



GENERAL FUND REVENUES SHORT \$102.3M FOR FEBRUARY; OFF 6.4% FOR THE MONTH - 2.9% FOR FY 2009-10

General Fund revenue collections for the month ended February 2010 totaled \$1.49 billion, which was \$102.3 million, or 6.4%, less than anticipated. Fiscal year-to-date collections total \$16 billion, which is \$476.7 million, or 2.9%, below estimate.

Cumulative revenue collections through February 2010 are \$1.18 billion above cumulative collections for the same time last year; however, this amount includes one-time transfers such as those from the Rainy Day Fund, HCPRA, etc. Total tax revenues are actually \$868 million below tax collections for this time last year.

Corporation tax collections were below estimate by \$15 million, or 21%. Although February is not a large month for Insurance Premiums tax collections, IPT experienced a surprising \$12.4 million, or 46%, shortfall for the month.

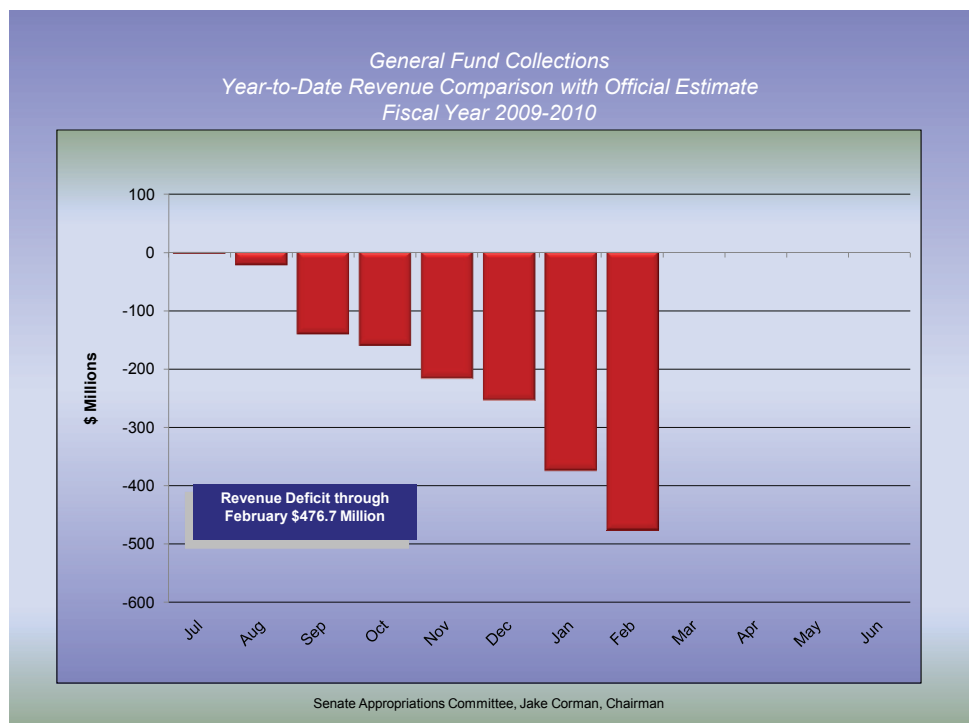
Personal income tax collections were below estimate by \$30.2 million, or 4.3%, for the month. January withholding was \$2.6 million over estimate. February PIT from employers' withholding was below estimate by \$31.4 million, or 4.7%.

Sales and use tax collections were below estimate for the month by \$34.6 million, or

5.8%. Though it is difficult to find any positive news in this, February 2010 SUT collections were actually just slightly better than February 2009 SUT collections. This is the first time that SUT collections in any month this fiscal year were better than SUT

collections for the same month in FY 2008-09.

Motor License Fund collections were \$554,421 over estimate for the month of February. The Motor License Fund is \$24.3 million, or 1.4%, below estimate for the year.



Key Economic Indicators - Pennsylvania
(Billions)

	2009Q1	2009Q2	2009Q3	Projected	
				2009Q4	2010Q1
Gross State Product	547.2	546.4	549.6	558.6	564.5
Real Gross State Product (2000\$)	433.4	432.7	434.9	441.2	443.2
Real Personal Income	409.7	413.2	412.2	413.3	415.9
Real Disposable Income	371.4	375.1	374.2	376.6	377.1
Total Housing Starts (thousands)	14.1	15.3	18.6	15.9	16.7
CPI (Pct Ch Year Ago)	1.4	-0.2	-0.8	2.1	2.3
	Aug. 09	Sep. 09	Oct. 09	Nov. 09	Dec. 09
Unemployment Rate	8.50%	8.60%	8.60%	8.70%	8.80%

The Monthly Report

RENDELL RELEASES FINAL BUDGET BLUEPRINT

The Governor's Fiscal Year 2010-2011 General Fund Budget asks for an additional \$1.155 billion in funding for the coming year. The total, \$29.03 billion, represents a 4.14% increase in spending.

The plan includes \$26.273 billion in State funds, \$1.835 billion in American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Percentage (FMAP) funds, and \$921.4 million in ARRA Fiscal Stabilization funds.

The Governor's budget request relies on three assumptions: 1) that Congress will extend the ARRA Enhanced FMAP until September 30, 2011; 2) Federal legislation will be enacted that will allow the Commonwealth to realize additional revenues by collecting federal rebates on drug expenditures of Medicaid managed care organizations; and 3) Pennsylvania's Blue Cross/Blue Shield plans will agree to the continuation of the Community Health Reinvestment Agreement to continue the Adult Basic health insurance program in FY 2010-11.

Together, these assumptions total over \$1.134 billion for FY 2010-11 that are dependent on approval by entities outside the state government. If any one of the above assumption fails to come to fruition, the Governor's budget would not be in balance.

The Governor proposes to address the expiration of the Federal fiscal stimulus program by enacting new taxes totaling approximately \$2.3 billion over two fiscal years. Approximately \$874 mil-

lion would be collected in FY 2010-11 and would be deposited in a newly created Stimulus Transition Reserve Fund. Presumably, all revenues generated would be used to offset non-recurring Federal fiscal stimulus funds beginning in FY 2011-12.

The Governor's Budget proposal

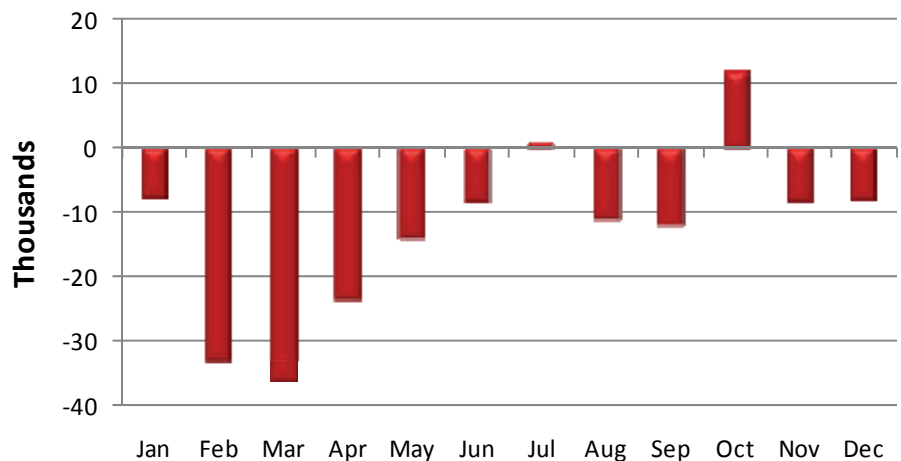
eliminates funding for the health-related, museum and state-aided educational institution non-preferred appropriations.

Funding is provided for the four state-related universities and the University of Pennsylvania's School of Veterinary Medicine.

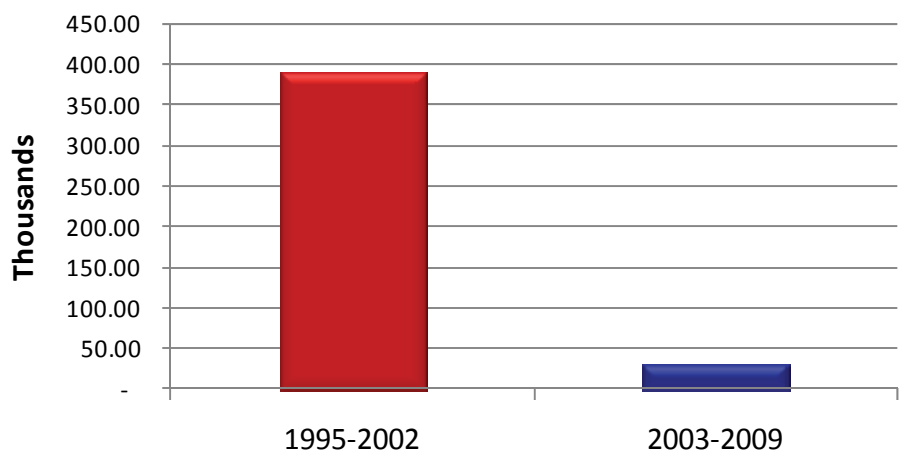
Key Economic Indicators Continue Improvement

Key Economic Indicators for Pennsylvania continue to show improvement. While the unemployment rate remains high, the rate at which the state's economy has been shedding jobs has decreased significantly. Nationally the unemployment rate held steady at 9.7% while the state unemployment rate was also unchanged at 8.8%.

PA Month to Month Employment Change



Net Jobs Created



Source: USDOL

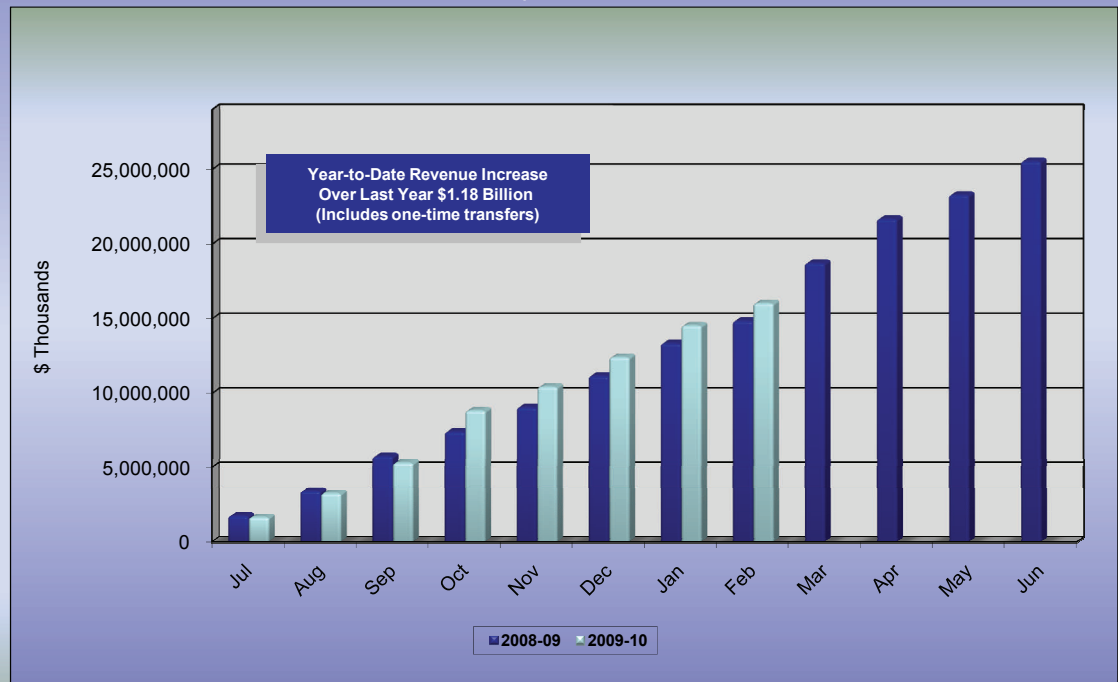


The Monthly Report

Useful Budget Terms

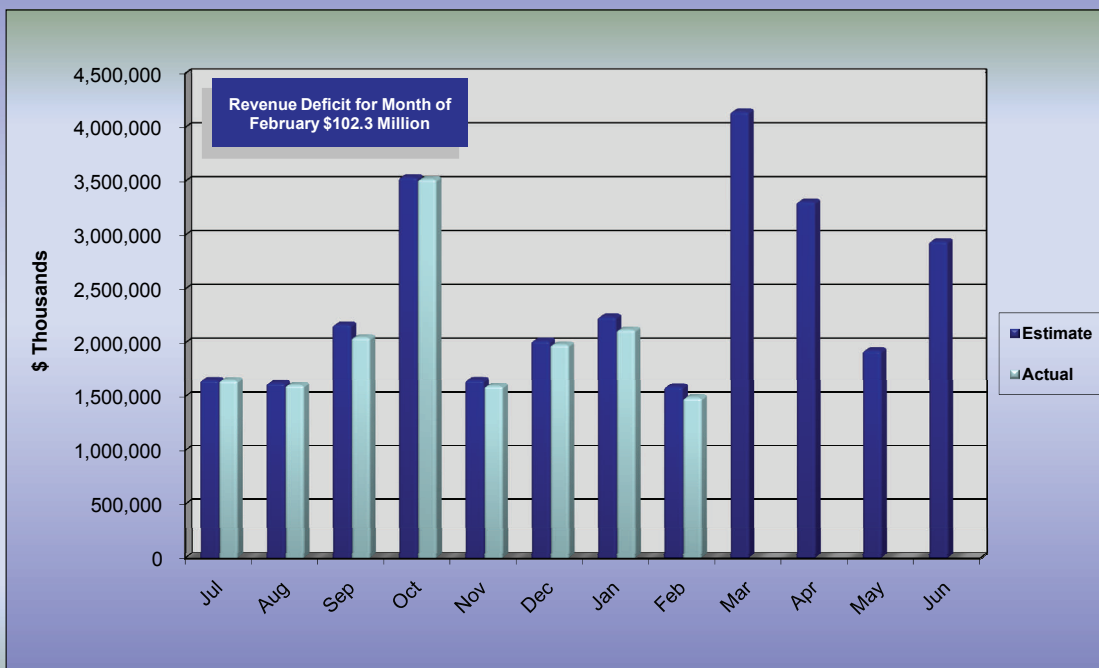
Federal Funds Appropriation -
An appropriation of monies received from the federal government. All monies, regardless of source, deposited in the state treasury must be appropriated. Federal funds are appropriated for a specific time period.

General Fund Tax Collections
Fiscal Year 2009-2010
Revenue Comparison with Last Year



Senate Appropriations Committee, Jake Corman, Chairman

General Fund Tax Collections
Fiscal Year 2009-2010
Comparison of Official Estimate with Actual Revenue by Month



Senate Appropriations Committee, Jake Corman, Chairman

Encumbrance -
That portion of an appropriation representing a Commonwealth obligation or commitment pursuant to a contract, a purchase order, a grant or another known obligation but where an actual disbursement has not been made.

Useful Budget Terms



The Monthly Report

Fiscal Year 2009-10

Senate Appropriations Committee Monthly Revenue Report

(\$ thousands)

REVENUE SOURCES	YTD FY 2008-09	February 2010 Actual	February 2010 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	14,833,696	1,489,643	1,591,900	(102,257)	16,017,743	16,494,400	(476,657)
TOTAL - NON-TAX REVENUE	(90,484)	25,173	32,100	(6,927)	1,961,996	1,977,500	(15,504)
TOTAL - TAX REVENUE	14,924,181	1,464,470	1,559,800	(95,330)	14,055,747	14,516,900	(461,153)
TOTAL - Corporation Taxes	1,528,933	57,537	72,500	(14,963)	1,258,121	1,277,200	(19,079)
Accelerated Deposits	1,579	(205)	0	(205)	291	0	291
Corp. Net Income	1,031,040	28,987	25,200	3,787	835,166	825,400	9,766
Cap. Stock & Franchise	432,697	12,559	17,300	(4,741)	310,052	343,800	(33,748)
Gross Receipts	18,195	455	2,100	(1,645)	14,427	14,800	(373)
PURTA	1,987	8	100	(92)	1,528	2,500	(972)
Insurance Premiums	32,436	14,289	26,700	(12,411)	76,663	81,300	(4,637)
Financial Institutions	6,888	946	600	346	16,302	5,000	11,302
Other Selective Bus. Taxes	4,111	498	500	(2)	3,692	4,400	(708)
TOTAL - Consumption Taxes	6,255,478	671,757	716,100	(44,343)	6,120,293	6,362,700	(242,407)
Sales and Use	5,574,888	567,669	602,300	(34,631)	5,322,415	5,587,700	(265,285)
General (net of transfers)	4,953,747	499,657	545,800	(46,143)	4,698,694	4,983,800	(285,106)
Motor Vehicle Sales	621,141	68,012	56,500	11,512	623,721	603,900	19,821
Cigarette Tax	498,454	82,134	91,000	(8,866)	596,417	568,700	27,717
Malt Beverage	17,386	1,872	2,000	(128)	17,701	17,800	(99)
Liquor	164,751	20,082	20,800	(718)	183,760	188,500	(4,740)
TOTAL - Other Taxes	7,139,769	735,176	771,200	(36,024)	6,677,333	6,877,000	(199,667)
Personal Income	6,420,828	670,495	700,700	(30,205)	6,007,585	6,201,200	(193,615)
Withholding	5,276,172	637,257	668,700	(31,443)	5,094,891	5,216,700	(121,809)
Non-Withholding	1,144,656	33,237	32,000	1,237	912,693	984,500	(71,807)
Realty Transfer	212,874	12,808	14,300	(1,492)	191,125	189,300	1,825
Inheritance & Estate	502,889	51,724	56,400	(4,676)	477,453	485,400	(7,947)
Minor & Repealed	3,177	150	(200)	350	1,170	1,100	70
TOTAL - MOTOR LICENSE FUND	1,694,663	165,974	165,420	554	1,724,980	1,749,260	(24,280)
TOTAL - Liquid Fuels Taxes	759,118	113,552	97,420	16,132	804,567	792,850	11,717
Liquid Fuels	313,269	75,351	45,200	30,151	392,933	375,160	17,773
Fuels	105,753	10,272	13,950	(3,678)	96,239	100,050	(3,811)
Motor Carriers/IFTA	23,135	4,090	1,290	2,800	22,064	24,370	(2,306)
Alternative Fuels	150	21	10	11	132	150	(18)
Oil Company Franchise	316,810	23,817	36,970	(13,153)	293,200	293,120	80
TOTAL - Licenses, Fees & Other	935,545	52,422	68,000	(15,578)	920,413	956,410	(35,997)
Licenses and Fees	536,755	44,754	60,240	(15,486)	488,160	515,320	(27,160)
Other Motor Receipts	398,790	7,669	7,760	(91)	432,253	441,090	(8,837)
Other Motor Receipts	225,129	11,627	7,270	4,357	291,541	301,160	(9,619)