



Pennsylvania Senate Appropriations Committee

Senator Pat Browne
Chairman



Monthly Report July 2019

General Fund Nearly \$900 Million Over Estimate

General Fund revenue collections for the month of June were above estimate by \$69.8 million, or 2.3%, bringing total General Fund revenue collections for the fiscal year ending June 30, 2019 to \$34.9 billion, which is \$883.1 million, or 2.6%, higher than the estimate for the year. Tax revenue collections for Fiscal Year 2018-19 grew by 6.4% over last year. Fiscal Year 2018-19 tax revenue growth of 6.4% is the highest since fiscal year 2005-06.

June General Fund Revenue vs. Estimate:

- General Fund revenue collections of \$3.08 billion were above the monthly estimate by \$69.8 million, or 2.3%.
- General Fund tax revenues were over estimate by \$67.5 million, or 2.2%.
- Corporation taxes were \$39.9 million, or 7.3%, above the estimate.
- Sales and use tax (SUT) collections beat the estimate by \$26.4 million, or 2.8%, for the month.
- Personal income tax (PIT) collections were ahead of estimate by \$4.2 million, or 0.3%.
- Non-tax revenues beat the estimate by \$2.3 million.

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

- Total General Fund revenues were \$883.1 million, or 2.6%, above the Official Revenue Estimate.
- General Fund tax revenue was \$839.1 million, or 2.5%, more than the estimate.
- Corporation taxes were \$630.5 million, or 12.9%, higher than the estimate.
- Sales and use taxes were \$347 million, or 3.2%, above the estimate.
 - General SUT collections were \$258.4 million, or 2.8%, above estimate.
 - SUT collections on motor vehicle sales were \$88.6 million, or 6.4%, above estimate.

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- Personal income tax collections missed the estimate by \$78.6 million, or 0.6%.
 - Withheld PIT was \$85.9 million, or 0.8%, below the estimate.
 - Non-withheld PIT (annual & estimated payments) was \$7.3 million, or 0.2%, ahead of estimate.
- Non-tax revenues were \$44 million, or 5.8%, above estimate.

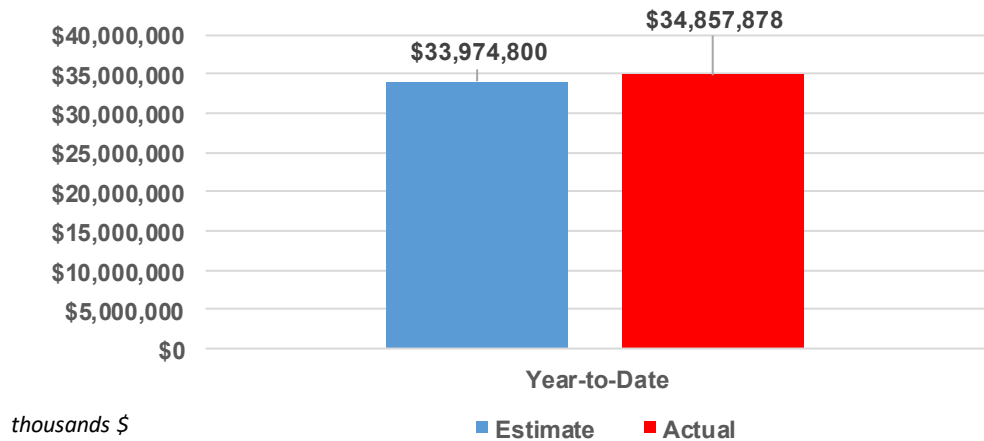
Fiscal Year 2018-19 vs. Fiscal Year 2017-18:

- Total General Fund revenues were \$290.9 million, or 0.8%, higher than last year even though FY 2017-18 revenue collections included tobacco revenue bonds and other fund transfers.
- General Fund tax revenue was \$2.05 billion, or 6.4%, higher than last year.
- Corporation taxes were \$622.1 million, or 12.7%, higher than FY 2017-18.
- Sales and use tax collections were \$718.3 million, or 6.9%, higher.
- Personal income tax collections exceeded last year's collections by \$696.6 million, or 5.2%.
- Non-tax revenues were \$1.76 billion less than last fiscal year because of tobacco revenue bonds and other fund transfers received in FY 2017-18.

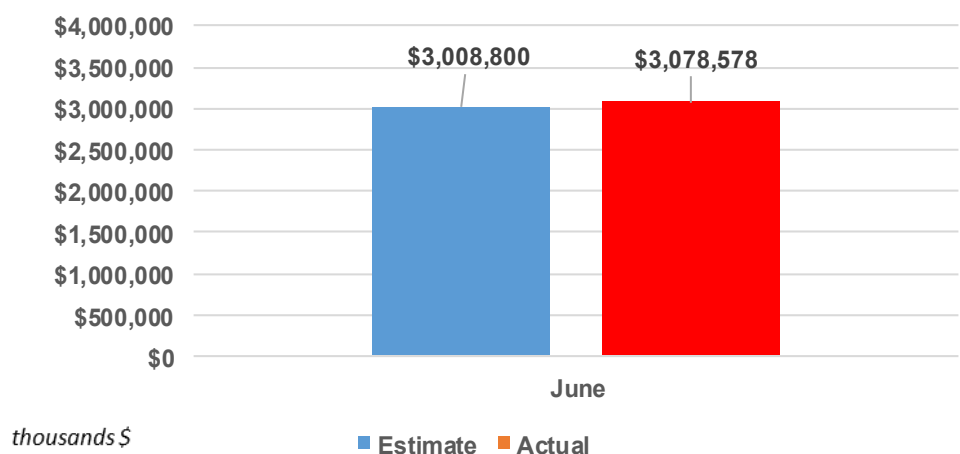
Motor License Fund:

- Motor License Fund revenues were below estimate by \$57.9 million, or 2%, for Fiscal Year 2018-19.
- Motor License Fund revenues were \$99.2 million, or 3.4%, less than last fiscal year.

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



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



FY 2019-20 General Fund Budget Enacted

On Friday, June 28, Governor Wolf signed into law the Commonwealth budget for Fiscal Year 2019-20. The FY 2019-20 budget was balanced without the need for any new tax increases and controlled spending with an increase of only 1.8% over the prior year. Significantly, FY 2018-19 ended with a budget surplus of more than \$300 million. To continue on the path of fiscal discipline that the General Assembly has undertaken over the past years, the FY 2019-20 budget dedicates the entire surplus to the Commonwealth's Rainy Day Fund. Even though FY 2018-19 ended with a surplus and projected revenue growth, more work still must be done to better align the Commonwealth's revenues and spending. Committing the FY 2018-19 budgetary surplus to the Rainy Day Fund is an important step in the right direction.

The FY 2019-20 budget contains strategic investments in these and many other areas:

Education

- Basic Education (K-12) receives a \$160 million increase.
- Pre-K Counts and Head Start are increased by \$30 million.
- Special Education receives a \$50 million increase.
- Funding for a 2% increase for most higher education institutions and targeted investments of a combined \$8 million to the Pennsylvania College of Technology and Thaddeus Stevens College of Technology.
- The FY 2019-20 budget continues to build upon last year's historic investment into school safety with \$60 million in funding, \$15 million more than Governor Wolf proposed.

Human Services

- \$15 million for community-based services to transition 100 individuals on the emergency waiting list into the Consolidated Waiver and 765 individuals into the Community Living Waiver.
- Funding for a 2% rate increase for home care and personal care workers.
- Provides \$5 million to expand evidence-based home visiting services for an additional 800 families.

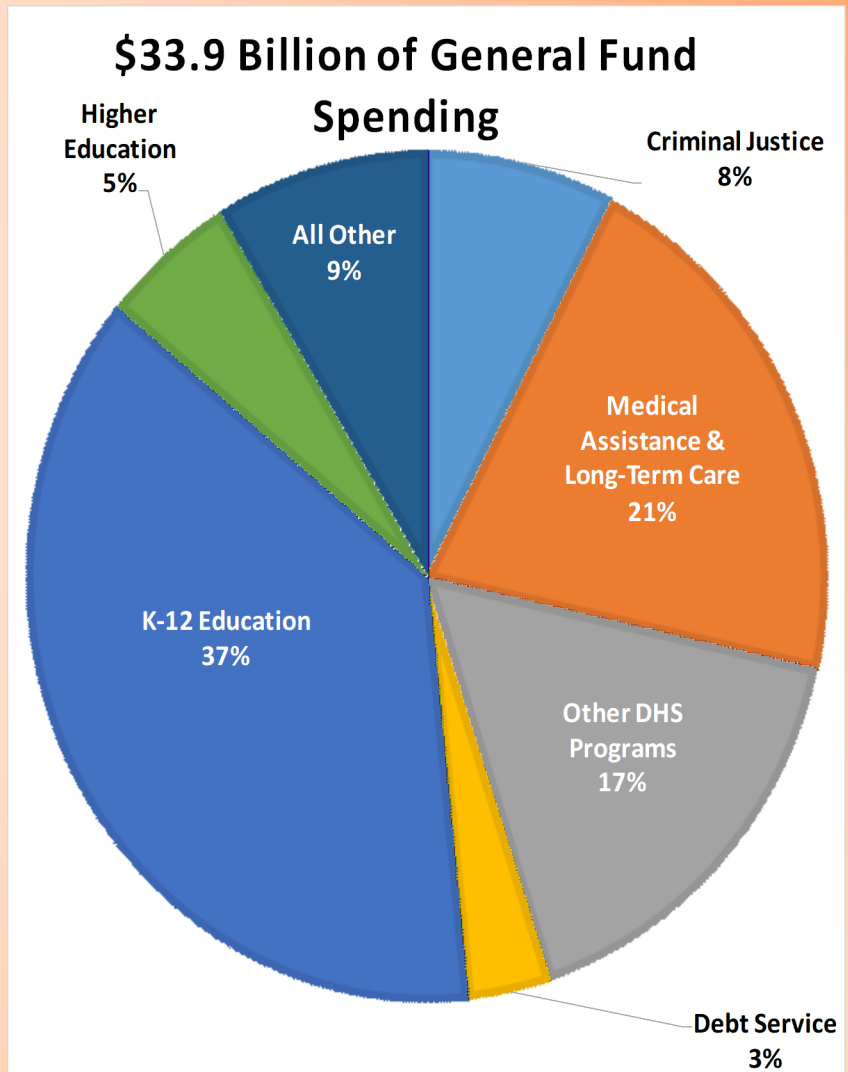
Agriculture

In addition to significant increases from last fiscal year, new programs were established in the FY 2019-20 budget:

- Agriculture Business & Workforce Investment receives \$4.5 million.
- The Agriculture Preparedness and Response appropriation, which includes funding for the Spotted Lanternfly Program, receives \$4 million.

Community & Economic Development

- Nearly a 15% increase to support Infrastructure Technical Assistance.
- The Pennsylvania First Program (PA First) receives an increase of \$17 million.



The 15 Largest General Fund Appropriations Comprise 73% of Total General Fund Spending

Basic Education: \$6.7 Billion

*Includes School Employees' Social Security

School Employees' Retirement: \$2.6 Billion

Medicaid Capitation: \$2.4 Billion

Community HealthChoices: \$2.3 Billion

State Correctional Institutions: \$2 Billion

Intellectual Disabilities Waiver Program: \$1.7 Billion

County Child Welfare: \$1.3 Billion

Special Education: \$1.2 Billion

Debt Service: \$1.1 Billion

Mental Health Services: \$800 Million

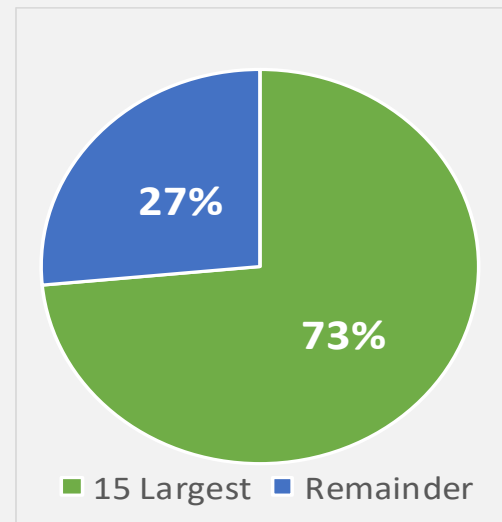
Medicare Part D: \$775 Million

Pupil Transportation: \$549 Million

Long-Term Care: \$491 Million

State System of Higher Education: \$477 Million

Medicaid Fee-for-Service: \$435 Million



Cost Drivers & K-12 Education Final FY 2019-20 Spending Plan

	FY 2018-19	FY 2019-20	Percentage Change
Criminal Justice	\$2,562,064	\$2,600,783	1.5%
Debt Service	\$1,118,000	\$1,144,000	2.3%
School Employees' Retirement	\$2,487,500	\$2,628,000	5.6%
Human Services	\$12,801,606	\$12,704,313	-0.8%
K-12 Education (excluding PSERS)	\$10,196,323	\$10,499,581	3.0%
State Police (incl. MLF step-down)	\$306,710	\$368,683	20.2%
All Other	\$3,929,318	\$4,052,035	3.1%
	\$33,401,521	\$33,997,395	1.8%

Senate Appropriations Committee

Monthly Revenue Report

(\$ thousands)

REVENUE SOURCES	YTD FY 2017-18	June 2019 Actual	June 2019 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	34,566,948	3,078,578	3,008,800	69,778	34,857,878	33,974,800	883,078
TOTAL - NON-TAX REVENUE	2,563,547	(1,031)	(3,300)	2,269	801,574	757,600	43,974
TOTAL - TAX REVENUE	32,003,401	3,079,608	3,012,100	67,508	34,056,304	33,217,200	839,104
TOTAL - Corporation Taxes	4,888,704	590,117	550,200	39,917	5,510,797	4,880,300	630,497
Accelerated Deposits	3,758	236	0	236	2,469	0	2,469
Corp. Net Income	2,879,024	572,073	548,000	24,073	3,397,543	2,926,300	471,243
Gross Receipts	1,149,934	28,781	5,400	23,381	1,250,052	1,150,600	99,452
PURTA	33,817	153	100	53	36,293	34,200	2,093
Insurance Premiums	450,857	(15,326)	(15,000)	(326)	444,303	403,100	41,203
Financial Institutions	371,314	4,201	11,700	(7,499)	380,138	366,100	14,038
TOTAL - Consumption Taxes	12,094,354	1,118,269	1,095,100	23,169	12,753,752	12,416,200	337,552
Sales and Use	10,381,360	969,031	942,600	26,431	11,099,648	10,752,600	347,048
General (net of transfers)	8,988,660	847,417	826,500	20,917	9,616,040	9,357,600	258,440
Motor Vehicle Sales	1,392,699	121,614	116,100	5,514	1,483,608	1,395,000	88,608
Cigarette Tax	1,198,252	104,206	107,000	(2,794)	1,118,764	1,132,300	(13,536)
Other Tobacco Products	119,120	12,096	11,400	696	129,930	120,900	9,030
Malt Beverage	24,115	2,294	2,200	94	23,534	24,100	(566)
Liquor	371,508	30,642	31,900	(1,258)	381,876	386,300	(4,424)
TOTAL - Other Taxes	15,020,344	1,371,222	1,366,800	4,422	15,791,755	15,920,700	(128,945)
Personal Income	13,398,955	1,203,489	1,199,300	4,189	14,095,522	14,174,100	(78,578)
Withholding	10,036,510	805,742	797,700	8,042	10,443,899	10,529,800	(85,901)
Non-Withholding	3,362,445	397,747	401,600	(3,853)	3,651,623	3,644,300	7,323
Realty Transfer	514,441	53,716	52,700	1,016	533,981	561,200	(27,219)
Inheritance & Estate	1,019,323	96,379	93,800	2,579	1,053,588	1,078,000	(24,412)
Minor & Repealed	(35,434)	8,528	7,600	928	(23,008)	(46,700)	23,692
Gaming	123,059	9,110	13,400	(4,290)	131,673	154,100	(22,427)
TOTAL - MOTOR LICENSE FUND	2,948,492	244,896	254,910	(10,014)	2,849,251	2,907,200	(57,949)
TOTAL - Liquid Fuels Taxes	1,846,403	150,575	147,100	3,475	1,837,184	1,831,400	5,784
Motor Carriers/IFTA	134,664	6,712	5,800	912	133,968	135,300	(1,332)
Alternative Fuels	14,227	1,783	1,200	583	15,591	14,800	791
Oil Company Franchise	1,697,503	143,011	140,100	2,911	1,687,605	1,681,300	6,305
Minor and Repealed	8	(931)	0	(931)	20	0	20
TOTAL - Licenses, Fees & Other	1,102,089	94,320	107,810	(13,490)	1,012,067	1,075,800	(63,733)
Licenses and Fees	1,045,596	92,829	104,800	(11,971)	992,389	1,055,900	(63,511)
Other Motor Receipts	56,493	1,492	3,010	(1,518)	19,678	19,900	(222)