



# Pennsylvania Senate Appropriations Committee

Senator Pat Browne  
Chairman



July 2017

## Monthly Report

### FY 2017-18 General Fund Budget Enacted

In recognizing the financial challenges the Commonwealth continues to face, the General Assembly passed a fiscally responsible FY 2017-18 General Fund Budget with a spending plan with a modest increase in funding for vital state programs and services.

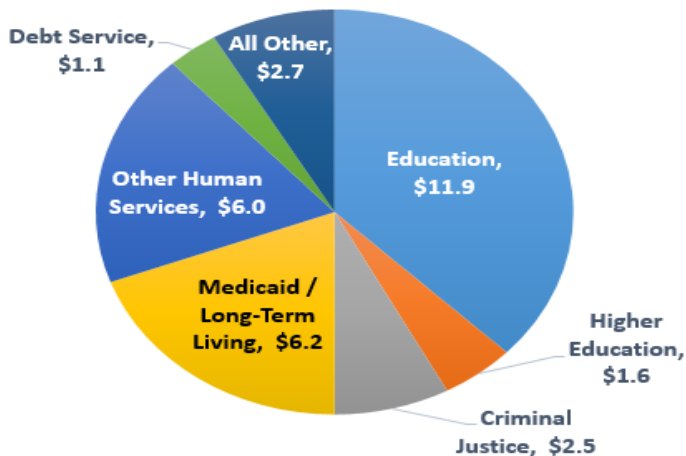
Even with increases in mandated expenses – including pensions, employee health care and debt service – this \$31.99 billion budget increases spending overall by just \$54.3 million, or 0.2 percent, over the current fiscal year, well below the rate of inflation.

On top of that, this budget is nearly \$650 million less than Governor Wolf's budget request (\$32.6 billion) in his February budget address. Despite these controls on spending and the funding of critical needs in this budget, the Governor chose, for the third consecutive year, not to sign the budget, but rather to let it automatically go into law. Act 1A of 2011 went into law on July 11th.

This budget continues the state's dedication to providing a quality education for all Pennsylvania students remained strong as this plan increases funding for basic education, special education, early childhood education and early intervention to unprecedented levels.

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**FY 2017-18 General Fund Spending by Category  
of Expense**  
(in billions)



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### Budget Highlights

- \$100 million increase Basic Education
- \$30 million increase Early Childhood Education
- \$25 million increase Special Education
- \$11.7 million increase Early Intervention Programs
- \$8.9 million increase Higher Education Institutions
- \$7 million increase for Opioid Treatment
- \$30 million for Penn Veterinary School
- \$5 million increase Community-Based Centers
- 3 New State Police Cadet Classes
- \$12 Million Job Creation in Manufacturing Sector
- \$500,000 increase Agriculture Programs

### Senate Appropriations Staff

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## FY 2017-18 General Fund Budget Continued

The FY 2017-18 budget increases basic education funding by \$100 million, early childhood education – Pre-K Counts and Head Start – by \$30 million, Special Education funding by \$25 million and Early Intervention programs by \$11.7 million.

It also increase funding for the State System of Higher Education by \$8.9 million and restores the \$50 million that was cut from the school district transportation program, ensuring there will be no funding reduction to school districts in this vital program.

This budget also continues the Commonwealth's effort to combat heroin and opioid addiction by allocating \$7 million, including funds to expand access to life-saving naloxone and to support additional drug courts. And, it provides funding for three additional State Police cadet classes.

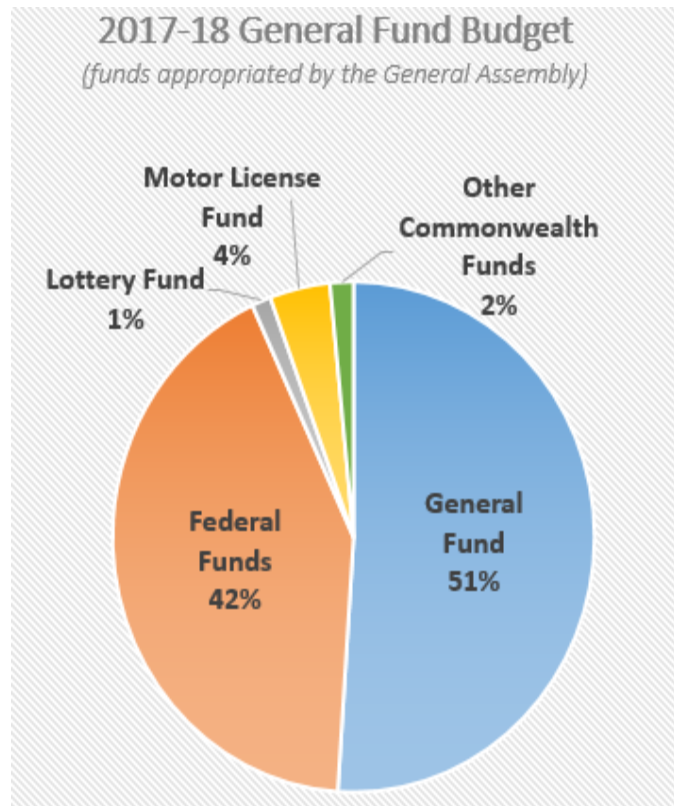
In an effort to control spending and reduce the need for increased revenues, this budget looks at some cost savings options. One area where that was realized was in the Department of Criminal Justice where department spending declined by \$100 million (four percent) from FY 2016-17 due to savings from the closure of SCI Pittsburgh and an additional \$15 million in reductions to overtime spending. The budget also assumes the merger of the Department of Corrections and the Board of Probation and Parole, a proposal that was initially offered in February 2016 and reviewed over the last 18 months.

In response to the Governor's proposal to consolidate of the Departments of Human Services and Health, this budget calls for a thorough review process to examine that unification into a single Department of Health and Human Services. This review process will ensure the General Assembly has the opportunity to consider stakeholder input and is given adequate time to review a full implementation plan before making a final decision on unification of the agencies.

Agriculture and manufacturing are two hallmarks of Pennsylvania's economy, and this budget recognizes their importance. The Department of Agriculture saw increase in nearly \$500,000, and an additional \$12 million was included to support job creation in the manufacturing sector.

Efforts were also made to restore many of the cuts in the Governor's budget proposal, including \$30 million for the University of Pennsylvania Veterinary School, \$600,000 for Regional Cancer Institutes, \$100,000 for Lupus, \$460,000 for Trauma Prevention, \$550,000 for Epilepsy Support Services, \$750,000 for Adult Cystic Fibrosis, \$150,000 for Tourette Syndrome and \$500,000 for ALS Support Services.

With actual general fund revenues falling far behind estimates for FY2016-17 and state expenditures continuing to grow at a much faster rate than state revenues, this budget passed by the General Assembly accomplished exactly what it needed to: avoid broad-base tax increase and further burdens on Pennsylvanians and job creators, while still providing necessary funding to vital state programs and services.

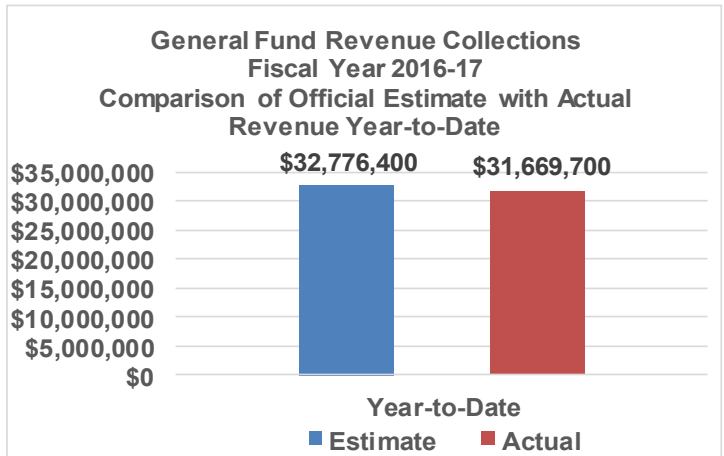
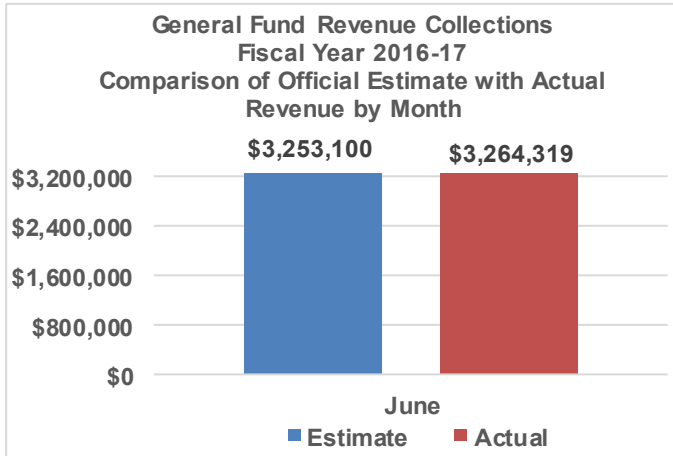


## General Fund Spending by Agency (FY 2017-18 Budget)

*(in thousands)*

<u>Agency</u>	<u>Amount</u>
Human Services.....	\$ 12,132,799
Education.....	11,930,135
Criminal Justice.....	2,459,735
Treasury.....	1,176,915
State-Related Universities.....	564,505
State System of Higher Education.....	453,108
Judiciary.....	355,503
General Assembly.....	325,243
Higher Education Assistance Agency.....	321,789
Community Colleges.....	280,980
State Police.....	252,230
Health.....	185,628
Revenue.....	184,976
Executive Offices.....	180,953
Environmental Protection.....	147,720
Community and Economic Development.....	145,379
Agriculture.....	144,132
Military and Veterans Affairs.....	143,604
General Services.....	117,480
Conservation and Natural Resources.....	105,586
Attorney General.....	95,583
Labor and Industry.....	69,150
Government Support Agencies.....	55,891
Drug and Alcohol Programs.....	46,227
Auditor General.....	41,958
Historical and Museum Commission.....	20,821
Emergency Management Agency.....	15,921
Thaddeus Stevens College.....	14,273
State.....	10,270
Governor's Office.....	6,548
Health Care Cost Containment Council.....	2,752
Ethics Commission.....	2,645
Environmental Hearing Board.....	2,354
Lieutenant Governor's Office.....	1,682
Transportation.....	1,625
Civil Service Commission.....	1
	\$ 31,996,101

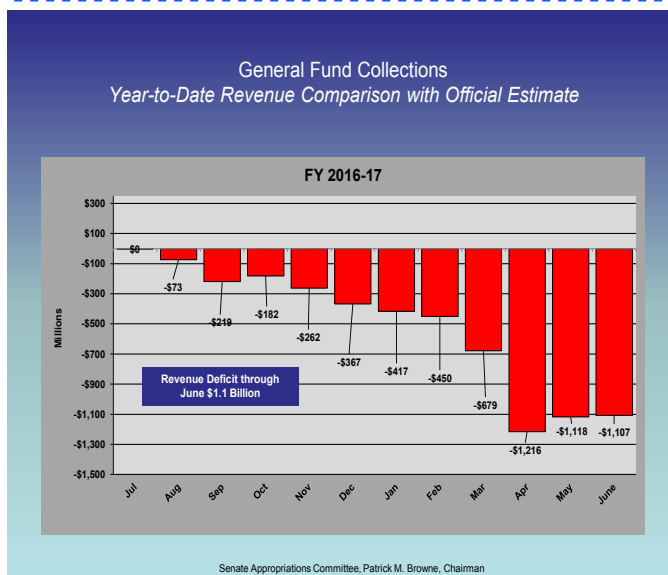
## Revenues Ahead of Projections for Month of June



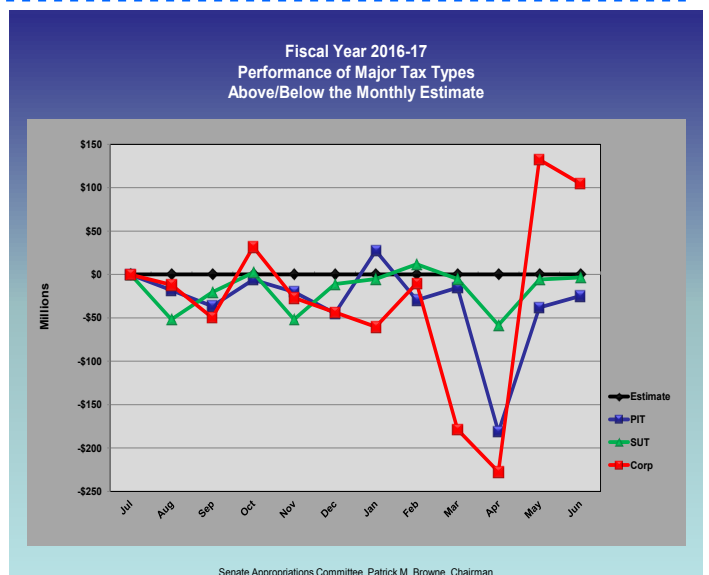
General Fund revenue collections for the month ended **June 2017** totaled **\$3.26 billion**, which was **\$11.2 million**, or **0.3%, above the monthly estimate**. Fiscal year-to-date collections total **\$31.67 billion**, which is **\$1.1 billion**, or **3.4%, below estimate for the year**.

Total FY 2016-17 General Fund revenues were **\$768.1 million**, or **2.5%**, more than last year. General Fund tax revenue grew by **only 1.6%** over last year.

**In Thousands	June 2017 Actual	June 2017 Estimated	Over/under Estimate	Fiscal Year-to-Date Actual	Fiscal Year-to-Date Estimated	Over/Under Estimate
Corporation Taxes	\$648,690	\$544,000	\$ 104.6 million or 19.2%	\$4,814,028	\$5,154,300	\$340.3 million or 6.6%
Sales and Use Tax (SUT)	\$993,700	\$997,200	\$3.5 million or 0.4%	\$10,005,159	\$10,204,500	\$199.3 million or 2.0%
Personal Income Tax (PIT)	\$1,220,704	\$1,245,600	\$24.9 million or 2.0%	\$12,664,373	\$13,052,000	\$387.6 million or 3.0%
Cigarette Tax	\$119,327	\$121,900	\$2.6 million or 2.1%	\$1,261,572	\$1,314,700	\$53.1 million or 4.0%
Other Tobacco Products	\$10,413	\$7,800	\$2.6 million or 33.5%	\$83,914	\$62,700	\$21.2 million or 33.8%
Liquor Tax	\$29,698	\$29,900	\$201 thousand or 0.7%	\$361,856	\$373,000	\$11.1 million or 3.0%
Realty Transfer Tax (RTT)	\$53,830	\$62,500	\$8.7 million or 13.9%	\$478,005	\$554,500	\$76.5 million or 13.8%
Inheritance & Estate Tax	\$122,655	\$119,900	\$2.8 million or 2.3%	\$977,927	\$1,000,300	\$22.4 million or 2.2%
Non-Tax Revenues	\$37,835	\$100,900	\$63.1 million or 62.5%	\$916,682	\$985,800	\$69.1 million or 7.0%



Senate Appropriations Committee, Patrick M. Browne, Chairman



Senate Appropriations Committee, Patrick M. Browne, Chairman

# General and Motor License Fund Revenue Detail

**Fiscal Year 2016-17**

## **Senate Appropriations Committee Monthly Revenue Report**

(\$ thousands)

REVENUE SOURCES	YTD FY 2015-16	June 2017 Actual	June 2017 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>30,901,581</b>	<b>3,264,319</b>	<b>3,253,100</b>	<b>11,219</b>	<b>31,669,700</b>	<b>32,776,400</b>	<b>(1,106,700)</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>643,761</b>	<b>37,836</b>	<b>100,900</b>	<b>(63,064)</b>	<b>916,682</b>	<b>985,800</b>	<b>(69,118)</b>
<b>TOTAL - TAX REVENUE</b>	<b>30,257,820</b>	<b>3,226,483</b>	<b>3,152,200</b>	<b>74,283</b>	<b>30,753,018</b>	<b>31,790,600</b>	<b>(1,037,582)</b>
<b>TOTAL - Corporation Taxes</b>	<b>5,137,848</b>	<b>648,691</b>	<b>544,000</b>	<b>104,691</b>	<b>4,814,029</b>	<b>5,154,300</b>	<b>(340,271)</b>
Accelerated Deposits	1,637	502	0	502	2,814	0	2,814
Corp. Net Income	2,842,388	621,821	546,500	75,321	2,751,473	2,982,400	(230,927)
Cap. Stock & Franchise	150,580	(866)	(3,300)	2,434	33,051	11,300	21,751
Gross Receipts	1,304,907	22,974	8,000	14,974	1,230,536	1,288,300	(57,764)
PURTA	39,211	7	0	7	40,185	39,600	585
Insurance Premiums	464,626	(1,656)	(13,900)	12,244	433,426	463,700	(30,274)
Financial Institutions	329,997	5,908	6,700	(792)	322,544	369,000	(46,456)
Other Selective Bus. Taxes	4,502	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL - Consumption Taxes</b>	<b>11,079,703</b>	<b>1,155,452</b>	<b>1,159,300</b>	<b>(3,848)</b>	<b>11,736,899</b>	<b>11,979,400</b>	<b>(242,501)</b>
Sales and Use	9,795,189	993,700	997,200	(3,500)	10,005,159	10,204,500	(199,341)
General (net of transfers)	8,447,951	873,809	865,000	8,809	8,638,381	8,793,100	(154,719)
Motor Vehicle Sales	1,347,238	119,891	132,200	(12,309)	1,366,778	1,411,400	(44,622)
Cigarette Tax	911,512	119,328	121,900	(2,572)	1,261,572	1,314,700	(53,128)
Other Tobacco Products	0	10,414	7,800	2,614	83,915	62,700	21,215
Malt Beverage	24,946	2,312	2,500	(188)	24,396	24,500	(104)
Liquor	348,056	29,698	29,900	(202)	361,856	373,000	(11,144)
<b>TOTAL - Other Taxes</b>	<b>14,040,269</b>	<b>1,422,340</b>	<b>1,448,900</b>	<b>(26,560)</b>	<b>14,202,090</b>	<b>14,656,900</b>	<b>(454,810)</b>
Personal Income	12,505,964	1,220,705	1,245,600	(24,895)	12,664,373	13,052,000	(387,627)
Withholding	9,390,977	752,402	770,000	(17,598)	9,614,456	9,754,800	(140,344)
Non-Withholding	3,114,987	468,303	475,600	(7,297)	3,049,918	3,297,200	(247,282)
Realty Transfer	481,720	53,831	62,500	(8,669)	478,005	554,500	(76,495)
Inheritance & Estate	962,234	122,656	119,900	2,756	977,927	1,000,300	(22,373)
Minor & Repealed	(9,848)	14,283	9,100	5,183	(38,827)	(70,700)	31,873
Table Games	100,200	10,866	11,800	(934)	120,611	120,800	(189)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>2,657,549</b>	<b>257,267</b>	<b>244,960</b>	<b>12,307</b>	<b>2,758,529</b>	<b>2,751,000</b>	<b>7,529</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>1,659,197</b>	<b>150,859</b>	<b>150,200</b>	<b>659</b>	<b>1,732,660</b>	<b>1,731,500</b>	<b>1,160</b>
Liquid Fuels	(849)	1	0	1	60	0	60
Fuels	49	0	0	0	0	0	0
Motor Carriers/IFTA	95,266	4,984	4,900	84	99,911	101,000	(1,089)
Alternative Fuels	9,442	1,073	1,000	73	11,085	11,000	85
Oil Company Franchise	1,555,288	144,801	144,300	501	1,621,604	1,619,500	2,104
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>998,351</b>	<b>106,409</b>	<b>94,760</b>	<b>11,649</b>	<b>1,025,870</b>	<b>1,019,500</b>	<b>6,370</b>
Licenses and Fees	962,678	101,266	92,200	9,066	1,000,529	991,900	8,629
Other Motor Receipts	35,673	5,143	2,560	2,583	25,341	27,600	(2,259)