



Pennsylvania Senate Appropriations Committee

Senator Pat Browne
Chairman



Monthly Report January 2019

General Fund Revenues End 2018 on Positive Note

General Fund revenue collections for the month of December exceeded the estimate by \$70.1 million. However, General Fund tax revenues were \$12.2 million lower than the monthly estimate. Non-tax revenue was \$82.3 million above the estimate, largely as a result of expanded gaming license fee payments and stronger-than-expected Treasury escheats revenue. Much of the non-tax revenue surplus likely is attributable to timing differences between when the revenue was received and when it was forecasted to be received in the revenue estimate. As such, the non-tax revenue surplus could diminish in the coming months. General Fund revenue collections for the first half of the fiscal year are \$403.7 million ahead of estimate.

December 2018 General Fund Revenue vs. Monthly Estimate:

- General Fund revenue collections of \$2.91 billion were above the monthly estimate by \$70.1 million, or 2.5%.
- General Fund tax revenues were below estimate by \$12.2 million, or 0.4%.
- Corporation taxes were \$87.5 million, or 17.8%, above the estimate.
- Sales and use tax collections beat the estimate by \$23.2 million, or 2.5%, for the month.
- Personal income tax collections were below estimate by \$132.5 million, or 12%.
- Non-tax revenues exceeded the estimate by \$82.3 million.

Fiscal Year 2018-19 vs. the Official Revenue Estimate To-Date:

- Total General Fund revenues are \$403.7 million, or 2.7%, higher than the Official Revenue Estimate through the month of December.
- General Fund tax revenue is \$252.7 million, or 1.7%, above estimate.
- Corporation taxes are \$294.6 million, or 21.6%, above the estimate.
- Sales and use taxes (SUT) are \$163.2 million, or 3%, above the estimate.
 - ◊ General SUT collections are \$116.5 million, or 2.4%, above estimate.
 - ◊ SUT collections on motor vehicle sales are \$46.7 million, or 6.6%, higher than the estimate.

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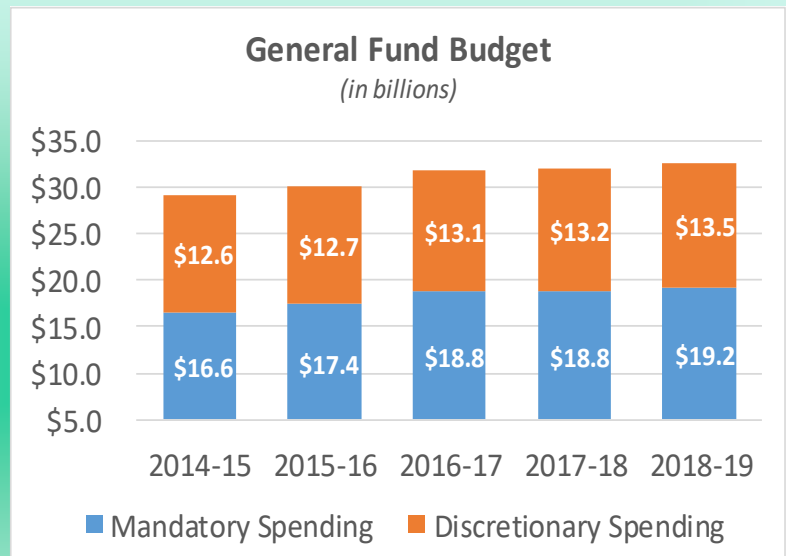
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General Fund Budget Mandatory Spending vs. Discretionary Spending

General Fund spending on mandatory programs has consumed a larger share of the overall Commonwealth budget, increasing from 57% of spending in FY 2014-15 to 59% in this year's budget.

Mandatory components of the budget include those programs where the Commonwealth has limited ability to reduce spending. Examples of mandatory programs include federal entitlement programs, such as health care programs for low-income individuals and nursing home care for the elderly; repayment of debt; pension obligations; and funding to operate safe and secure prisons.

Enrollment increases, health care inflation in entitlement programs, growing pension obligations, and additional programming for individuals with intellectual disabilities have driven growth in mandatory components of the budget. Discretionary programs comprise a smaller share of the Commonwealth's budget and include grant and subsidy programs for school districts and higher education institutions across the state; agency operating budgets; economic development programs; and support for historic sites and other cultural institutions. Growth in discretionary spending in recent years has been driven by increases for school districts and higher education institutions across the state.

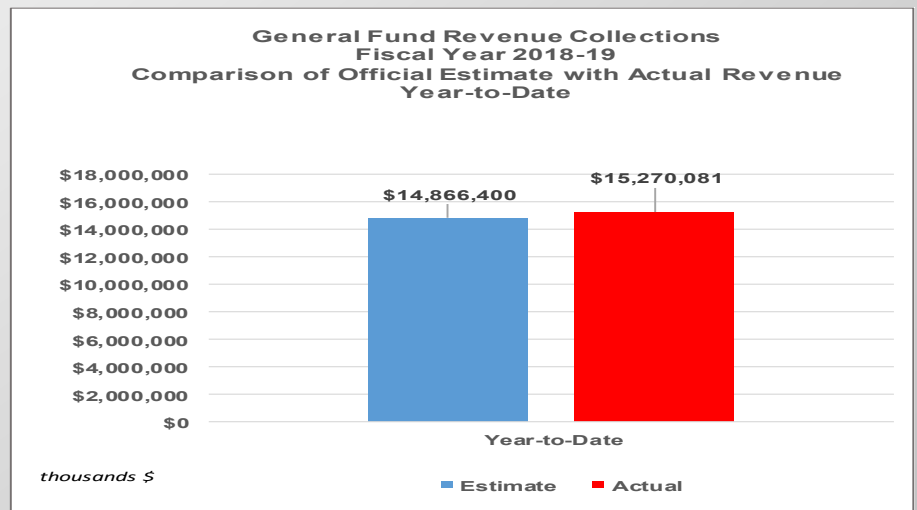


General Fund Revenues End 2018 on Positive Note Continued...

- Personal income tax (PIT) collections are short of the estimate by \$203.4 million, or 3.3%.
 - Withheld PIT is \$44.1 million, or 0.9%, below the estimate.
 - Non-withheld PIT (annual & estimated payments) is \$159.3 million, or 16%, short of estimate.
- Non-tax revenues are \$151 million, or 73.8%, higher than the estimate.

Fiscal Year 2018-19 vs. Fiscal Year 2017-18:

- Total General Fund revenues through December are \$1.04 billion, or 7.3%, higher than last year at this time.
- General Fund tax revenue is \$934.7 million, or 6.7%, higher than last year.
- Corporation taxes are \$356.2 million, or 27.4%, higher.
- Sales and use tax collections are \$422.7 million, or 8.1%, higher than last year through December.
- Personal income tax collections exceed last year's collections by \$128.9 million, or 2.2%.
- Non-tax revenues are \$104.7 million, or 41.8%, more than last fiscal year through December.



Motor License Fund:

- Motor License Fund revenues are below the estimate by \$36.9 million, or 2.6%, through December.
- Motor License Fund revenues are \$120.5 million, or 8.1%, less than last fiscal year at this time.

Low-Income Home Energy Assistance Program (LIHEAP) Season Has Started Enrollment

On October 31st, the Department of Human Services announced the start of the Low-Income Home Energy Assistance Program (LIHEAP) application process for the 2018-19 season. LIHEAP provides assistance for home heating bills to keep low-income Pennsylvanians warm and safe during the winter months. Assistance is available for renters and homeowners. Crisis and regular LIHEAP applications began November 1, 2018 and end April 12, 2019.

LIHEAP helps families living on low incomes pay their heating bills in the form of a cash grant. Crisis grants are for households in immediate danger of being without heat. With cash grants, a one-time payment is sent directly to the utility company/fuel provider and will be credited on individuals' bills. Cash grants range from \$200 to \$1,000 based on household size, income and fuel type.

During the 2017-18 LIHEAP season, 344,008 households statewide received \$115.9 million in LIHEAP cash benefits. These households received an average season benefit of \$337.

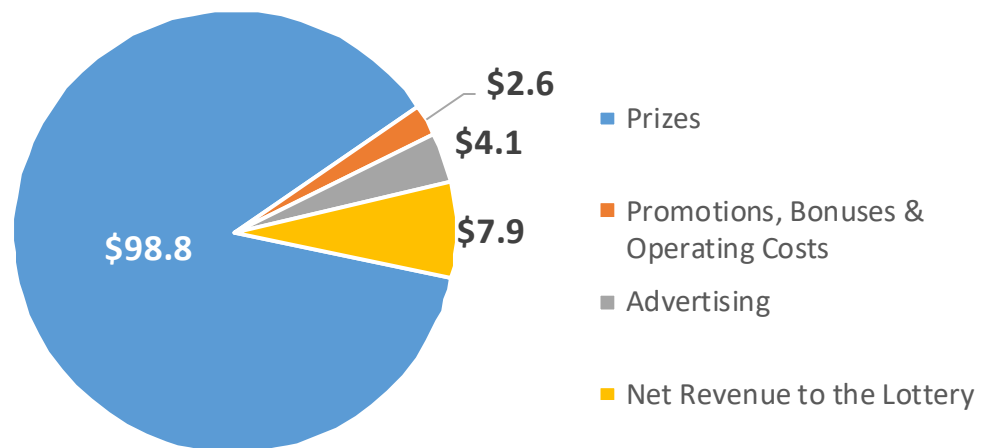
Household size	Maximum Income
1	\$18,210
2	\$24,690
3	\$31,170
4	\$37,650
5	\$44,130
6	\$50,610
7	\$57,090
8	\$63,570
9	\$70,050
10	\$76,530

Eligibility for the 2018-19 LIHEAP season is set at 150 percent of the federal poverty income guidelines. The chart to the left shows the maximum income allowed for eligibility based on household size.

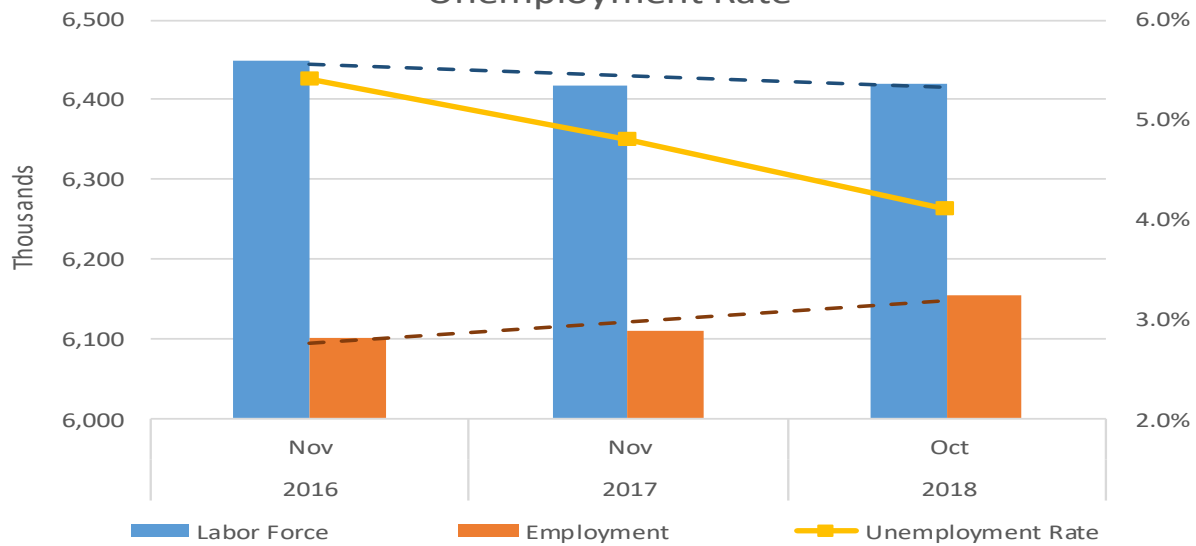
Online applications for LIHEAP can be completed at www.compass.state.pa.us. Paper applications are available through local county assistance offices, or interested applicants can download and print an application from the Department of Human Services' website.



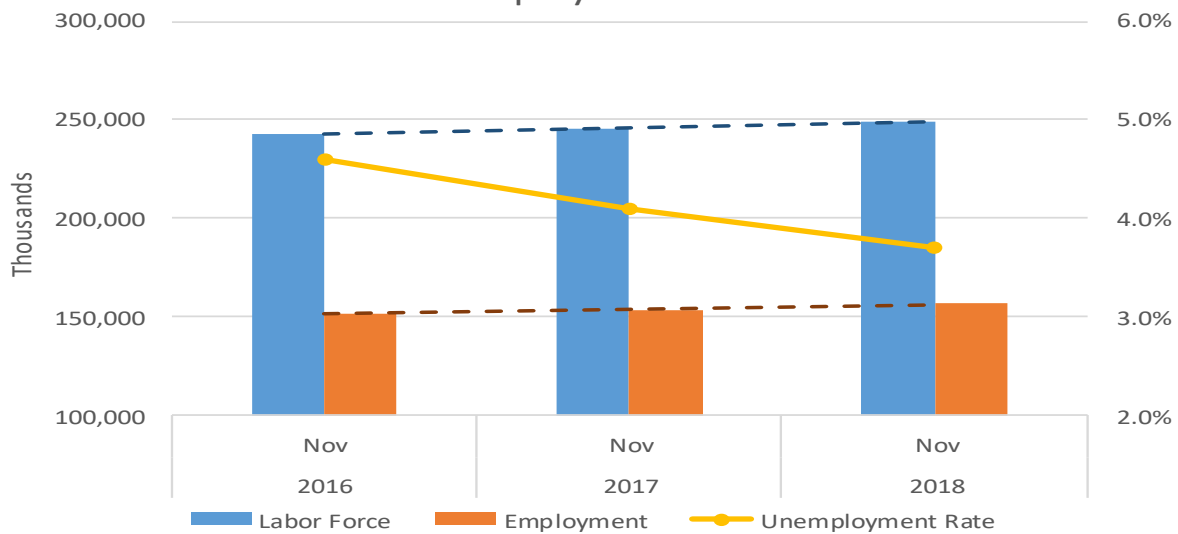
iLottery Activity through November 2018
\$113.4 Million of Play
(amounts in millions)



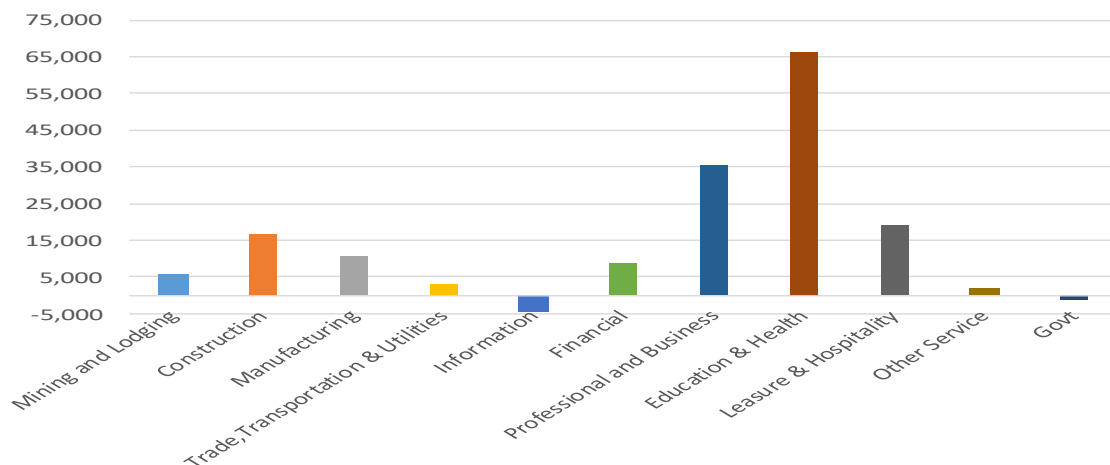
Pennsylvania Labor Force, Employment and Unemployment Rate



United States Labor Force, Employment and Unemployment Rate



Pennsylvania's Change in Employment by Sector Since November 2016



Fiscal Year 2018-19

Senate Appropriations Committee

Monthly Revenue Report

(\$ thousands)

REVENUE SOURCES	YTD FY 2017-18	December 2018 Actual	December 2018 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	14,230,631	2,905,099	2,835,000	70,099	15,270,081	14,866,400	403,681
TOTAL - NON-TAX REVENUE	250,727	93,623	11,300	82,323	355,518	204,500	151,018
TOTAL - TAX REVENUE	13,979,904	2,811,476	2,823,700	(12,224)	14,914,563	14,661,900	252,663
TOTAL - Corporation Taxes	1,300,828	577,910	490,400	87,510	1,657,370	1,362,800	294,570
Accelerated Deposits	451	128	0	128	386	0	386
Corp. Net Income	1,220,028	557,911	472,500	85,411	1,554,962	1,280,300	274,662
Gross Receipts	37,330	12,287	6,400	5,887	55,239	27,700	27,539
PURTA	1,502	170	100	70	1,417	1,400	17
Insurance Premiums	17,002	1,118	2,900	(1,782)	23,492	26,400	(2,908)
Financial Institutions	24,516	6,296	8,500	(2,204)	21,872	27,000	(5,128)
TOTAL - Consumption Taxes	6,116,152	1,110,715	1,081,700	29,015	6,507,304	6,347,600	159,704
Sales and Use	5,204,970	935,244	912,000	23,244	5,627,706	5,464,500	163,206
General (net of transfers)	4,513,756	818,811	804,400	14,411	4,871,657	4,755,200	116,457
Motor Vehicle Sales	691,215	116,433	107,600	8,833	756,050	709,300	46,750
Cigarette Tax	641,479	114,571	108,300	6,271	598,808	605,100	(6,292)
Other Tobacco Products	59,799	11,520	10,300	1,220	65,662	60,800	4,862
Malt Beverage	12,719	1,717	1,800	(83)	12,188	12,800	(612)
Liquor	197,186	47,662	49,300	(1,638)	202,941	204,400	(1,459)
TOTAL - Other Taxes	6,562,923	1,122,852	1,251,600	(128,748)	6,749,889	6,951,500	(201,611)
Personal Income	5,755,402	972,368	1,104,800	(132,432)	5,884,306	6,087,700	(203,394)
Withholding	4,866,222	876,939	869,700	7,239	5,046,987	5,091,100	(44,113)
Non-Withholding	889,180	95,429	235,100	(139,671)	837,319	996,600	(159,281)
Realty Transfer	264,510	48,096	49,100	(1,004)	276,865	282,600	(5,735)
Inheritance & Estate	477,205	87,014	90,800	(3,786)	517,762	517,500	262
Minor & Repealed	5,422	6,269	(4,400)	10,669	10,918	(5,300)	16,218
Gaming	60,384	9,105	11,300	(2,195)	60,038	69,000	(8,962)
TOTAL - MOTOR LICENSE FUND	1,489,964	192,835	208,340	(15,505)	1,369,444	1,406,370	(36,926)
TOTAL - Liquid Fuels Taxes	988,587	128,544	139,700	(11,156)	930,436	937,600	(7,164)
Liquid Fuels	3	2	0	2	5	0	5
Fuels	0	0	0	0	0	0	0
Motor Carriers/IFTA	67,333	5,768	5,200	568	66,651	65,300	1,351
Alternative Fuels	7,036	1,264	1,200	64	7,164	7,300	(136)
Oil Company Franchise	914,214	121,510	133,300	(11,790)	856,616	865,000	(8,384)
TOTAL - Licenses, Fees & Other	501,378	64,291	68,640	(4,349)	439,008	468,770	(29,762)
Licenses and Fees	461,688	65,050	67,300	(2,250)	434,572	462,400	(27,828)
Other Motor Receipts	39,710	(759)	1,340	(2,099)	4,436	6,370	(1,934)
Other Motor Receipts	7,538	(3,612)	(1,070)	(2,542)	40,708	43,360	(2,652)