



Senate Appropriations Committee

The Monthly Report

May 2015

Pat Browne, Chairman



General Fund Collections \$201 million, or 5.3%, above estimate for April

General Fund revenue collections for the month ended April 2015 totaled \$4.0 billion, which was \$201 million, or 5.3%, above estimate. Fiscal year-to-date collections total \$25.7 billion, which is \$569.1 million, or 2.3%, above estimate. Total FY 2014-15 General Fund revenues are \$1.79 billion, or 7.5%, more than last year through April. April is the “annual payment” month for several corporation taxes and the personal income tax. It is also a “quarterly estimated tax payment” month for personal income taxes.

Governor Wolf’s FY 2015-16 Budget adjusted the FY 2014-15 Official Revenue Estimate upward by only \$4.1 million, and so the year-to-date revenue surplus of \$569.1 million with two months remaining in the fiscal year will have a material impact on the Commonwealth’s balance sheet going forward. Gaming license fees and drilling revenue totaling \$220 million are incorporated into June’s monthly revenue estimate, but we know that these revenues will not be realized this fiscal year. Therefore, the actual year-to-date surplus can be considered \$349.1 million because these non-tax revenues will not be received in June as was originally expected in the Official Revenue Estimate.

The FY 2014-15 Budget included a provision to accelerate the holding period for unclaimed property (i.e. escheats), which was estimated to generate an additional \$150 million in non-tax revenue for FY 2014-15. April is the largest month

for reporting unclaimed property, and escheats revenues exceeded the monthly estimate by \$184.2 million. For the fiscal year-to-date, revenue from unclaimed property is \$213.5 million, or 87.4%, ahead of the estimate.

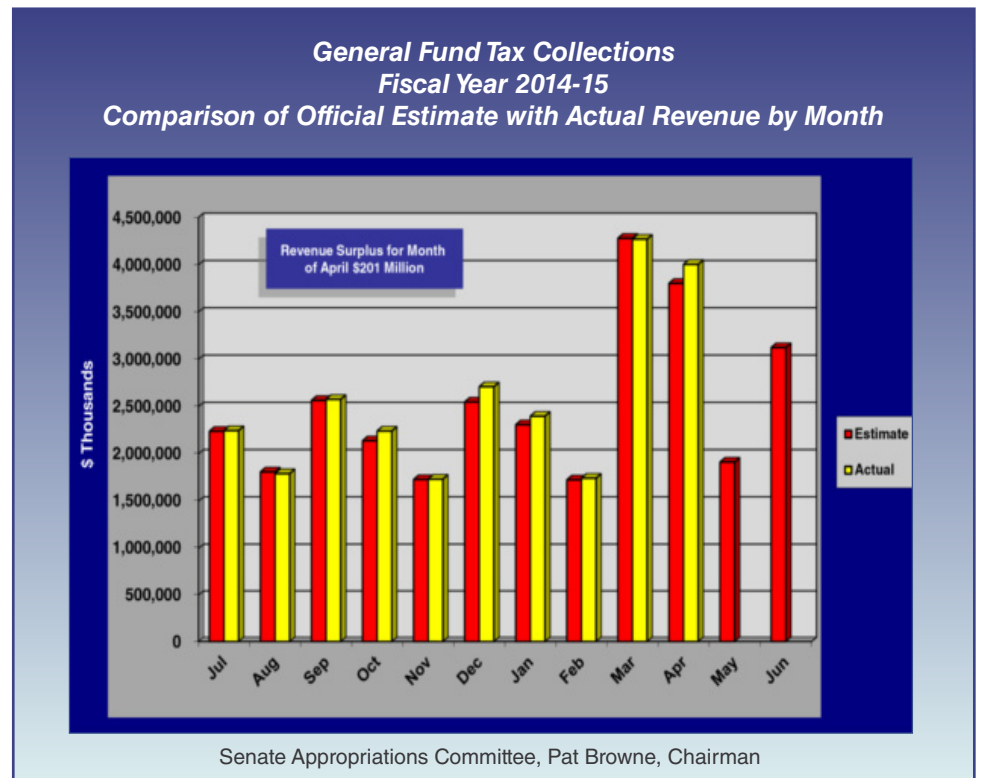
Personal income tax (PIT) collections were above estimate by \$21.1 million, or 1.0%, for the month. Employers’ withholding was below estimate for the month by \$698,492, or 0.1%. Year-to-date employers’ withholding tax collections are running \$1.2 million below estimate for the year but are 3.8% stronger than last year at this time.

PIT annual tax payments received from 2014 tax returns in April 2015

were ahead of estimate by \$7 million, or 0.8%. April 2015 annual tax payments were projected to grow by 20% over last year, when federal tax changes negatively impacted many states’ personal income tax collections. There was some question as to whether Pennsylvania’s PIT annual payments would rebound so sharply, but the 21.1% growth over last year in April is a welcome result.

Quarterly estimated PIT payments were \$14.7 million, or 5.4%, over estimate for the month, and they are 3.4% above estimate for the fiscal year. Quarterly estimated PIT payments for the 2015 tax year are due

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again in June, and so hopefully these payments will continue to outperform the estimate.

Corporation taxes were below estimate for the month by \$20.4 million, or 4.4%. Weakness was most evident in Corporate Net Income Tax (CNI) quarterly payments, which were \$27.6 million below estimate for April. June is the next month for large corporation tax payments with the second installment of the 2015 CNI and Capital Stock and Franchise Tax (CSFT) quarterly payments being due. Based on the recent performance of quarterly payments in March and April, it does not appear that June's corporation tax collections will be particularly strong.

Sales and use tax collections (SUT) were above estimate by \$10.9 million, or 1.3%, for the month. General sales and use tax accounted for the entire monthly overage at \$12.8 million above estimate, while sales tax on motor vehicles was below estimate by \$1.9 million. Total sales

and use tax for April 2015 grew by 3.9% over April 2014 collections.

SUT collections for FY 2014-15 are 4.5% ahead of last fiscal year and are \$53.6 million, or 0.7%, above estimate for the fiscal year.

Realty transfer tax (RTT) collections were \$4.6 million, or 12.3%, below estimate for the month. RTT collections are \$30.8 million, or 8.4%, below estimate for the year.

Inheritance tax collections were \$9.8 million ahead of estimate for the month, and they are now \$72 million, or 9.5%, over estimate for the year.

Cigarette tax revenues were \$2.5 million, or 3.3%, above estimate for the month. Liquor tax beat the estimate by \$855,326, and table games tax collections were \$531,906 above estimate.

General Fund non-tax revenue contributed significantly to the monthly overage in revenue collections. Non-tax revenue was above estimate by \$189.5 million, or 73.9%,

led by the strong performance in unclaimed property revenue as discussed above.

Robust April collections have increased the net year-to-date surplus to \$349 million (actual surplus of \$569 million less \$220 million in revenues that won't be received in June). The Independent Fiscal Office's May 4th forecast indicates that the June 30 General Fund revenue surplus will be approximately \$370 million. While this helps to mitigate the structural deficit, we still have not received the Administration's spring update. The spring update is a document that adjusts the Governor's appropriation request for Human Services line items as well as other cost drivers based on updated information such as case-load and expenditure trends. Anecdotal reports indicate that the spring update may be significant and have the potential to offset the positive impact of the revenue surplus on the General Fund Financial statement.

Motor License Fund Monthly Performance April 2015

Collections	Estimate	\$ Difference	% Difference
276,669,016	243,510,000	33,159,016	13.6%
YTD Collections	YTD Estimate	\$ Difference	% Difference
2,177,647,581	2,045,950,000	131,697,581	6.4%
YTD Collections	Prior Year	Inc./Dec.	% Inc./Dec.
2,177,647,581	2,055,142,456	122,505,125	6.0%

Motor License Fund collections were \$33.2 million, or 13.6%, above estimate for the month of April. The Motor License Fund is \$131.7 million, or 6.4%, above estimate for the year. Year-to-date 2015 collections exceed 2014 collections through April by \$122.5 million or 6.0%.



Early Childhood Education

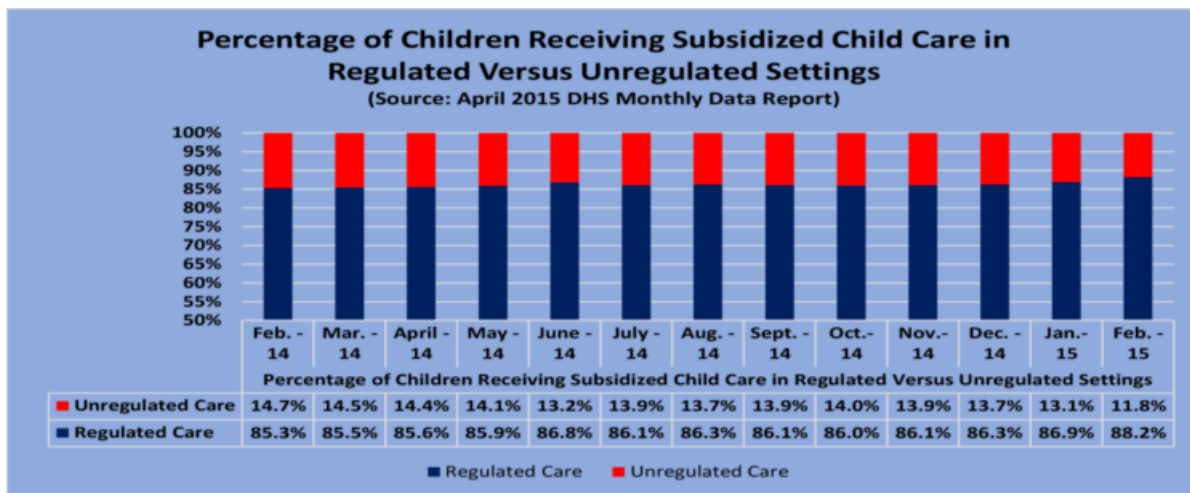
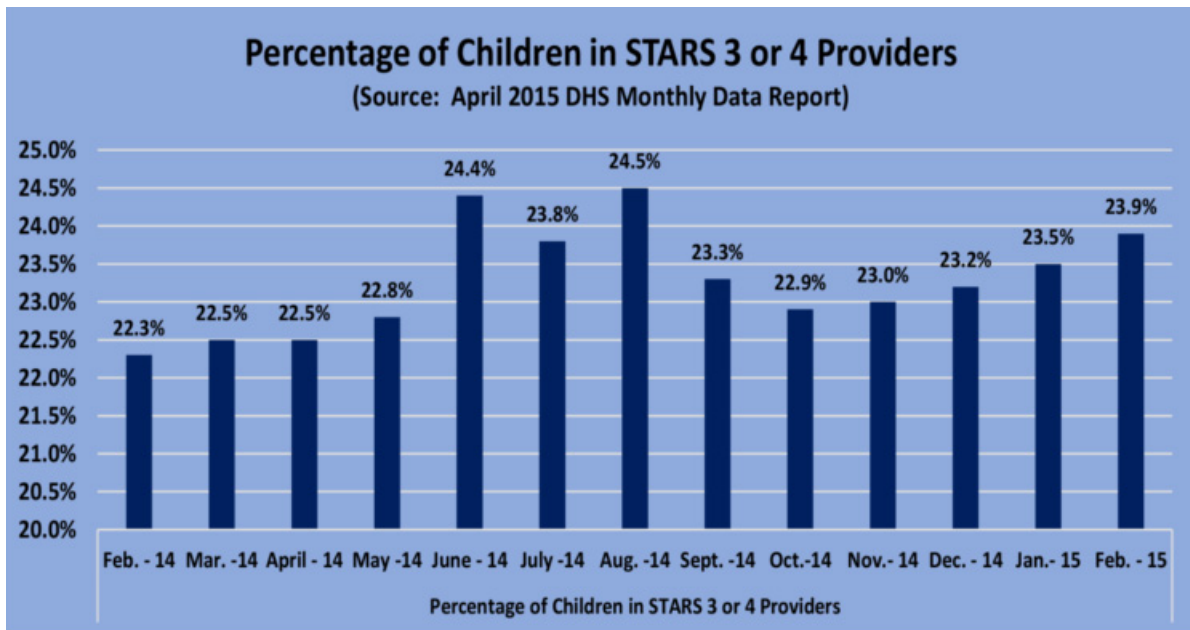
The Commonwealth's early childhood education programs provide opportunities for pre-school aged children to develop and learn to their fullest potential. The Commonwealth has developed and implemented high standards for both programs and professionals and provides support to meet and maintain those standards.

Keystone Stars (Standards, Training/Professional Development, As-

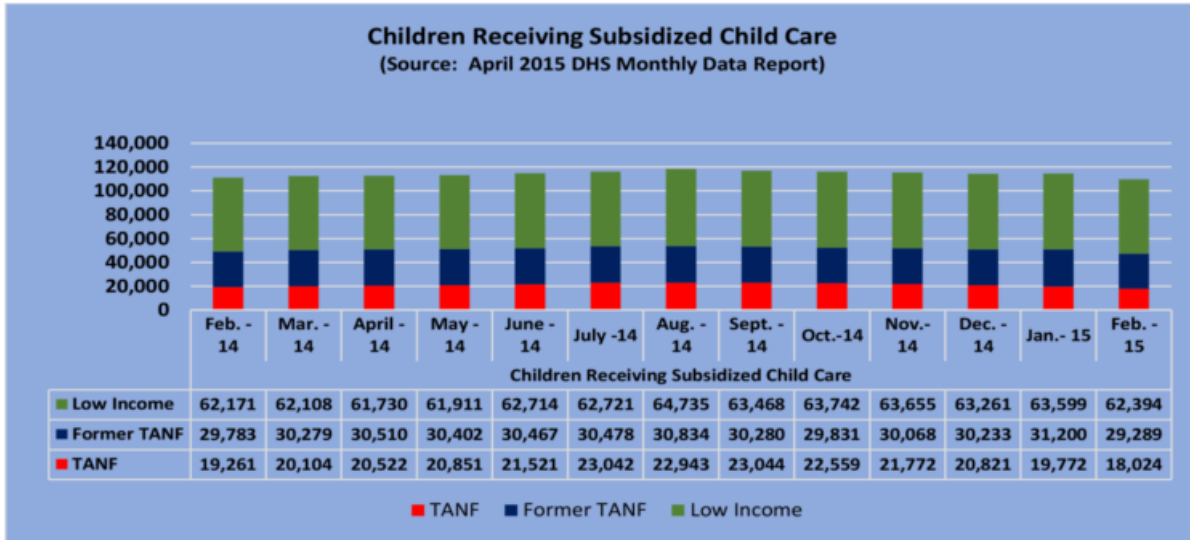
sistance, Resources) is a program to support the continuous quality improvement efforts of early learning programs in Pennsylvania. The STARS performance standards provide a foundation for the program and are grouped into four levels. Each level builds on the previous level and utilizes research-based and best practices to promote quality early learning environments and positive child learning outcomes.

The levels are based on quality standards that measure staff education, classroom/learning environment, including families and the community, and leadership and management. Financial assistance is available to families in certain income levels through a subsidized component of the program.

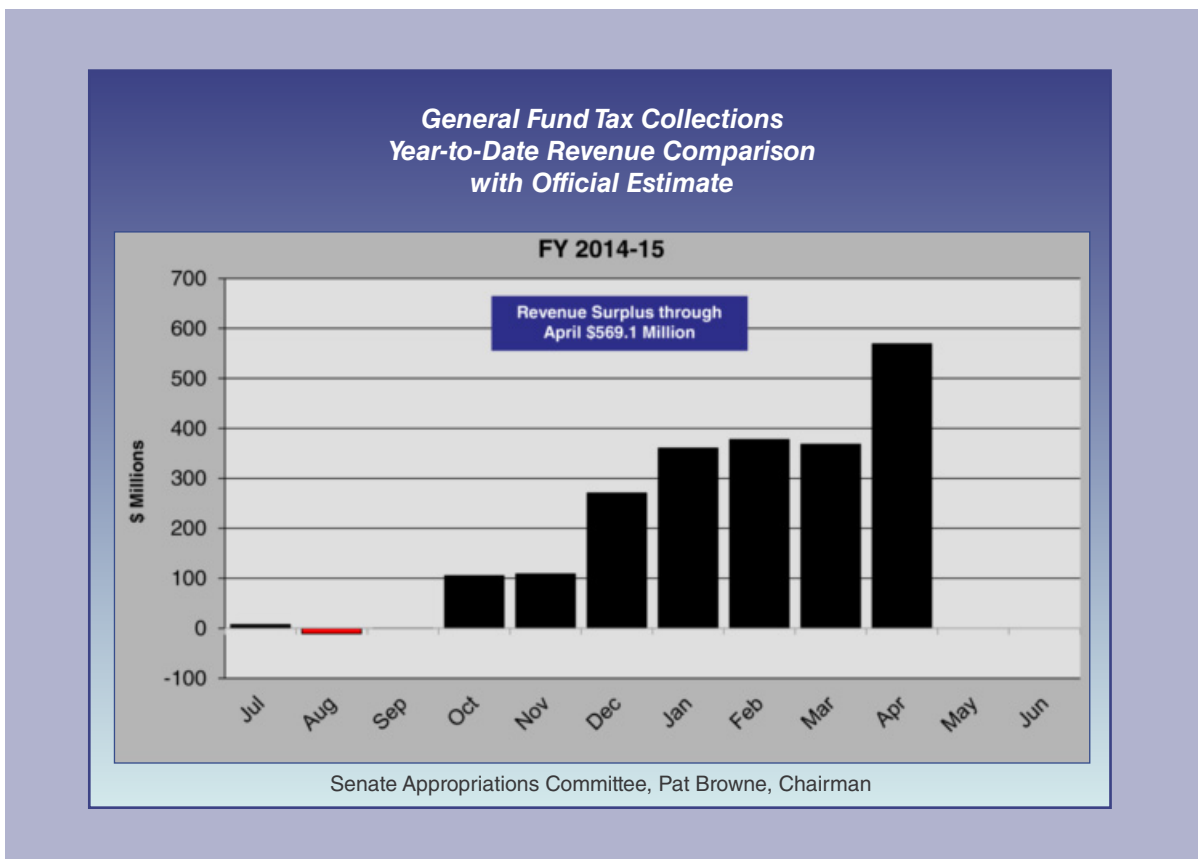
The following charts provide a snapshot of program participation and performance over the past year.



The percentage of children in regulated settings has increased by 2.9% for the period February 2014 to February 2015.

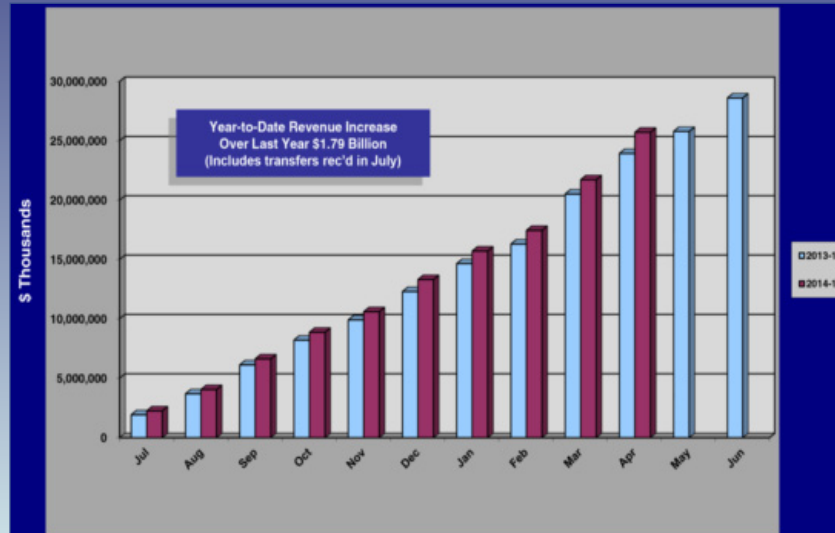


The number of children receiving subsidized child care has decreased by 1,508 for the period February 2014 to February 2015.



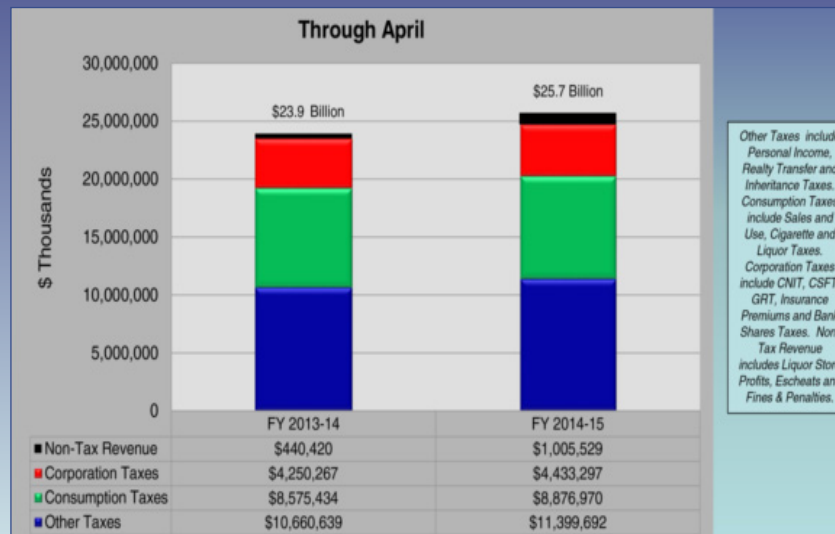


General Fund Revenue Collections Fiscal Year 2014-2015 Revenue Comparison with Last Year



Senate Appropriations Committee, Pat Browne, Chairman

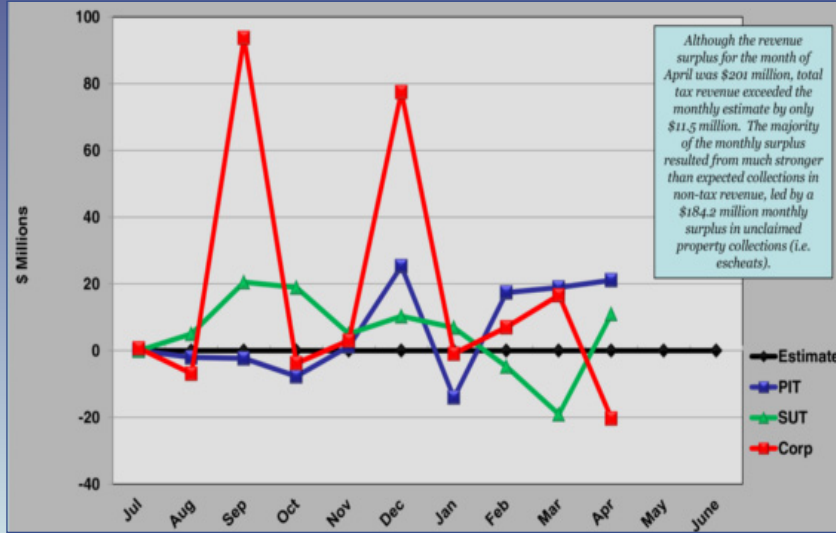
General Fund Year-to-Date Revenue Compared with Prior Year



Senate Appropriations Committee, Pat Browne, Chairman

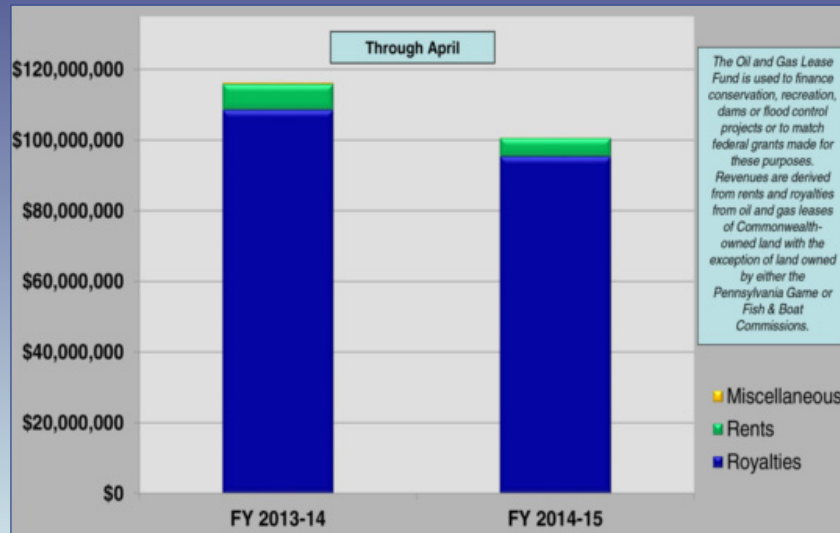


Fiscal Year 2014-2015 Performance of Major Tax Types Above/Below the Monthly Estimate



Senate Appropriations Committee, Pat Browne, Chairman

Oil and Gas Lease Fund Year-to-Date Revenue Compared with Prior Year



Senate Appropriations Committee, Pat Browne, Chairman



Appropriations Committee Monthly Revenue Report

REVENUE SOURCES	YTD FY 2013-14	April 2015 Actual	April 2015 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	23,926,761	4,004,296	3,803,300	200,996	25,715,488	25,146,355	569,133
TOTAL - NON-TAX REVENUE	440,420	445,776	256,300	189,476	1,005,529	781,755	223,774
TOTAL - TAX REVENUE	23,486,341	3,558,520	3,547,000	11,520	24,709,959	24,364,600	345,359
TOTAL - Corporation Taxes	4,250,267	443,049	463,400	(20,351)	4,433,297	4,267,400	165,897
Accelerated Deposits	4,188	(2,096)	0	(2,096)	21,629	0	21,629
Corp. Net Income	1,983,085	361,230	376,100	(14,870)	2,259,394	1,988,800	270,594
Cap. Stock & Franchise	269,771	37,888	38,400	(512)	187,555	222,400	(34,845)
Gross Receipts	1,256,395	1,521	4,100	(2,579)	1,239,513	1,297,800	(58,287)
PURTA	20,918	8,227	1,400	6,827	10,299	3,700	6,599
Insurance Premiums	431,933	33,020	41,100	(8,080)	427,583	430,500	(2,917)
Financial Institutions	275,536	2,729	1,400	1,329	283,622	321,700	(38,078)
Other Selective Bus. Taxes	8,440	530	900	(370)	367	2,500	1,203
TOTAL - Consumption Taxes	8,575,434	936,166	921,700	14,466	8,876,970	8,834,800	42,170
Sales and Use	7,485,368	827,733	816,800	10,933	7,818,653	7,765,100	53,553
General (net of transfers)	6,479,588	704,219	691,400	12,819	6,730,137	6,701,300	28,837
Motor Vehicle Sales	1,005,780	123,513	125,400	(1,887)	1,088,516	1,063,800	24,716
Cigarette Tax	801,663	79,714	77,200	2,514	758,621	768,400	(9,779)
Malt Beverage	20,650	2,164	2,000	164	19,897	20,800	(903)
Liquor	267,752	26,555	25,700	855	279,799	280,500	(701)
TOTAL - Other Taxes	10,660,639	2,179,305	2,161,900	17,405	11,399,692	11,262,400	137,292
Personal Income	9,615,958	2,054,292	2,033,200	21,092	10,168,807	10,111,000	57,807
Withholding	7,379,844	830,102	830,800	(698)	7,662,204	7,663,400	(1,196)
Non-Withholding	2,236,114	1,224,191	1,202,400	21,791	2,506,603	2,447,600	59,003
Realty Transfer	305,465	32,614	37,200	(4,586)	334,979	365,800	(30,821)
Inheritance & Estate	706,689	92,385	82,600	9,785	831,833	759,800	72,033
Minor & Repealed	(42,083)	(7,826)	1,600	(9,426)	(15,634)	(50,900)	35,266
Tavern Games	7	108	100	8	410	800	(390)
Table Games	74,603	7,732	7,200	532	79,297	75,900	3,397
TOTAL - MOTOR LICENSE FUND	2,055,147	276,669	243,510	33,159	2,177,648	2,045,950	131,698
TOTAL - Liquid Fuels Taxes	1,074,549	148,191	137,800	10,391	1,319,127	1,230,500	88,627
Liquid Fuels	318,442	11	0	11	4,511	0	4,511
Fuels	95,012	0	0	0	3	0	3
Motor Carriers/IFTA	28,635	3,040	2,900	140	58,394	42,900	15,494
Alternative Fuels	1,413	359	200	159	2,715	2,000	715
Oil Company Franchise	631,047	144,781	134,700	10,081	1,253,503	1,185,600	67,903
TOTAL - Licenses, Fees & Other	980,599	128,478	105,710	22,768	858,521	815,450	43,071
Licenses and Fees	726,196	123,260	100,600	22,660	768,808	733,900	34,908
Other Motor Receipts	254,403	5,219	5,110	109	89,713	81,550	8,163