



## GENERAL FUND REVENUES FALL SHORT BY \$120.2M; OFF 2.5% FOR THE FISCAL YEAR

General Fund revenue collections for the month ended January 2010 totaled \$2.12 billion, which was \$120.2 million, or 5.4%, less than anticipated. Fiscal year-to-date collections total \$14.5 billion, which is \$374.4 million, or 2.5%, below estimate.

Corporation tax collections were below estimate by \$3.2 million, or 3%, although January is not a particularly important month for corporation taxes.

Personal income tax (PIT) collections were below estimate by \$51.7 million, or 4.7%, for the month. The final quarterly PIT individual estimated payments for tax year 2009 were due in January 2010. These estimated payments were \$58.3 million short, accounting for the entire shortfall of PIT collections for the month. PIT collections from employers' withholding were actually above the estimate by \$2.6 million, and they were also above PIT withholding collections from January 2009 by \$42.1 million. Hopefully, this is a sign that the high unemployment and underemployment issues are beginning to moderate.

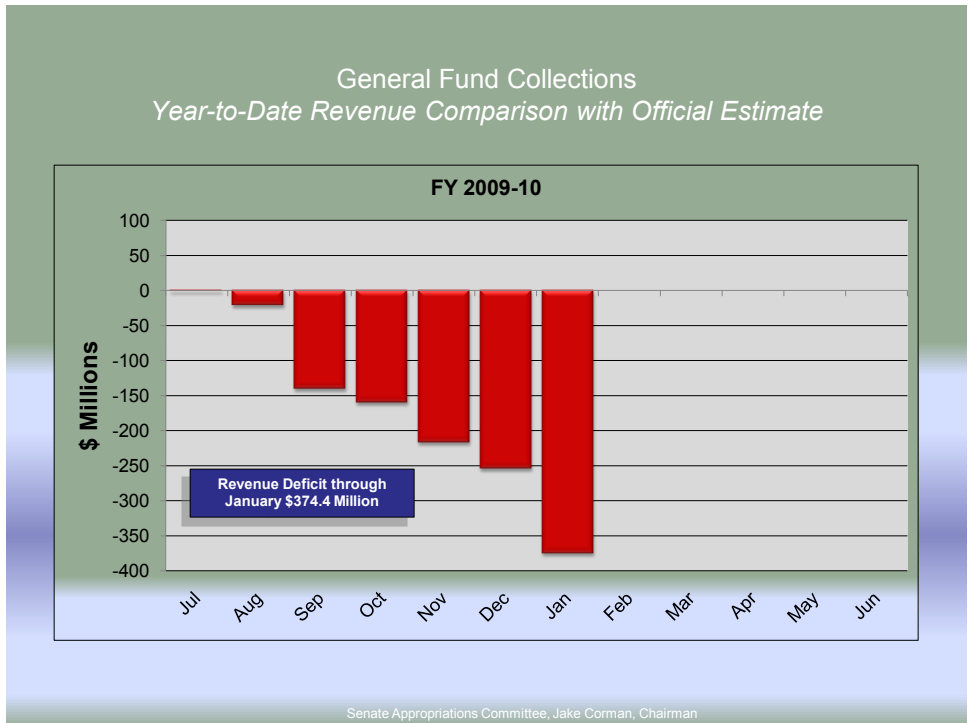
Sales and use tax collections were below estimate for the month by \$49.5 million, or 5.9%. Because of the continued economic uncertainty and high unemployment, consumers are reluctant to

spend and are more inclined to pay down debt instead.

Motor License Fund collections were \$9.1 million over estimate for the month of January. The Motor License Fund is

\$24.8 million, or 1.6%, below estimate for the year.

**GOVERNOR'S BUDGET ADDRESS  
FEBRUARY 9, 2010**



Key Economic Indicators - Pennsylvania					
(Billions)					
Indicator	2009Q1	2009Q2	2009Q3	Projected	
				2009Q4	2010Q1
Nominal Gross State Product	547.3	546.4	549.9	558.0	562.1
Real Gross State Product	433.4	432.8	435.0	440.6	442.3
Real Personal Income	409.7	413.2	412.2	412.7	415.4
Real Disposable Income	371.4	375.1	374.2	376.2	376.4
Housing Starts (Thousands)	14.1	15.5	18.7	16.5	18.2
CPI - Percent Change Year Ago	1.1	0.0	-0.6	2.2	2.4
	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unemployment Rate	8.70%	8.80%	8.90%	8.50%	8.90%

# The Monthly Report

## LATEST JOBS REPORT SHOWS LOSS OF 8,100 FOR THE MONTH — 142,000 FOR THE YEAR

The latest data on Pennsylvania employment from the U.S. Department of Labor showed continued erosion in the employment base. As of December, total non-farm employees were just under 5.6 million – a reduction of roughly 8,100 based on preliminary data.

For the year the Commonwealth has lost 142,600 jobs. The trade, transportation, and utilities sector lost the largest number of jobs at 6,400. Construction; government; and leisure and hospitality lost 2,600; 1,900; and 1,800 respectively.

Professional and business services made up for some of the declines by posting an increase of 4,700 jobs for the month. Information and “other services” also posted very small gains.

While this month’s loss is significant, the number of jobs lost in any month peaked in March at 36,000 and has been trending downward ever since. October is the lone exception where slightly over 12,000 jobs were created – 10,000 of which were in education and health services—likely the result of heavy federal stimulus spending in that sector.

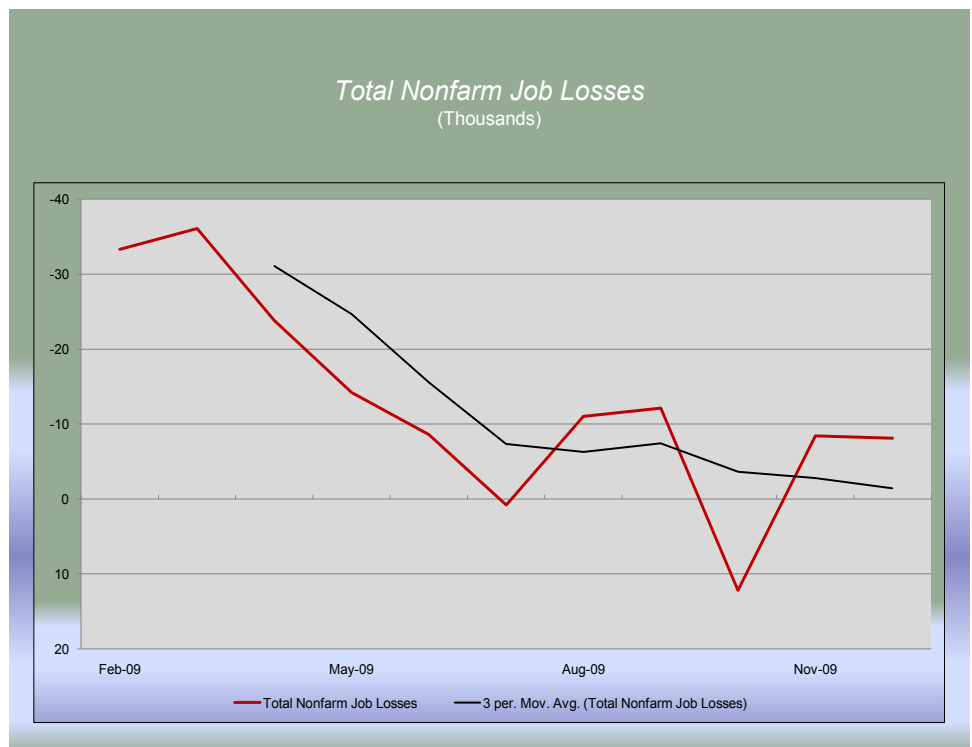
For the year, manufacturing has been the hardest hit. The sector has lost 50,000 jobs or just over 35% of Pennsylvania’s total.

According to IHS Global Insight, Pennsylvania is poised to turn the corner in the first quarter of 2010, entering into positive quarterly numbers for the first

time since the fourth quarter of 2007.

Pennsylvania Monthly Employment Data (Thousands)												
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09 (P)
Total Nonfarm	5741.5	5708.2	5672.1	5648.3	5634.1	5625.5	5626.3	5615.3	5603.2	5615.4	5607	5598.9
12-Month Percent Change	-1.3	-1.9	-2.4	-2.9	-3.1	-3.1	-3.1	-3.3	-3.4	-3.2	-2.9	-2.6
Construction	246.8	244.6	239.9	234.8	234.5	234.9	231.1	229.1	228	228.7	229.7	227.1
12-Month Percent Change	-5.7	-6	-7.1	-9.4	-9.3	-8.5	-9.5	-9.8	-9.7	-9.7	-7.4	-9.1
Manufacturing	614.9	602.1	589.4	581.6	577.4	573.2	572.4	570.1	570.5	568.4	566	564.9
12-Month Percent Change	-6.2	-7.9	-9.7	-10.5	-11.1	-11.4	-11.3	-11.5	-11.2	-10.8	-10.5	-9.1
Trade, Transportation, & Utilities	1109.2	1110.4	1101.3	1096.6	1096.1	1093.1	1090.5	1088.8	1084.5	1083.3	1083.5	1077.1
12-Month Percent Change	-2.3	-2.1	-2.8	-3.1	-3.1	-3.2	-3.4	-3.5	-3.8	-2.9	-2.5	-2.5
Information	100.7	99.2	98.7	99	98	98	97.7	96.5	97.2	96.5	95.4	96.4
12-Month Percent Change	-6.8	-7.8	-7.9	-8.2	-8.8	-7.9	-7.5	-8	-6.4	-5.5	-6.6	-5.2
Financial Activities	326.5	324.3	321.3	318.1	316.3	316	313.5	312.8	313	312.9	311.8	311.8
12-Month Percent Change	-1.3	-2.1	-3	-3.9	-4.4	-4.4	-5	-5.2	-4.9	-5.4	-5.4	-5
Professional & Business Services	696.8	688.5	684.2	680	673.9	668.1	666.4	664.4	667.1	668.1	667.1	671.8
12-Month Percent Change	-2.2	-3.3	-3.9	-4.6	-5.4	-6	-6.2	-6.4	-5.8	-5.8	-5.3	-4.1
Education & Health Services	1115.9	1112.1	1115.1	1118.7	1117.1	1123.3	1126	1129.2	1119.1	1129.9	1133.5	1132.8
12-Month Percent Change	2.6	1.9	2.1	2.1	1.8	2.3	2.3	2.3	1.3	1.7	2	1.8
Leisure & Hospitality	501.7	498.7	494.8	491.3	493.1	494.5	496.7	494.6	494	495.4	490.7	488.9
12-Month Percent Change	-0.4	-1.1	-1.7	-2.7	-2.7	-1.7	-1.7	-1.9	-2.1	-2.1	-2.3	-2.6
Other Services	253.1	253.9	254.1	252.2	251.2	249.1	250.1	250.8	250.8	250.6	249.8	250.7
12-Month Percent Change	-0.7	-0.2	0.4	-0.8	-1.2	-2	-1.6	-1.5	-1.5	-1.9	-1.9	-1.3
Total Government	753.1	751.4	750.3	752.8	753.1	751.7	758.2	755.3	755.3	757.6	755.5	753.6
12-Month Percent Change	0.9	0.8	0.6	0.8	1.1	0.5	1.7	0.4	0.1	0.3	0.3	0.1
State Government	160.5	160.3	160	159.5	159.3	162.3	163.4	162.2	164.8	162.8	161.8	161.1
12-Month Percent Change	0.8	1.1	0.8	0.1	1.7	2.5	2	1.1	1.4	1.3	0.5	0.1

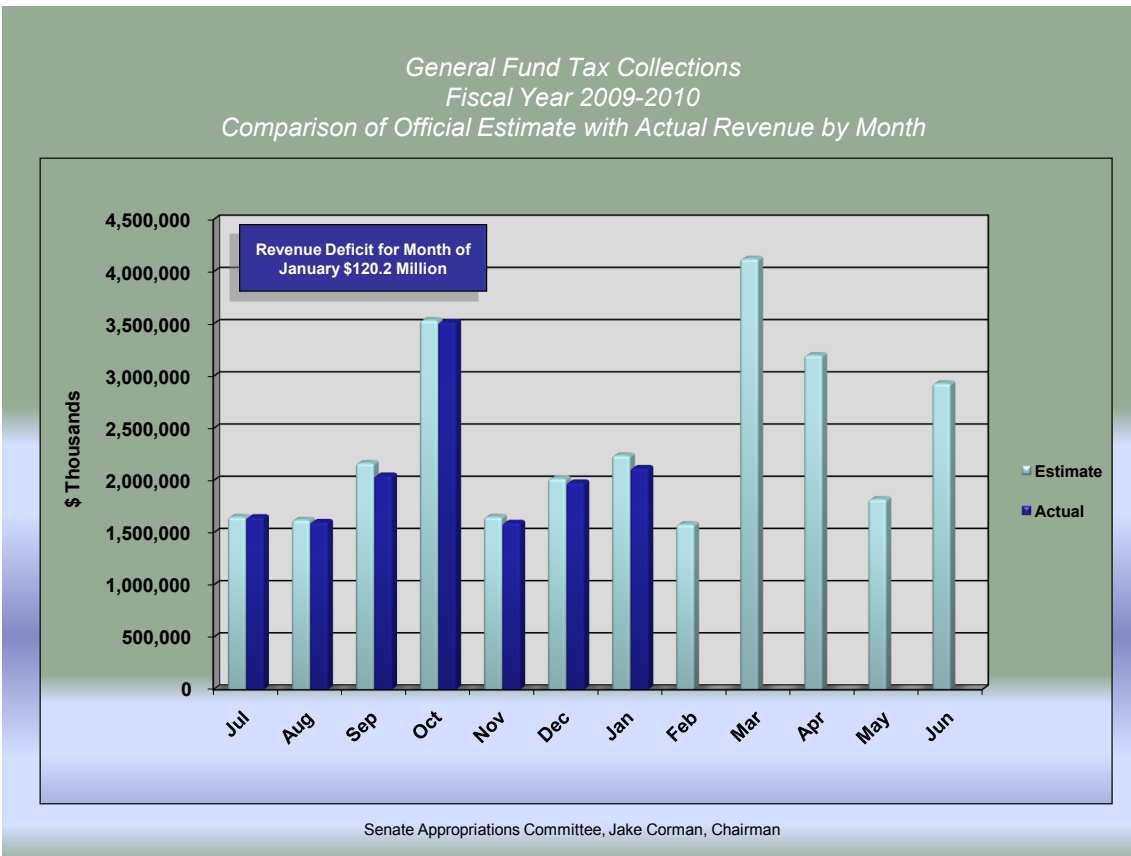
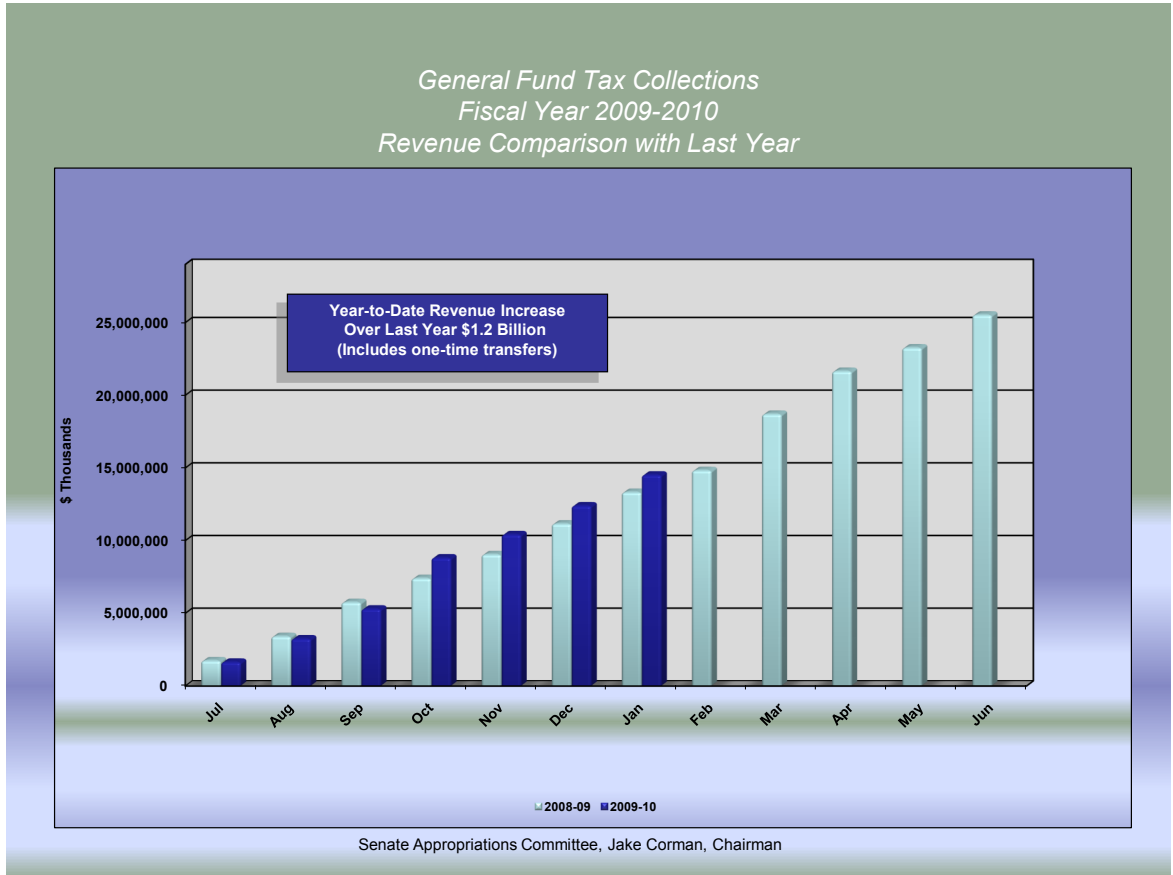
Source: USDOL, Bureau of Labor Statistics



# The Monthly Report

Useful Budget Terms

**Mandated Expenditures** - Expenses that are required by state law (other than appropriation acts), federal law, or the Pennsylvania Constitution. Such expenditures include payment of public debt and Medical Assistance.



**Accrual** - The accounting recognition of revenue or expenditures / expense amounts prior to cash receipt of revenue or cash disbursements for expenditures / expenses. Accruals are based on the delivery of a good or completion of a service rather than when cash is exchanged.

Useful Budget Terms



**Fiscal Year 2009-10**  
**Senate Appropriations Committee Monthly Revenue Report**  
 (\$ thousands)

REVENUE SOURCES	YTD FY 2008-09	January 2010 Actual	January 2010 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>13,331,448</b>	<b>2,121,855</b>	<b>2,242,100</b>	<b>(120,245)</b>	<b>14,528,100</b>	<b>14,902,500</b>	<b>(374,400)</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>(84,809)</b>	<b>17,340</b>	<b>18,800</b>	<b>(1,460)</b>	<b>1,936,823</b>	<b>1,945,400</b>	<b>(8,577)</b>
<b>TOTAL - TAX REVENUE</b>	<b>13,416,257</b>	<b>2,104,515</b>	<b>2,223,300</b>	<b>(118,785)</b>	<b>12,591,277</b>	<b>12,957,100</b>	<b>(365,823)</b>
<b>TOTAL - Corporation Taxes</b>	<b>1,466,276</b>	<b>101,040</b>	<b>104,200</b>	<b>(3,160)</b>	<b>1,200,584</b>	<b>1,204,700</b>	<b>(4,116)</b>
Accelerated Deposits	1,259	1,819	0	1,819	496	0	496
Corp. Net Income	1,005,990	68,057	58,100	9,957	806,180	800,200	5,980
Cap. Stock & Franchise	419,912	19,856	36,300	(16,444)	297,493	326,500	(29,007)
Gross Receipts	14,132	1,242	900	342	13,972	12,700	1,272
PURTA	1,969	54	100	(46)	1,520	2,400	(880)
Insurance Premiums	12,522	9,576	8,300	1,276	62,374	54,600	7,774
Financial Institutions	6,764	207	100	107	15,356	4,400	10,956
Other Selective Bus. Taxes	3,727	230	400	(170)	3,194	3,900	(706)
<b>TOTAL - Consumption Taxes</b>	<b>5,618,605</b>	<b>891,043</b>	<b>941,700</b>	<b>(50,657)</b>	<b>5,448,536</b>	<b>5,646,600</b>	<b>(198,064)</b>
Sales and Use	5,013,699	790,469	840,000	(49,531)	4,754,746	4,985,400	(230,654)
General (net of transfers)	4,453,639	727,105	768,200	(41,095)	4,199,037	4,438,000	(238,963)
Motor Vehicle Sales	560,060	63,363	71,800	(8,437)	555,709	547,400	8,309
Cigarette Tax	442,466	74,406	67,000	7,406	514,283	477,700	36,583
Malt Beverage	15,493	1,878	1,900	(22)	15,829	15,800	29
Liquor	146,948	24,291	32,800	(8,509)	163,678	167,700	(4,022)
<b>TOTAL - Other Taxes</b>	<b>6,331,376</b>	<b>1,112,431</b>	<b>1,177,400</b>	<b>(64,969)</b>	<b>5,942,156</b>	<b>6,105,800</b>	<b>(163,644)</b>
Personal Income	5,678,104	1,045,894	1,097,600	(51,706)	5,337,090	5,500,500	(163,410)
Withholding	4,570,225	745,811	743,200	2,611	4,457,634	4,548,000	(90,366)
Non-Withholding	1,107,879	300,083	354,400	(54,317)	879,456	952,500	(73,044)
Realty Transfer	200,913	16,559	23,200	(6,641)	178,317	175,000	3,317
Inheritance & Estate	449,893	50,403	60,300	(9,897)	425,729	429,000	(3,271)
Minor & Repealed	2,466	(425)	(3,700)	3,275	1,020	1,300	(280)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>1,548,059</b>	<b>305,693</b>	<b>296,620</b>	<b>9,073</b>	<b>1,559,006</b>	<b>1,583,840</b>	<b>(24,834)</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>679,603</b>	<b>105,051</b>	<b>95,930</b>	<b>9,121</b>	<b>691,015</b>	<b>695,430</b>	<b>(4,415)</b>
Liquid Fuels	288,575	58,148	45,200	12,948	317,582	329,960	(12,378)
Fuels	93,648	10,826	11,230	(404)	85,967	86,100	(133)
Motor Carriers/IFTA	22,138	828	4,210	(3,382)	17,974	23,080	(5,106)
Alternative Fuels	135	15	20	(5)	110	140	(30)
Oil Company Franchise	275,107	35,235	35,270	(35)	269,382	256,150	13,232
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>868,456</b>	<b>200,642</b>	<b>200,690</b>	<b>(48)</b>	<b>867,991</b>	<b>888,410</b>	<b>(20,419)</b>
Licenses and Fees	474,475	67,599	68,520	(921)	443,406	455,080	(11,674)
Other Motor Receipts	393,981	133,043	132,170	873	424,584	433,330	(8,746)



# The Monthly Report

## SENATE APPROPRIATIONS COMMITTEE BUDGET HEARINGS—FY 2010-2011

<b>HEARINGS WILL BE HELD IN: HEARING ROOM #1 NORTH OFFICE BUILDING</b>		<b>MONDAY, FEBRUARY 22, 2010</b>		<b>MONDAY, MARCH 1, 2010</b>	
		10:00 AM Dept. of Community & Economic Development/ PA Housing Finance Agency		10:00 AM Dept. of Environmental Protection	
		1:00 PM Executive Offices and Office of the Governor		1:00 PM Gaming Control Board	
		3:00 PM Dept. of Health		3:00 PM Dept. of Military and Veterans Affairs	
<b>TUESDAY, FEBRUARY 16, 2010</b>		<b>TUESDAY, FEBRUARY 23, 2010</b>		<b>TUESDAY, MARCH 2, 2010</b>	
10:00 AM Dept. of Revenue/ Governor's Budget Office		10:00 AM Dept. of Conservation & Natural Resources		10:00 AM Dept. of Corrections/ Probation & Parole	
1:00 PM Dept. of General Services		1:00 PM Public Utility Commission		1:00 PM Dept. of Education	
3:00 PM Dept. of State		3:00 PM Office of Auditor General			
<b>WEDNESDAY, FEBRUARY 17, 2010</b>		<b>WEDNESDAY, FEBRUARY 24, 2010</b>		<b>WEDNESDAY, MARCH 3, 2010</b>	
10:00 AM Dept. of Agriculture		10:00 AM PA State Police		10:00 AM State-Related Universities	
1:00 PM Office of Attorney General		1:00 PM PEMA/Homeland Security		1:00 PM Dept. of Public Welfare	
3:00 PM Insurance Department		3:00 PM PA State System of Higher Education			
<b>THURSDAY, FEBRUARY 18, 2010</b>		<b>THURSDAY, FEBRUARY 25, 2010</b>			
10:00 AM SERS / PSEERS		10:00 AM Dept. of Aging			
1:00 PM Dept. of Labor & Industry		1:00 PM Dept. of Transportation			
3:00 PM Judicial Department		3:00 PM Treasury Department			