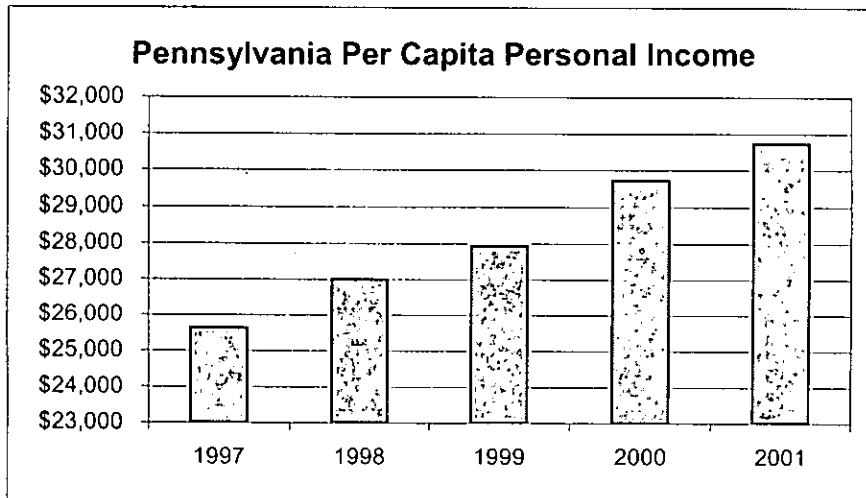
Calendar Year	Unemployment Rate
1997	5.2%
1998	4.6%
1999	4.4%
2000	4.2%
2001	4.7%

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 are presented in the top chart and table. The bottom chart and table provide the trend for Pennsylvania per capita personal income. Data are from the U.S. Bureau of Economic Analysis.



Calendar Year	Personal Income (millions)	Growth Rate
1997	313,457	4.8%
1998	330,733	5.5%
1999	342,452	3.5%
2000	364,953	6.6%
2001	377,461	3.4%



Calendar Year	Per Capita Personal Income
1997	\$25,635
1998	\$27,008
1999	\$27,924
2000	\$29,713
2001	\$30,720



Commonwealth of Pennsylvania

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PA Keyword: Budget

**Edward G. Rendell
Governor**