



Pennsylvania Senate Appropriations Committee

Senator Pat Browne
Chairman



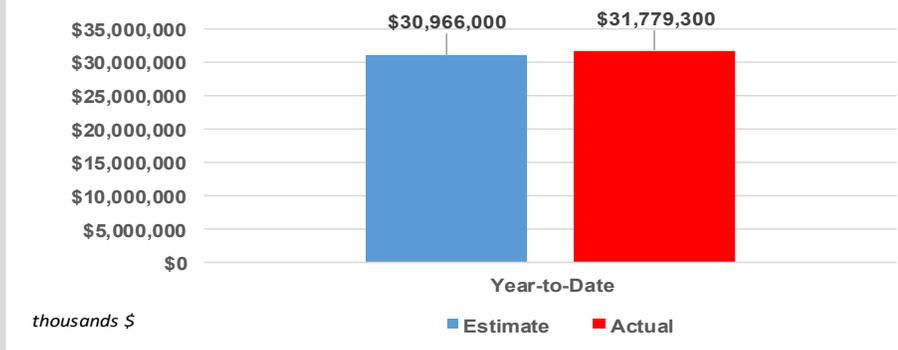
Monthly Report June 2019

May Revenue Collections Dip Slightly But Fiscal Year Performance Still Strong

General Fund revenue collections in May were \$14.9 million below the estimate for the month. However, General Fund tax revenues were \$39.4 million higher than the monthly estimate. Non-tax revenue was \$54.3 million below the estimate. General Fund revenue collections for the fiscal year-to-date are \$813.3 million ahead of estimate.

Early in May, a daily revenue report showed a negative \$33.4 million Personal Income Tax (PIT) amount resulting from the correction of a “double-posting error” made in April. Additionally, the Official Revenue Estimate for May included \$46.3 million related to gaming expansion revenues that were received earlier in the year. As a result of these two items, May revenue collections needed to overcome \$79.7 million in “give-backs” just to meet the monthly estimate, and monthly revenue collections would have exceeded the estimate but for these items.

General Fund Revenue Collections
Fiscal Year 2018-19
Comparison of Official Estimate with Actual Revenue
Year-to-Date



~~Continued On Page 2~~

Inside This Issue

- May Revenue Collections.....1 & 2
- Early Childhood Education Funding.....3
- PA ABLE Savings Program.....4
- Unemployment Chart.....4
- General Fund Revenue Detail.....5



Senate Appropriations Staff

- John Guyer, Director
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- Elizabeth Richardson, Administrative Assistant
- Tom Diehl (Human Services)
- Kristi Houtz, Committee Secretary (Game/Fish)
- William Joraskie (Environment/Labor)
- Russ Miller (Education/Agriculture)
- Meaghan Sprout (DHS Cost Containment)
- Bill Witmer (Criminal Justice/Capital)

Senate Appropriations Committee

281 Main Capitol Building
Harrisburg, PA 17120
Phone: 717-787-1349
Fax: 717-772-3458

<http://appropriations.pasenategop.com/>

Senator Browne's District Office

702 W. Hamilton Street, Suite 101
Allentown, PA 18101
Phone: 610-821-8468
Fax: 610-821-6798

www.senatorbrowne.com

May 2019 General Fund Revenue vs. Monthly Estimate:

- General Fund revenue collections of \$2.62 billion were below the monthly estimate by \$14.9 million, or 0.6%.
- General Fund tax revenues were above estimate by \$39.4 million, or 1.5%.
- Corporation taxes were \$47.3 million, or 15.9%, above the estimate.
- Sales and use tax collections beat the estimate by \$46.7 million, or 5.2%, for the month.
- Personal income tax collections were below estimate by \$42.2 million, or 4.2%.
- Non-tax revenues missed the estimate by \$54.3 million, or 61.6%.

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

- Total General Fund revenues are \$813.3 million, or 2.6%, higher than the Official Revenue Estimate through the month of May.
- General Fund tax revenue is \$771.6 million, or 2.6%, above estimate.
- Corporation taxes are \$590.6 million, or 13.6%, above the estimate.
- Sales and use taxes (SUT) are \$320.6 million, or 3.3%, above the estimate.
 - General SUT collections are \$237.5 million, or 2.8%, above estimate.
 - SUT collections on motor vehicle sales are \$83.1 million, or 6.5%, higher than the estimate.
- Personal income tax collections are short of the estimate by \$82.8 million, or 0.6%.
 - Withheld PIT is \$93.9 million, or 1%, below the estimate.
 - Non-withheld PIT (annual & estimated payments) is \$11.2 million, or 0.3%, above the estimate.
- Non-tax revenues are \$41.7 million, or 5.5%, higher than the estimate.

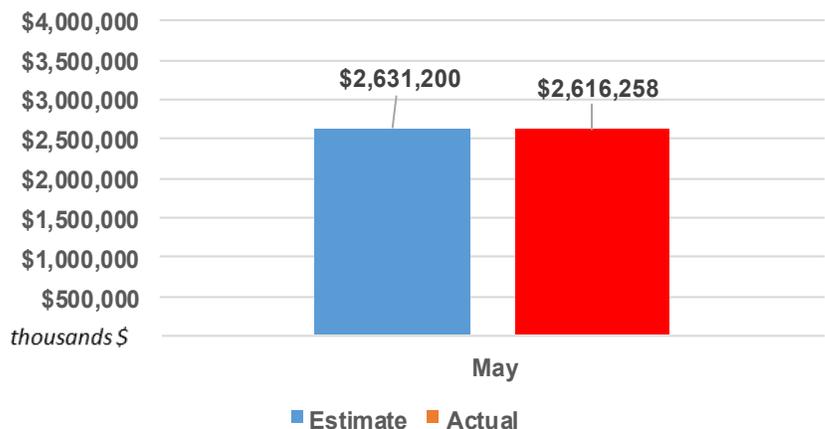
Fiscal Year 2018-19 vs. Fiscal Year 2017-18:

- Total General Fund revenues through May are \$296.2 million, or 0.9%, more than last year at this time.
- Last year's revenues included \$1.5 billion of proceeds from the securitization of tobacco settlement payments, which has the effect of skewing a true year-over-year comparison of General Fund revenues.
- General Fund tax revenue is \$1.96 billion, or 6.8%, higher than last year.
- Corporation taxes are \$600 million, or 13.9%, higher.
- Sales and use tax collections are \$712.8 million, or 7.6%, higher than last year through May.
- Personal income tax collections exceed last year's collections by \$633 million, or 5.2%.
- Non-tax revenues are \$1.7 billion, or 67.5%, less than last fiscal year through May. This large decrease results from tobacco securitization that occurred last year.

Motor License Fund:

- Motor License Fund revenues are below the estimate by \$47.9 million, or 1.8%, through May.
- Motor License Fund revenues are \$96.3 million, or 3.6%, less than last fiscal year at this time.

General Fund Revenue Collections
Fiscal Year 2018-19
Comparison of Official Estimate with Actual
Revenue by Month



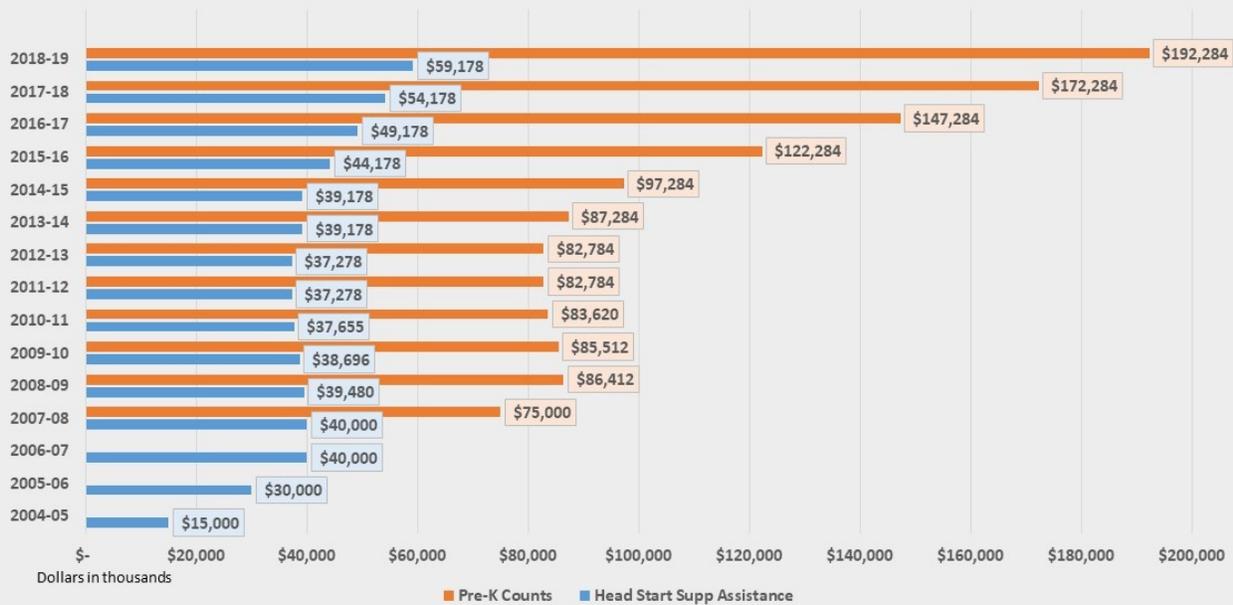
Early Childhood Education Funding

Under the Department of Education, there are two grant programs that support pre-kindergarten early education learning: Pre-K Counts and Head Start Supplemental Assistance.

Pre-K Counts provides high-quality pre-kindergarten services to at-risk three- and four-year olds at no cost to families. Children living in families earning up to 300% of poverty, or a family of four earning approximately \$75,000 annually, are eligible to apply.

Pre-K Counts is offered in school districts, Keystone STARS 3 and 4 child care programs, Head Start programs and licensed nursery schools. During the current year, 21,381 children are enrolled in full-day Pre-K Counts programs, and 1,709 children are enrolled in half-day Pre-K Counts programs.

Funding History - Pre-K Counts and Head Start Supplemental Assistance Funding



The Head Start Supplemental Assistance Program provides state funding to Head Start programs that serve three- and four-year olds living in low-income families based on federal poverty guidelines. The programs provide comprehensive education, health, nutrition and parent involvement services. During the current year, 6,039 children are provided services through the Head Start Supplemental Assistance Program.

The Commonwealth first appropriated \$15 million in funding for Head Start Supplemental Assistance during the 2004-2005 fiscal year. Since that time, the Head Start Supplemental Assistance appropriation has grown by 295% to \$59.2 million. The Pre-K Counts program was first funded during the 2007-08 fiscal year at \$75 million. Since that time, the Pre-K Counts appropriation has grown by 156% to \$192.3 million.

The Governor's proposed budget includes \$232.3 million for Pre-K Counts, a \$40 million, or 20.8%, increase over the current year and \$69.2 million for Head Start Supplemental Assistance, a \$10 million, or 16.9%, increase over the current year. It is estimated that the proposed funding level will provide 27,670 children with Pre-K Counts services and 7,000 children with Head Start Supplemental Assistance services.

Pennsylvania ABLE Program – Assets Continue to Grow

The Pennsylvania Office of the State Treasurer reports that the Commonwealth’s ABLE Savings Program has realized \$16.7 million in assets as of May 2019. The ABLE Program has seen more than \$5 million in growth since the beginning of the year.

The Pennsylvania Achieving a Better Life Experience (ABLE) Act created a tax-free option to assist individuals with disabilities and their families to plan for future expenses. Similar to college savings accounts, ABLE accounts allow individuals with qualifying disabilities and their families to save for disability-related expenses. ABLE savings accounts are not considered as part of the income eligibility determinations for Medical Assistance and other programs that serve individuals with disabilities. These accounts can be used for a variety of disability-related expenses such as health care, housing and transportation. The program was launched in April 2017, and there are currently more than 2,300 individual accounts open.

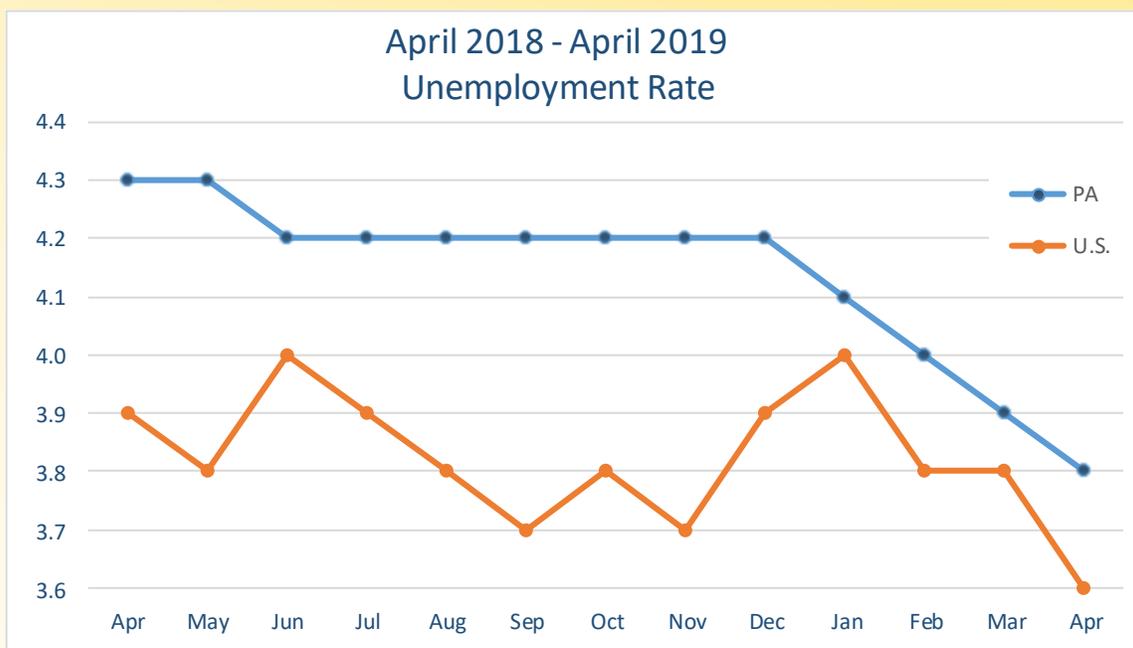
To learn more about Pennsylvania’s ABLE Program or to open an ABLE account, visit www.paable.gov.

OVERVIEW

- Save tax-free
- PA state tax deduction!
- Save beyond the \$2,000 SSI asset limit
- Control the account
- Choose investment option

BENEFITS

- Save up to \$100,000 without losing SSI
- Save without losing Medical Assistance (Medicaid)
- Family/friends contributions not considered income



Senate Appropriations Committee Monthly Revenue Report

(\$ thousands)

REVENUE SOURCES	YTD FY 2017-18	May 2019 Actual	May 2019 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	31,483,049	2,616,258	2,631,200	(14,942)	31,779,527	30,966,000	813,527
TOTAL - NON-TAX REVENUE	2,467,878	33,856	88,200	(54,344)	802,831	760,900	41,931
TOTAL - TAX REVENUE	29,015,172	2,582,402	2,543,000	39,402	30,976,696	30,205,100	771,596
TOTAL - Corporation Taxes	4,320,639	344,697	297,400	47,297	4,920,680	4,330,100	590,580
Accelerated Deposits	3,008	(990)	0	(990)	2,233	0	2,233
Corp. Net Income	2,317,602	312,329	271,900	40,429	2,825,470	2,378,300	447,170
Gross Receipts	1,142,870	12,733	5,700	7,033	1,221,271	1,145,200	76,071
PURTA	33,705	18,503	15,900	2,603	36,140	34,100	2,040
Insurance Premiums	465,998	1,507	2,800	(1,293)	459,629	418,100	41,529
Financial Institutions	357,456	615	1,100	(485)	375,937	354,400	21,537
TOTAL - Consumption Taxes	10,969,821	1,087,075	1,038,500	48,575	11,635,483	11,321,100	314,383
Sales and Use	9,417,859	944,817	898,100	46,717	10,130,617	9,810,000	320,617
General (net of transfers)	8,148,462	811,563	762,100	49,463	8,768,624	8,531,100	237,524
Motor Vehicle Sales	1,269,398	133,254	136,000	(2,746)	1,361,993	1,278,900	83,093
Cigarette Tax	1,081,844	95,793	96,000	(207)	1,014,558	1,025,300	(10,742)
Other Tobacco Products	107,839	11,346	10,200	1,146	117,834	109,500	8,334
Malt Beverage	21,971	2,034	2,000	34	21,240	21,900	(660)
Liquor	340,308	33,084	32,200	884	351,234	354,400	(3,166)
TOTAL - Other Taxes	13,724,712	1,150,630	1,207,100	(56,470)	14,420,532	14,553,900	(133,368)
Personal Income	12,259,067	965,994	1,008,200	(42,206)	12,892,033	12,974,800	(82,767)
Withholding	9,267,546	930,902	929,500	1,402	9,638,157	9,732,100	(93,943)
Non-Withholding	2,991,521	35,092	78,700	(43,608)	3,253,876	3,242,700	11,176
Realty Transfer	468,536	46,859	53,900	(7,041)	480,265	508,500	(28,235)
Inheritance & Estate	927,560	101,867	104,700	(2,833)	957,208	984,200	(26,992)
Minor & Repealed	(41,769)	21,960	24,000	(2,040)	(31,537)	(54,300)	22,763
Gaming	111,319	13,950	16,300	(2,350)	122,563	140,700	(18,137)
TOTAL - MOTOR LICENSE FUND	2,700,611	296,295	288,440	7,855	2,604,356	2,652,290	(47,934)
TOTAL - Liquid Fuels Taxes	1,698,212	189,348	169,600	19,748	1,686,609	1,684,300	2,309
Motor Carriers/IFTA	129,987	34,605	27,200	7,405	127,256	129,500	(2,244)
Alternative Fuels	13,104	699	1,400	(701)	13,808	13,600	208
Oil Company Franchise	1,555,113	153,575	141,000	12,575	1,544,594	1,541,200	3,394
Minor and Repealed	8	469	0	469	951	0	951
TOTAL - Licenses, Fees & Other	1,002,399	106,947	118,840	(11,893)	917,747	967,990	(50,243)
Licenses and Fees	948,425	107,731	117,200	(9,469)	899,560	951,100	(51,540)
Other Motor Receipts	53,974	(785)	1,640	(2,425)	18,187	16,890	1,297