



# Senate Appropriations Committee

# The Monthly Report

September 2010

Jake Corman, Chairman

## General Fund Collections Exceed the Monthly Estimate for the First Time in Two Years

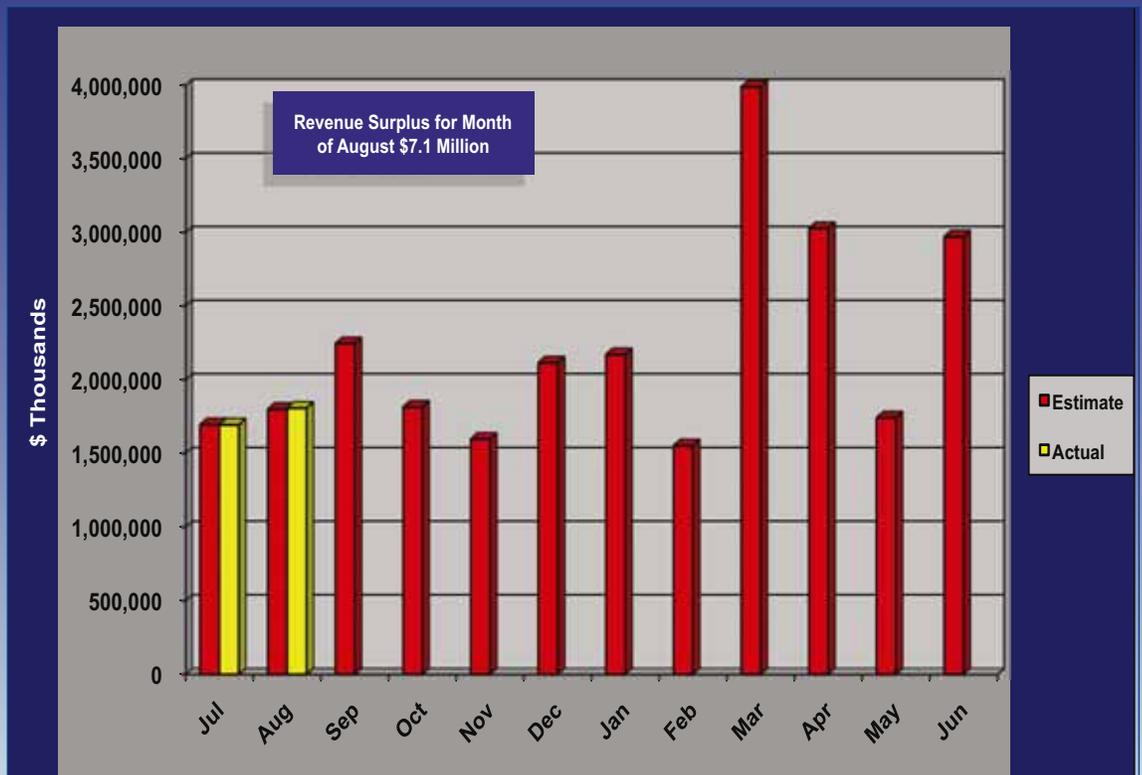
General Fund revenue collections for the month ended August 2010 totaled \$1.806 billion, which was \$7.06 million, or four-tenths of one percent above estimate. Fiscal year-to-date collections total \$3.5 billion, which is \$6 million, or 0.2%, above estimate. A cursory analysis of the monthly revenue distributions reveals no irregularities as compared with prior years. Corporation tax collections were below estimate by \$811,719. Personal income tax collections were below estimate by \$12.3 million for the month, which reflects continued weak employment data. Similarly, the Realty Transfer Tax was below estimate by \$13.8 million,

or 37%. Recent economic news signaling a troubled housing market is borne out in the RTT collections.

On a brighter note, Sales and Use Tax collections were above estimate for the month by \$34.5 million.

Motor License Fund collections were \$36.8 million above estimate for the month of August. The Motor License Fund is \$37.2 million above estimate for the year.

**General Fund Tax Collections**  
**Fiscal Year 2010-2011**  
**Comparison of Official Estimate with Actual Revenue by Month**



Senate Appropriations Committee, Jake Corman, Chairman

## ARRA FMAP Extension and Education Jobs Fund Law

**O**n August 10, 2010, President Obama approved the “ARRA FMAP Extension and Education Jobs Fund Law.” The legislation: (1) authorized a two-quarter extension of the increased Federal Medical Assistance Percentages (FMAPs) contained in the American Recovery and Reinvestment Act of 2009 and (2) provided \$10 billion nationwide for a new program (Ed Jobs) designed to save or create education-related jobs.

### FMAP Update

Governor Rendell assumed in his FY 2010-11 budget that ARRA enhanced FMAP rates scheduled to end December 31, 2010 would be extended through June 30, 2011. The Governor insisted throughout negotiations that the FMAP extension be included in the enacted budget which he signed into law on July 6, 2010. The legislation approved by the President, however, provides Pennsylvania with approximately \$282 million less than the amount that Governor Rendell assumed.

Governor Rendell has proposed to offset the reduced FMAPs by reducing the appropriation for the Basic Education subsidy by \$50 million and imposing a 1.9% across-the-board reduction for discretionary appropriations under his jurisdiction and for appropriations to the General Assembly, Judiciary, Row Officers and independent agencies, boards and commissions. The final component of the Governor’s proposal assumes \$70 million in new General Fund revenues from a yet-to-be-enacted extraction tax on Marcellus Shale drilling.

According to information provided by the Governor’s Office, the proposed cuts would result in reductions of approximately \$112 million to state programs, \$60 million to county and local programs and \$50 million for school districts. The \$50 million reduction in the Basic Education subsidy would be applied to school districts on a pro-rata basis.

### Ed Jobs

Pennsylvania is expected to receive approximately \$380 mil-

lion more in new federal funds for the Ed Jobs Program. Program funds must be used by Local Education Agencies (LEAs) during the 2010-2011 school year to hire or re-hire

elementary and secondary education school-level employees and for supporting school-level jobs. The federal law requires these funds to be distributed through either the state’s primary K-12 education funding formula or through the Title I formula. Governor Rendell has indicated that he intends to make distribution through our basic education formula.

Under the Governor’s proposal, school districts will receive \$330 million more in FY 2010-11 than was anticipated when the budget was enacted. As such, Senators Scarnati, Pileggi and Corman corresponded with the Governor on August 13, 2010 and recommended that he consider re-directing the remaining \$200 million state-funds increase in basic education to meet the Commonwealth’s pension obligations.

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## EITC Reduction Avoided

**T**he Senate Republican caucus fought hard during budget negotiations to ward off a scheduled \$10 million cut to the Educational Improvement Tax Credit program. Last year’s budget deal called for the EITC to be reduced from \$75 million to \$60 million in FY

2009-10 and to \$50 million for FY 2010-11. Recognizing the importance of this vital program, this year’s budget reversed the scheduled cut and maintained funding at \$60 million for FY 2010-11.

The EITC enables companies to support local, non-profit educa-

tional institutions and public schools. As a result, thousands of families who would not be able to afford non-public schools can choose which school is best for their child. In addition, the program funds innovative educational programs

*Continued...*

that enhance the curriculum and academics at public schools. The program truly is a win-win for both taxpayers and families.

The \$60 million funding for the EITC program is allocated as follows:

Category	FY 2009-10 Cap	Scheduled FY 2010-11 Cap	Restored FY 2010-11 Cap
Scholarship Organizations	\$37,967,000	\$33,502,000	\$40,202,400
Educational Improvement Organizations	\$15,633,000	\$11,168,000	\$13,401,600
Pre-K Programs	\$6,400,000	\$5,330,000	\$6,396,000
<b>TOTAL</b>	<b>\$60,000,000</b>	<b>\$50,000,000</b>	<b>\$60,000,000</b>

## Race To The Top Competition Round Two Update

On August 24, 2010, U.S. Secretary of Education Arne Duncan announced that ten applicants were awarded grants in the second phase of the Race to the Top competition. Thirty-five states and the District of Columbia were competing for the \$3.4 billion that was available after the first round awards. In the first round, \$100 million was awarded to the State of Delaware and \$500 million was awarded to the State of Tennessee.

Pennsylvania did not receive an award in the second phase of the competition. Pennsylvania's Round Two application for \$400 million in Race to the Top funds was ranked 18th amongst the 36 competitors. By contrast, Pennsylvania's previous application was ranked 7th of the 40 states competing in Round One.

Pennsylvania's failure to secure a Round Two Race to the Top grant is largely the result of a lack of participation by school districts and other local educa-

tion agencies. Pennsylvania's application included participation from only 122 school districts and 69 charter schools. The application, which was substantially similar to the Commonwealth's Round One application, proposed to use grant money to increase student achievement, improve professional development programs, develop a new system to evaluate teachers and

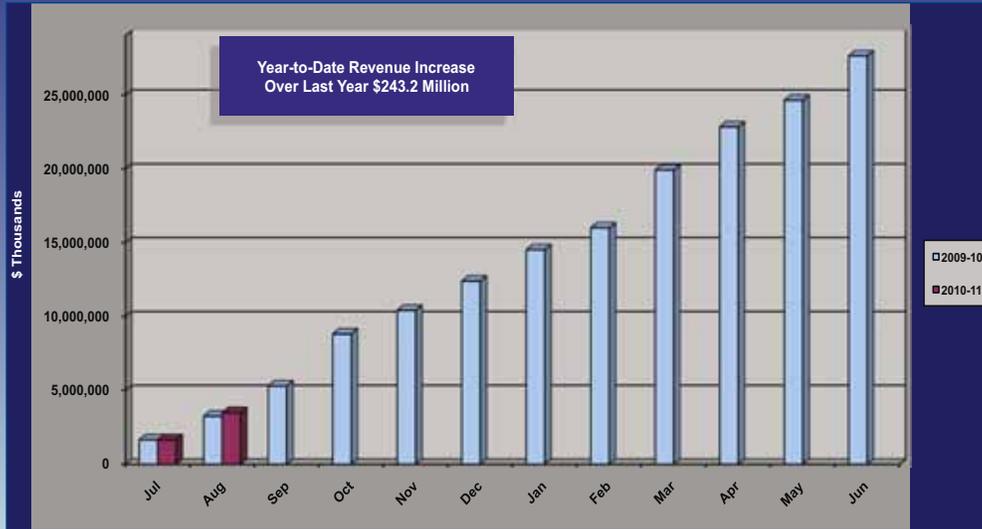
administrators based on students' academic gains and implement methods to identify and share best practices. Poor performing schools would have been required to adopt strategies to improve performance that could include leadership changes and school closures. Secretary Duncan indicated that the Obama Administration is seeking \$1.35 billion for a third phase.

## The Round Two Winners

Massachusetts.....	\$250 million
New York .....	\$700 million
Hawaii.....	\$75 million
Florida .....	\$700 million
Rhode Island .....	\$75 million
District of Columbia .....	\$75 million
Maryland .....	\$250 million
Georgia .....	\$ 400 million
North Carolina .....	\$400 million
Ohio .....	\$400 million

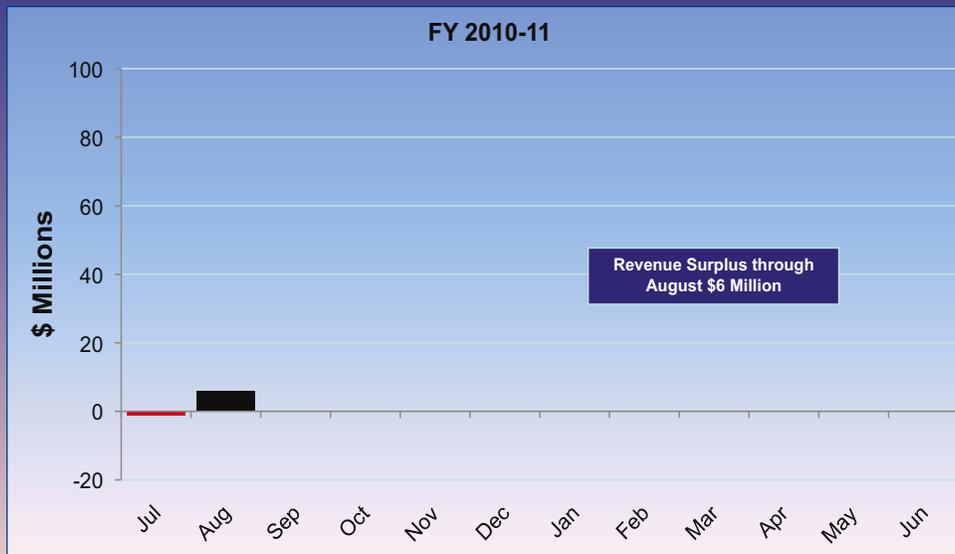


## General Fund Tax Collections Fiscal Year 2010-2011 Revenue Comparison with Last Year



Senate Appropriations Committee, Jake Corman, Chairman

## General Fund Collections Year-to-Date Revenue Comparison with Official Estimate



Senate Appropriations Committee, Jake Corman, Chairman

## Appropriations Committee Monthly Revenue Report

Fiscal Year 2010-11							
Senate Appropriations Committee Monthly Revenue Report							
(\$ thousands)							
REVENUE SOURCES	YTD FY 2009-10	August 2010 Actual	August 2010 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>3,256,388</b>	<b>1,806,356</b>	<b>1,799,300</b>	<b>7,056</b>	<b>3,499,602</b>	<b>3,493,600</b>	<b>6,002</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>137,551</b>	<b>195,143</b>	<b>197,100</b>	<b>(1,957)</b>	<b>227,916</b>	<b>229,900</b>	<b>(1,984)</b>
<b>TOTAL - TAX REVENUE</b>	<b>3,214,089</b>	<b>1,611,212</b>	<b>1,602,200</b>	<b>9,012</b>	<b>3,271,685</b>	<b>3,263,700</b>	<b>7,985</b>
<b>TOTAL - Corporation Taxes</b>	<b>137,551</b>	<b>42,088</b>	<b>42,900</b>	<b>(812)</b>	<b>101,415</b>	<b>103,200</b>	<b>(1,785)</b>
Accelerated Deposits	(1,783)	2,489	0	2,489	1,568	0	1,568
Corp. Net Income	69,190	23,389	29,800	(6,411)	64,464	70,900	(6,436)
Cap. Stock & Franchise	27,515	12,325	11,400	925	28,809	27,900	909
Gross Receipts	2,784	1,376	300	1,076	2,243	1,200	1,043
PURTA	114	501	100	401	546	200	346
Insurance Premiums	38,667	1,095	600	495	2,557	2,000	557
Financial Institutions	584	718	400	318	777	400	377
Other Selective Bus. Taxes	480	195	300	(105)	451	600	(149)
<b>TOTAL - Consumption Taxes</b>	<b>1,570,536</b>	<b>822,455</b>	<b>785,300</b>	<b>37,155</b>	<b>1,685,562</b>	<b>1,648,400</b>	<b>37,162</b>
Sales and Use	1,397,986	700,857	666,400	34,457	1,457,471	1,423,000	34,471
General (net of transfers)	1,208,534	599,999	580,600	19,399	1,268,412	1,249,000	19,412
Motor Vehicle Sales	189,453	100,858	85,800	15,058	189,059	174,000	15,059
Cigarette Tax	125,411	97,123	95,200	1,923	178,996	177,100	1,896
Malt Beverage	5,138	2,472	2,500	(28)	4,908	4,900	8
Liquor	42,001	22,003	21,200	803	44,187	43,400	787
<b>TOTAL - Other Taxes</b>	<b>1,506,003</b>	<b>746,669</b>	<b>774,000</b>	<b>(27,331)</b>	<b>1,484,708</b>	<b>1,512,100</b>	<b>(27,392)</b>
Personal Income	1,323,350	650,865	663,200	(12,335)	1,288,713	1,301,100	(12,387)
Withholding	1,248,462	619,220	628,900	(9,680)	1,220,343	1,229,900	(9,557)
Non-Withholding	74,888	31,645	34,300	(2,655)	68,370	71,200	(2,830)
Realty Transfer	58,700	23,273	37,100	(13,827)	58,428	72,300	(13,872)
Inheritance & Estate	122,526	66,946	66,900	46	130,661	130,600	61
Minor & Repealed	1,427	1,409	1,000	409	1,109	700	409
Table Games		4,175	5,800	(1,625)	5,798	7,400	(1,602)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>471,301</b>	<b>192,822</b>	<b>156,040</b>	<b>36,782</b>	<b>437,163</b>	<b>400,010</b>	<b>37,153</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>192,523</b>	<b>116,954</b>	<b>92,900</b>	<b>24,054</b>	<b>225,440</b>	<b>201,380</b>	<b>24,060</b>
Liquid Fuels	82,520	69,991	40,600	29,391	127,351	97,960	29,391
Fuels	25,330	11,310	12,700	(1,390)	23,865	25,250	(1,385)
Motor Carriers/IFTA	3,782	121	2,260	(2,139)	611	2,750	(2,139)
Alternative Fuels	23	14	0	14	51	40	11
Oil Company Franchise	80,869	35,519	37,340	(1,821)	73,561	75,380	(1,819)
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>278,777</b>	<b>75,868</b>	<b>63,140</b>	<b>12,728</b>	<b>211,723</b>	<b>198,630</b>	<b>13,093</b>
Licenses and Fees	136,694	69,308	57,880	11,428	141,621	130,190	11,431
Other Motor Receipts	142,083	6,559	5,260	1,299	70,102	68,440	1,662



# The Monthly Report

## General Fund 2010-11 Distribution

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>TOTAL - GENERAL FUND</b>	1,694.3	1,798.3	2,245.4	1,813.6	1,596.2	2,114.4	2,170.1	1,551.2	3,988.1	3,026.9	1,740.8	2,971.4	76,711.7
<b>TOTAL - TAX REVENUE</b>	1,661.5	1,802.2	2,234.4	1,787.9	1,580.4	2,084.4	2,154.7	1,530.0	3,956.5	2,870.0	1,671.2	2,553.1	75,686.3
<b>TOTAL - Corp Taxes</b>	60.3	42.9	435.9	119.3	54.9	441.2	89.0	66.6	2,306.8	469.8	87.7	470.2	4,646.6
Accelerated Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Net Income	41.1	29.8	314.8	81.0	38.2	313.6	60.7	34.3	300.8	266.2	44.6	321.9	1,847.0
Capital Stock & Franchise	16.5	11.4	113.3	36.7	15.5	119.5	20.6	12.0	139.9	127.5	17.8	136.3	767.0
Select Business Total	2.7	1.7	7.8	1.6	1.2	8.1	7.7	22.3	1,866.1	76.1	75.3	12.0	2,032.6
Gross Receipts	0.9	0.3	2.6	0.8	0.3	3.3	0.6	1.1	1,321.4	2.0	(6.3)	4.1	1,331.1
Utility Property	0.1	0.1	0.6	0.0	0.1	0.0	0.5	0.0	0.1	12.1	28.2	1.4	43.2
Insurance Premiums	1.4	0.6	0.2	0.2	0.2	0.6	6.1	20.2	329.0	56.4	2.3	3.5	420.7
Financial Institutions	0.0	0.4	2.6	0.0	0.5	3.4	0.1	0.6	209.0	1.5	0.6	2.0	220.7
Bank Shares	0.0	0.0	0.4	0.0	0.1	0.2	0.1	0.2	208.0	0.6	0.1	0.6	210.3
Mutual Thrift Institutions	0.0	0.4	2.2	0.0	0.4	3.2	0.0	0.4	1.0	0.9	0.5	1.4	10.4
Other	0.3	0.3	1.8	0.6	0.1	0.8	0.4	0.4	6.6	4.1	0.5	1.0	16.9
<b>TOTAL - Consumption Taxes</b>	863.1	785.3	771.0	831.4	752.4	773.1	907.2	687.4	710.6	827.0	779.4	1,052.7	9,740.6
Sales and Use	756.6	666.4	653.6	710.9	634.4	637.7	808.3	581.5	594.8	708.1	656.0	929.0	8,337.3
Non-Motor	668.4	580.6	577.7	623.1	561.7	565.5	732.0	517.1	509.3	602.8	559.4	818.6	7,316.2
Motor	88.2	85.8	75.9	87.8	72.7	72.2	76.3	64.4	85.5	105.3	96.6	110.4	1,021.1
Cigarette	81.9	95.2	93.3	94.1	93.6	99.3	71.5	82.9	91.5	93.5	97.4	98.7	1,092.9
Malt Beverage	2.4	2.5	2.4	2.3	2.1	1.9	1.8	1.9	1.9	2.1	2.3	2.4	26.0
Liquor	22.2	21.2	21.7	24.1	22.3	34.2	25.6	21.1	22.4	23.3	23.7	22.6	284.4
<b>TOTAL - Other Taxes</b>	738.1	774.0	1,027.5	837.2	773.1	870.1	1,158.5	774.0	938.1	1,573.2	804.1	1,040.2	11,299.1
Personal Income	637.9	663.2	931.7	739.7	679.4	775.6	1,068.1	695.1	842.2	1,476.2	702.0	913.4	10,124.5
Withholding	601.0	628.9	651.8	616.2	645.1	697.4	715.6	661.2	741.0	634.1	652.7	675.3	7,970.3
Quarterly	26.3	15.1	238.9	48.9	18.7	62.1	339.5	11.9	22.9	175.4	19.2	212.8	1,211.7
Annual	10.6	19.2	21.0	74.6	15.6	16.1	13.0	22.0	78.3	666.7	30.1	25.3	992.5
Ready Transfer	35.2	37.1	28.7	30.0	25.3	25.8	23.4	15.7	19.7	23.2	23.3	31.2	318.6
Inheritance	63.7	66.9	61.7	59.5	61.8	62.3	59.5	56.9	69.7	65.7	72.2	71.0	770.9
Table Games	1.6	5.8	6.0	7.8	6.2	6.2	7.8	6.2	6.6	8.5	6.6	7.1	76.4
Minor and Repealed	(0.3)	1.0	(0.6)	0.2	0.4	0.2	(0.3)	0.1	0.9	(0.4)	0.0	7.5	8.7
<b>TOTAL - Non-Tax Revenue</b>	32.8	197.1	11.0	25.7	15.8	30.0	15.4	21.2	31.6	156.9	69.6	418.3	1,025.4
Liquor Store Profits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	105.0
License, Fees & Miscellaneous	32.1	195.3	9.0	24.0	13.2	28.4	13.2	19.1	30.6	155.8	68.0	311.5	900.2
Miscellaneous	5.2	6.3	6.2	7.0	5.2	21.4	7.7	15.3	7.1	14.9	33.9	9.0	139.2
Treasury	8.8	(2.6)	(3.2)	(7.7)	(1.7)	(1.1)	0.5	(6.3)	(0.9)	(0.4)	(0.5)	(0.5)	(15.6)
Transfers	8.0	189.7	7.1	7.2	8.1	9.7	8.1	9.2	7.2	7.2	10.0	304.5	576.0
Excises	(3.8)	(1.8)	(4.9)	(4.2)	(2.9)	(8.9)	(7.0)	(5.3)	12.8	123.8	19.7	0.8	118.3
Other Miscellaneous	13.9	3.7	3.8	21.7	4.5	7.3	3.9	6.2	4.4	10.3	4.9	(2.3)	82.3
Fines, Penalties, and Interest	0.7	1.8	2.0	1.7	2.6	1.6	2.2	2.1	1.0	1.1	1.6	1.8	20.2
FPI on Taxes	0.5	1.5	1.4	1.4	2.4	1.4	2.1	1.9	0.8	0.7	1.3	1.6	17.0
FPI on Other	0.2	0.3	0.6	0.3	0.2	0.2	0.1	0.2	0.2	0.4	0.3	0.2	3.2