

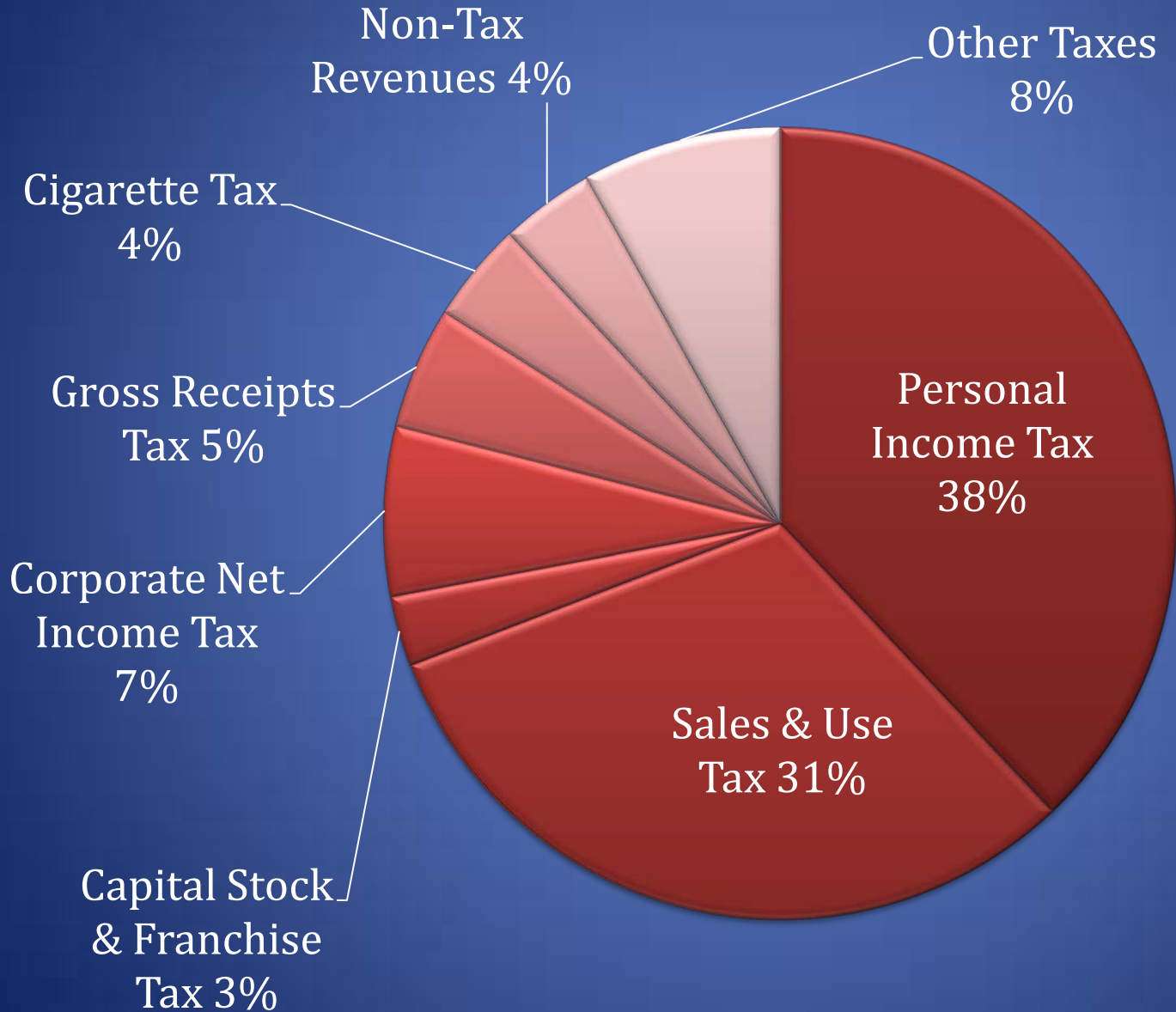
The State of Pennsylvania's Budget



February 2011

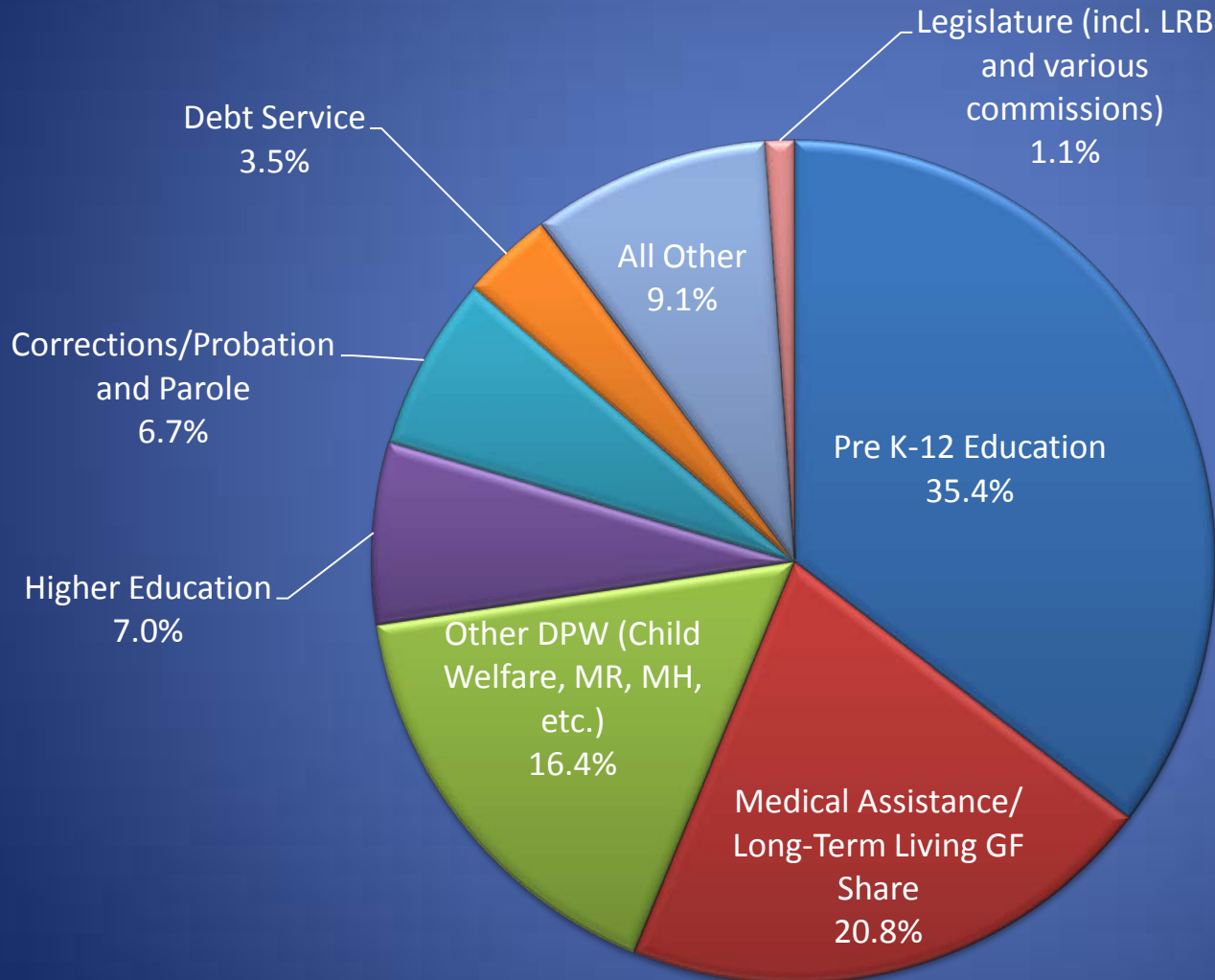
Senator John Pippy and Representative Mark Mustio
Commonwealth of Pennsylvania

2010-11 General Fund Revenue Sources



More than two-thirds (69%) of General Fund revenues are derived from the Personal Income Tax and the Sales & Use Tax.

2010-11 General Fund Expenditures

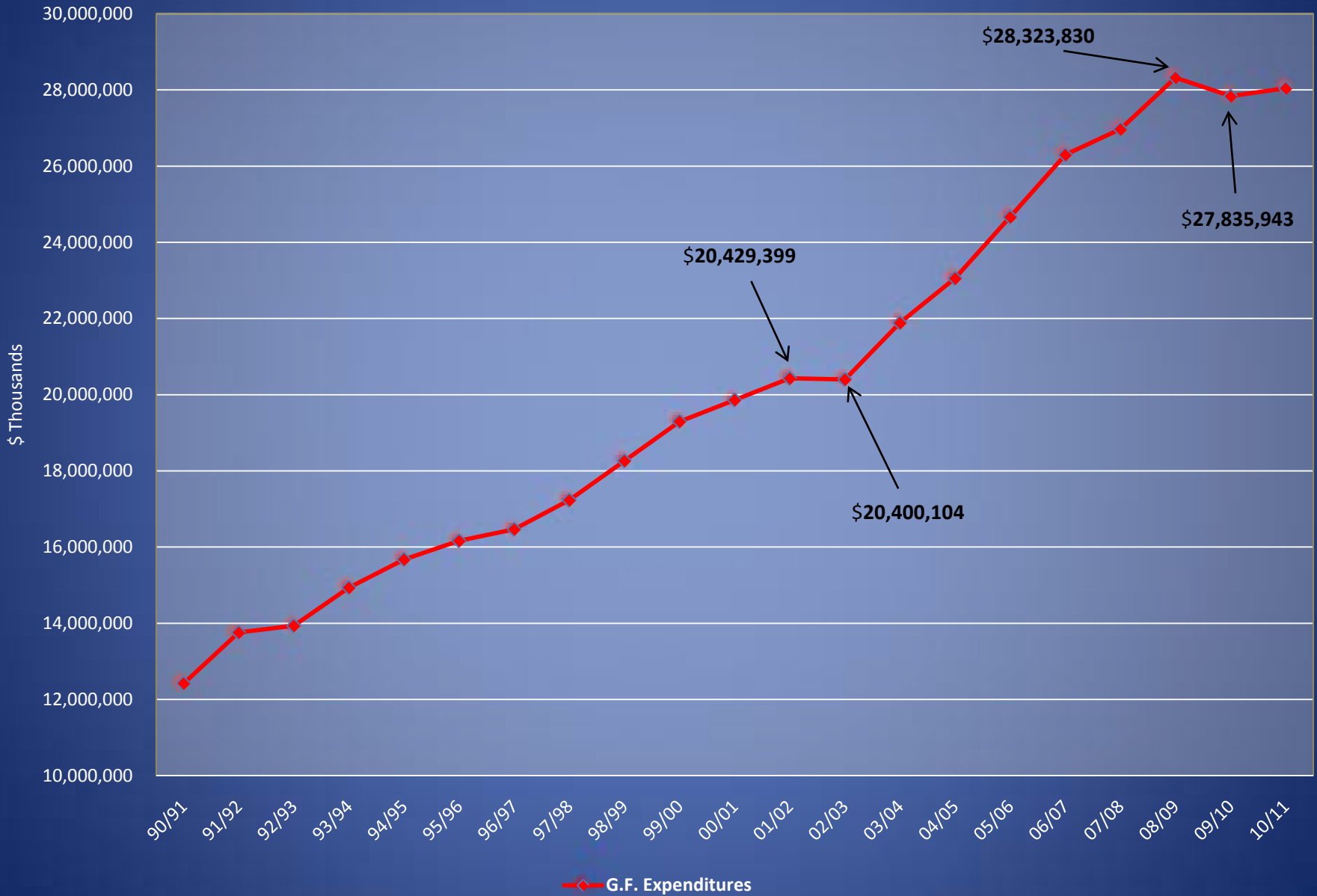


Spending on Education, Medical Assistance/LTL, other Public Welfare programs, Corrections and Debt Service comprises 89.8% of total General Fund expenditures.

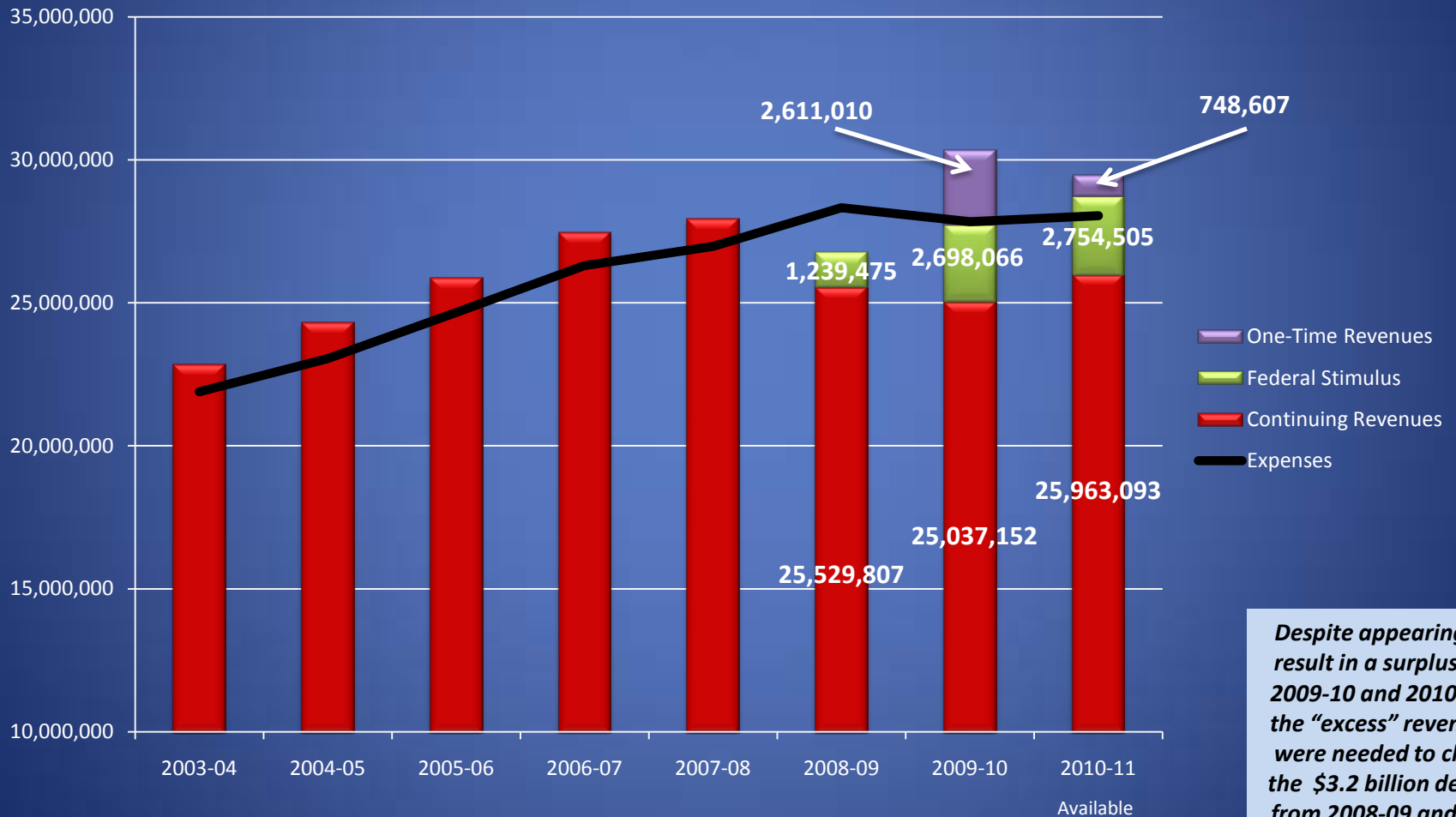
Total General Fund Expenditures:

\$25.29	Billion State
<u>\$ 2.75</u>	Billion ARRA
\$28.04	Billion Total

History of General Fund Expenditures

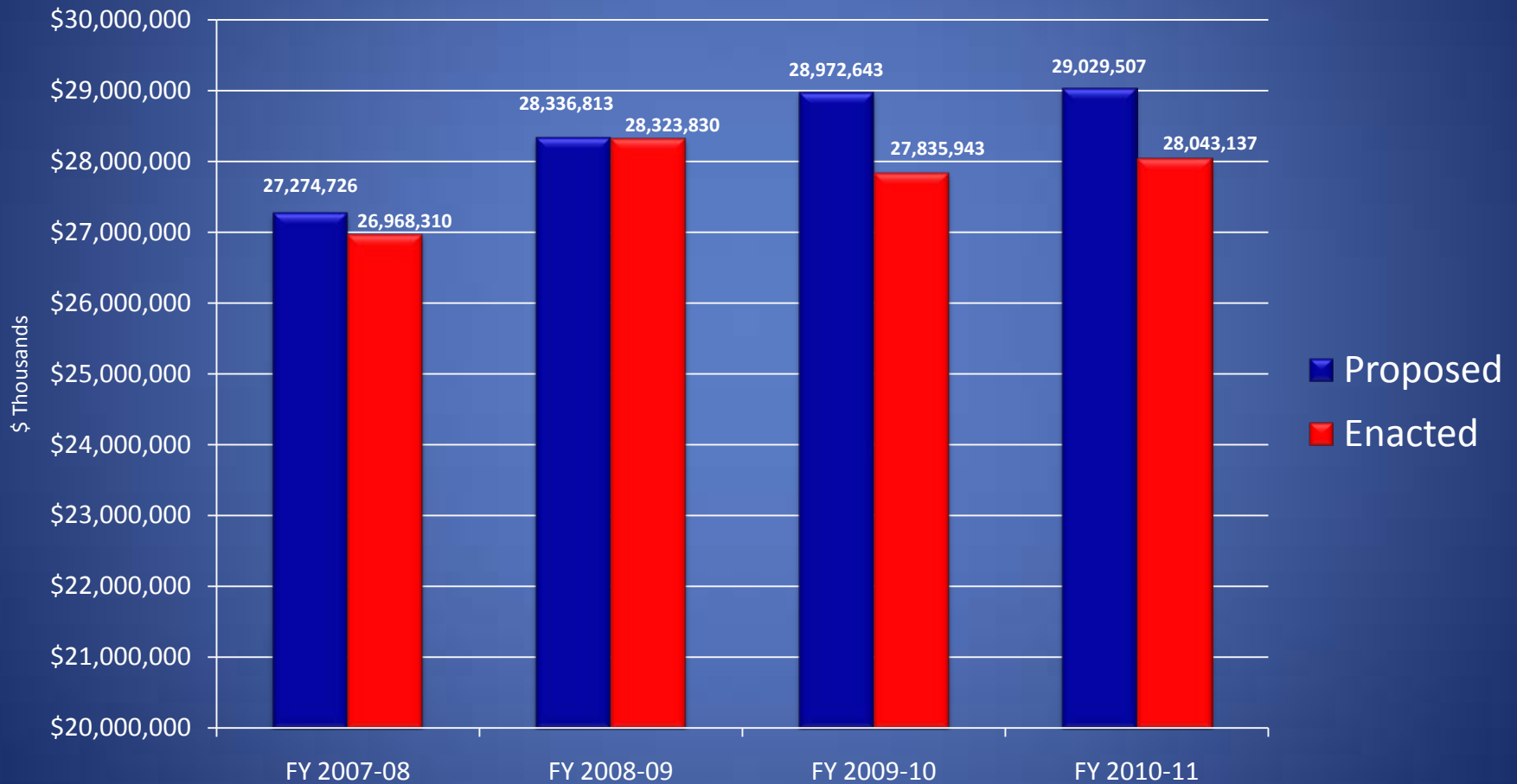


State Revenues & Federal Stimulus Funds vs. Expenses, General Fund



Despite appearing to result in a surplus for 2009-10 and 2010-11, the "excess" revenues were needed to close the \$3.2 billion deficit from 2008-09 and the \$1.2 billion deficit from 2009-10.

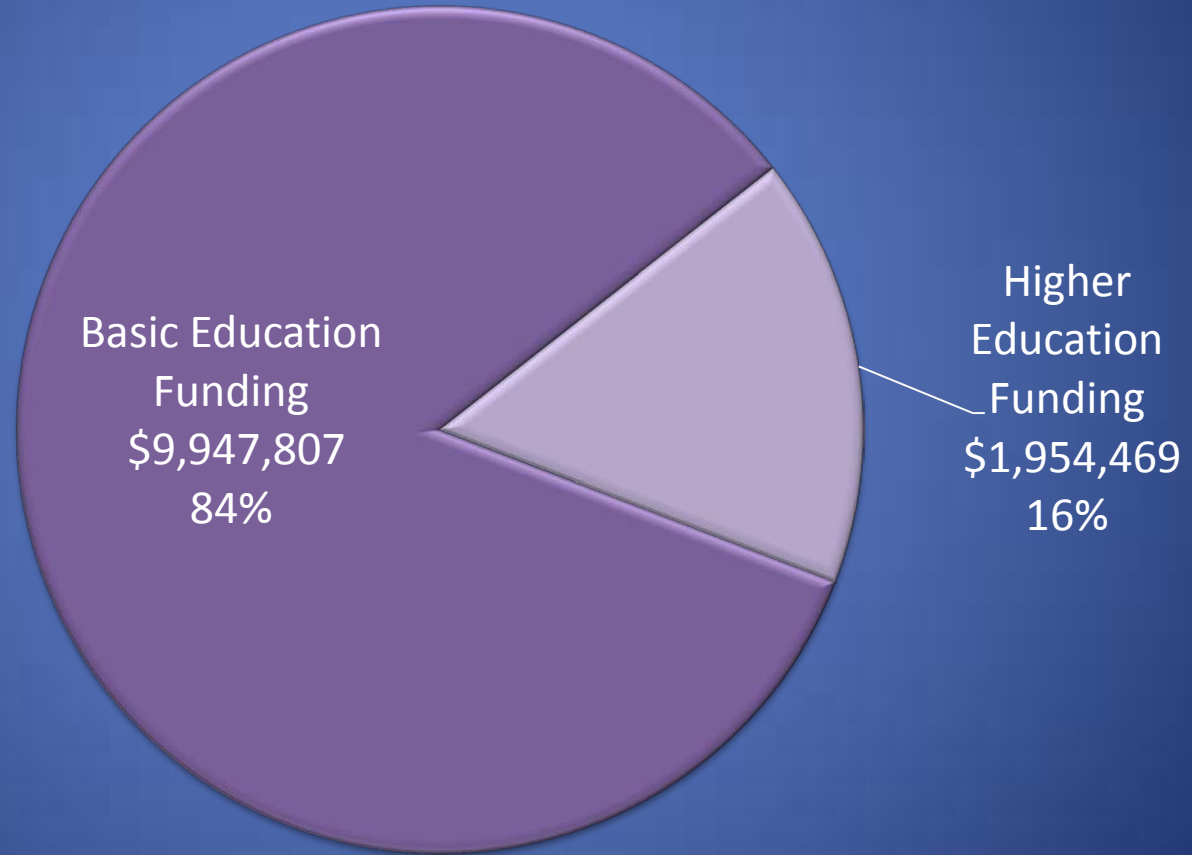
Governor's Proposals vs. Final Budgets



FY 2010-11 Education Spending

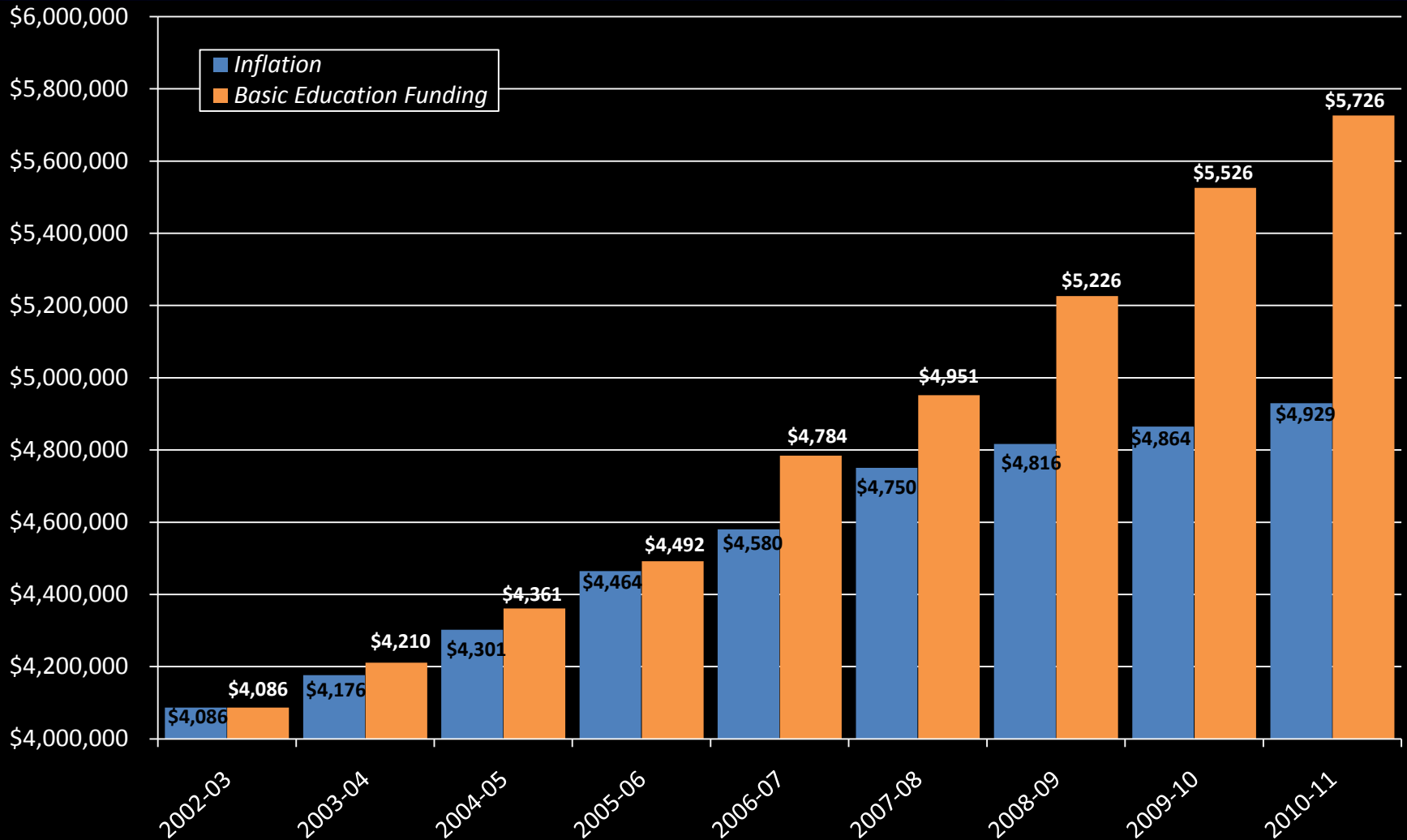
Appropriations for Education represent 43% of the Commonwealth's General Fund Budget

The FY 2010-11 Budget includes \$11.9 billion for Education.

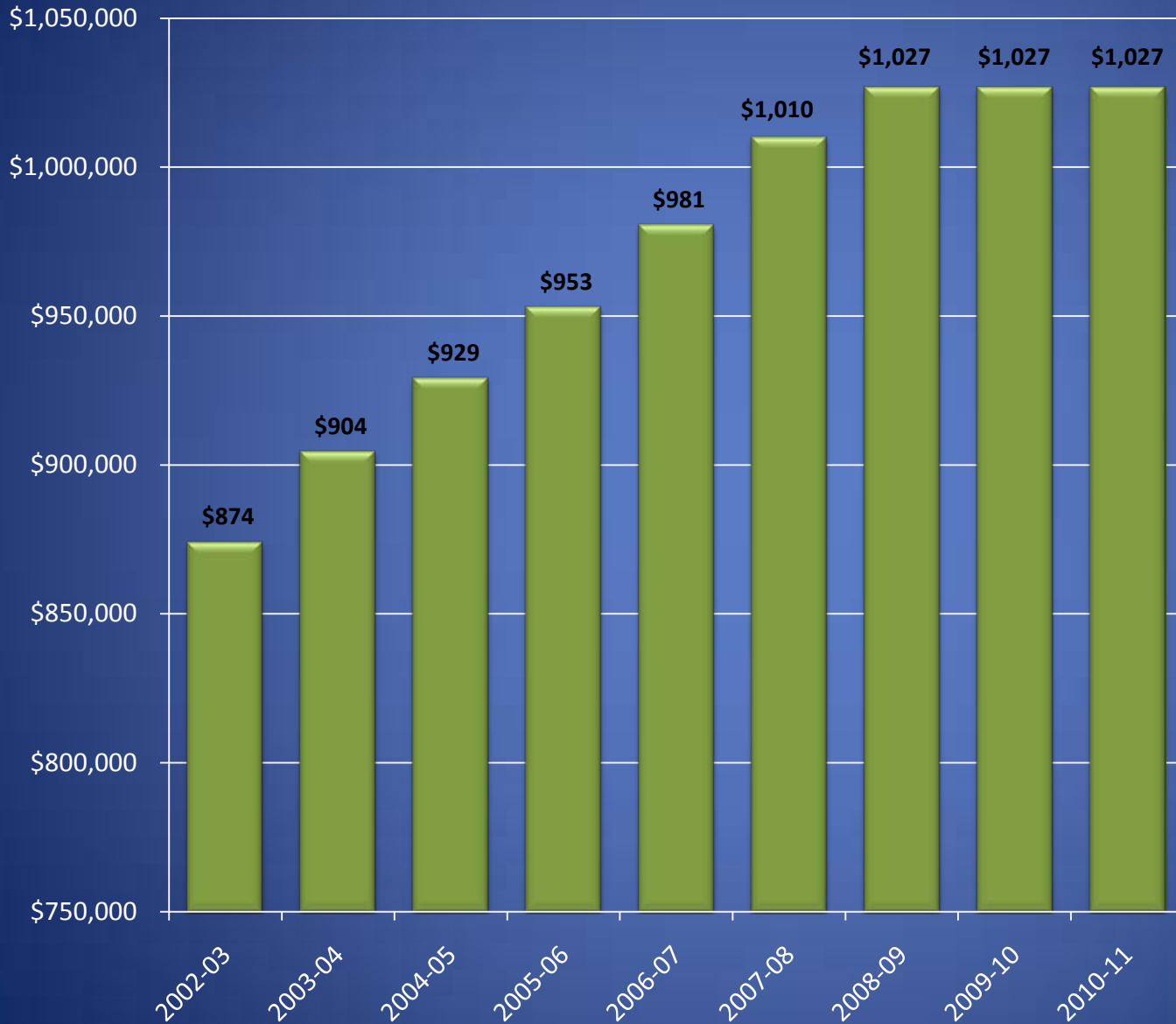


BASIC EDUCATION SUBSIDY AND INFLATION

FY 2002-03 to FY 2010-11



SPECIAL EDUCATION SUBSIDY

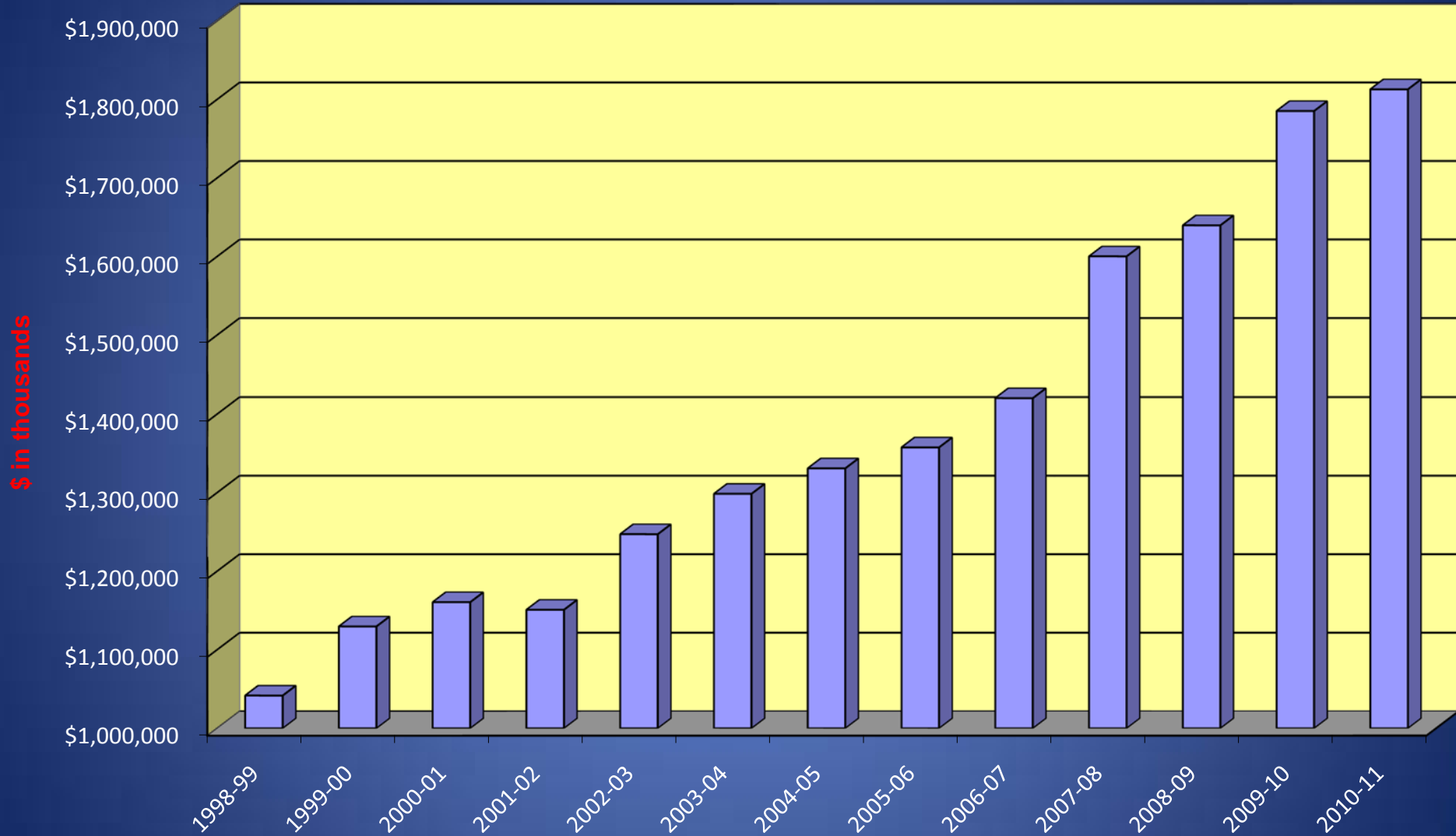


Dollars in thousands

The special education subsidy provides state funding to all 500 school districts for the support of students with disabilities. Between FY 2002-2003 and FY 2010-2011, this appropriation increased by \$152.5 million, or 17.4%. The FY 2010-2011 budget includes a special education subsidy appropriation of \$1.027 billion, the same amount as provided in the FY 2009-2010 budget.

Pennsylvania Department of Corrections

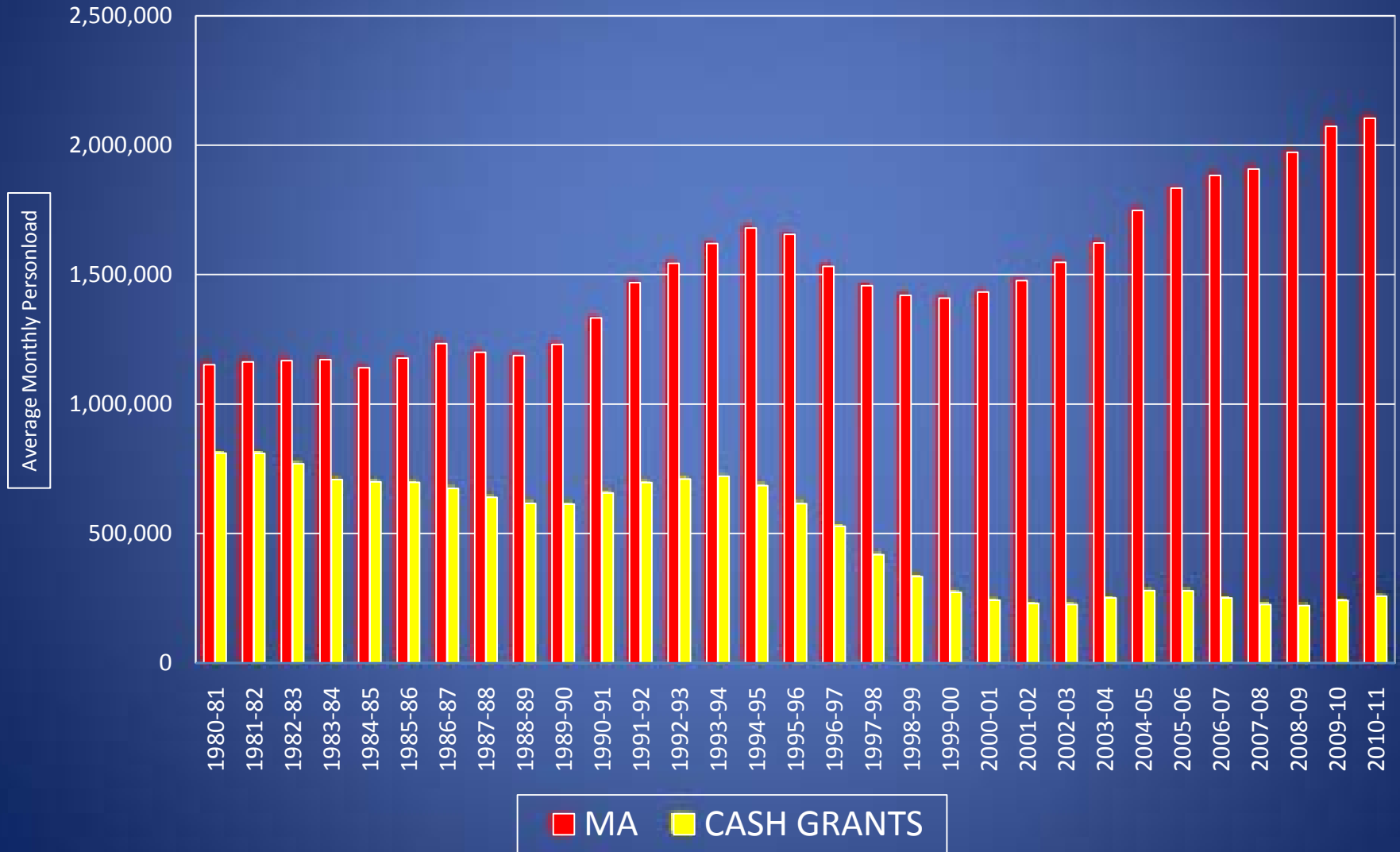
Annual Budgets - State Funds Only *



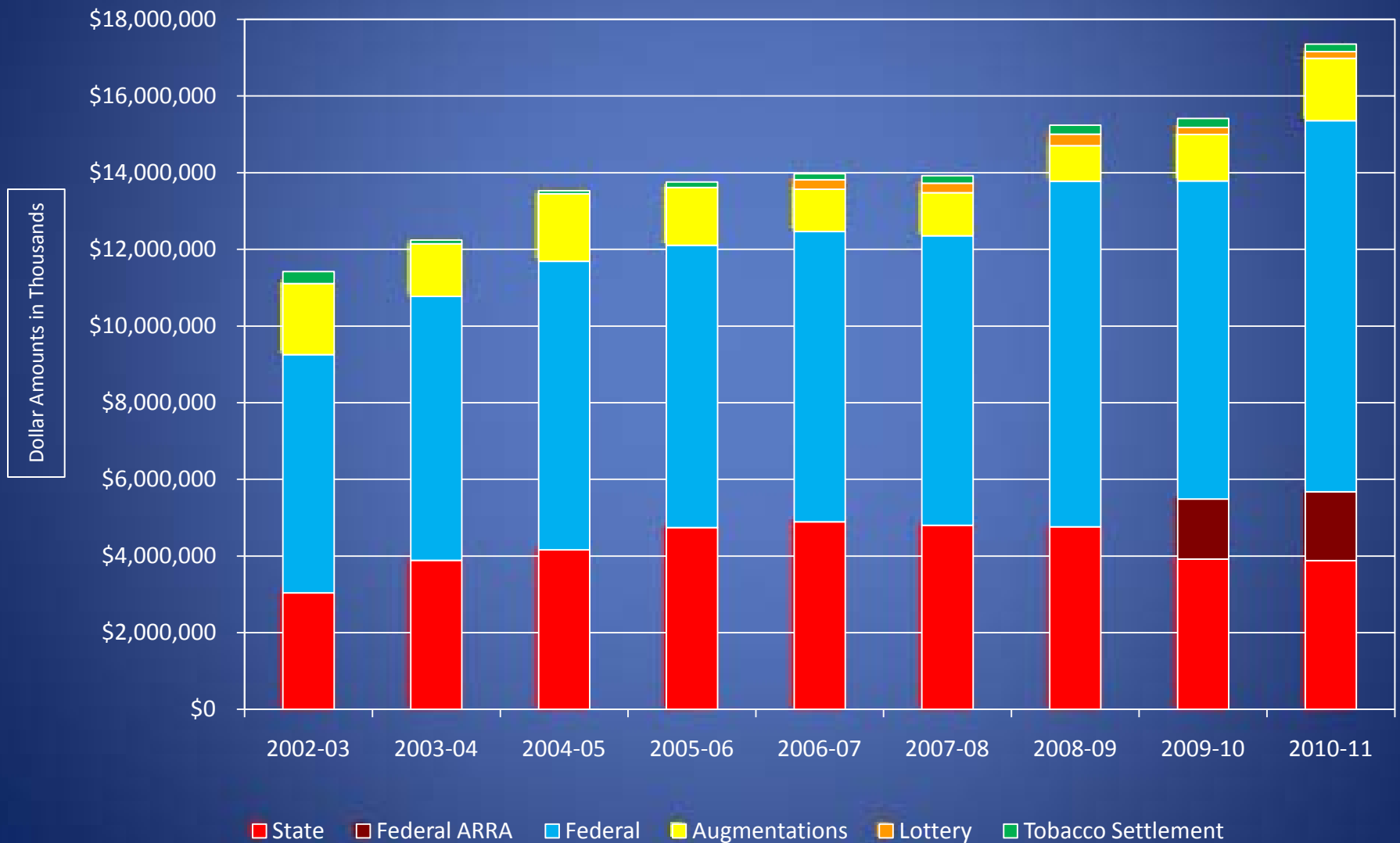
* FY's 2009-10 and 2010-11 each include \$173 million in non-recurring ARRA Stabilization funds.

Fiscal Year

CASH GRANTS AND MEDICAL ASSISTANCE FY 1980-81 THRU FY 2010-11 AVERAGE MONTHLY PERSONLOAD

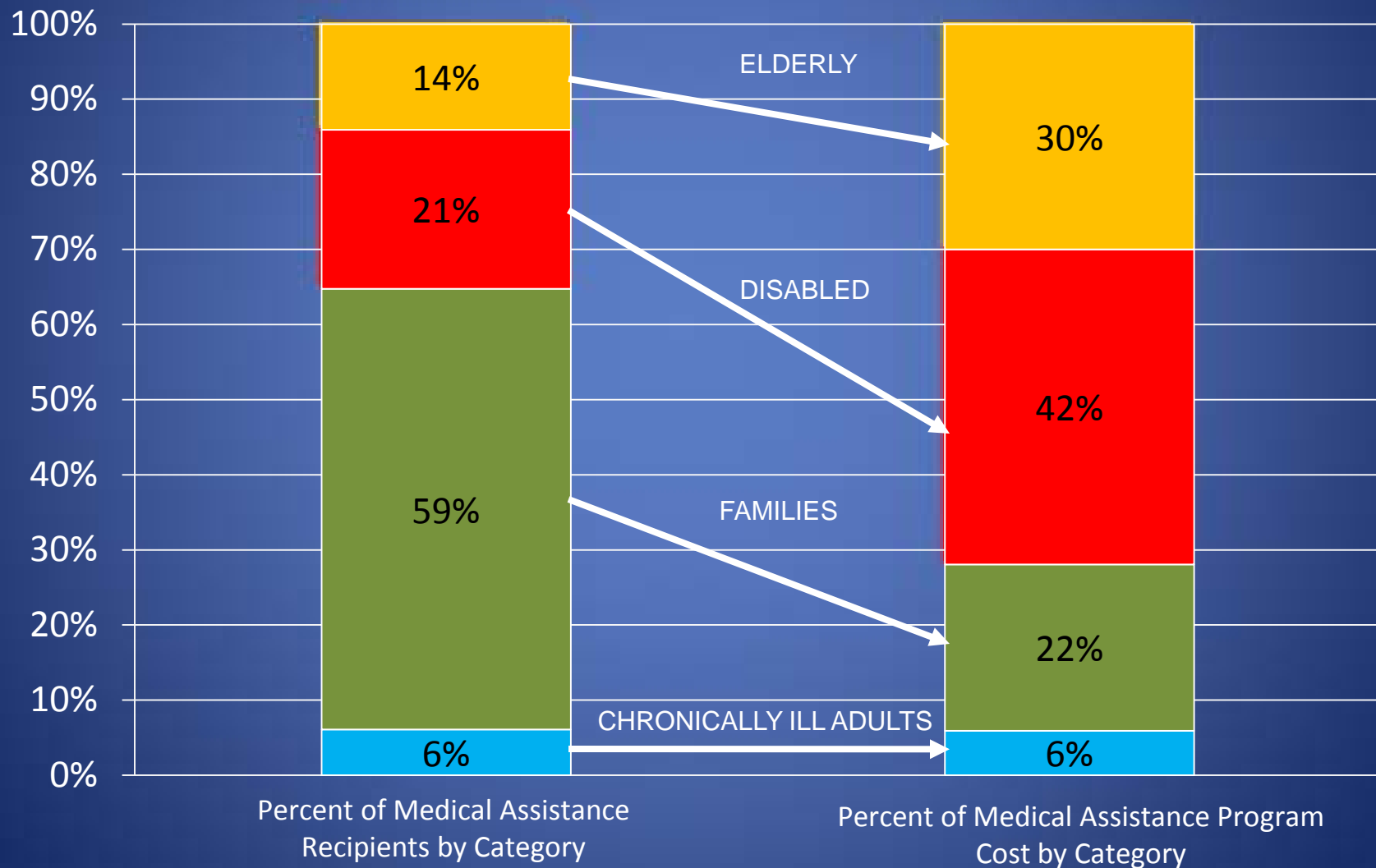


MEDICAL ASSISTANCE EXPENDITURES BY FUNDING SOURCE FY 2002-03 THRU FY 2010-11

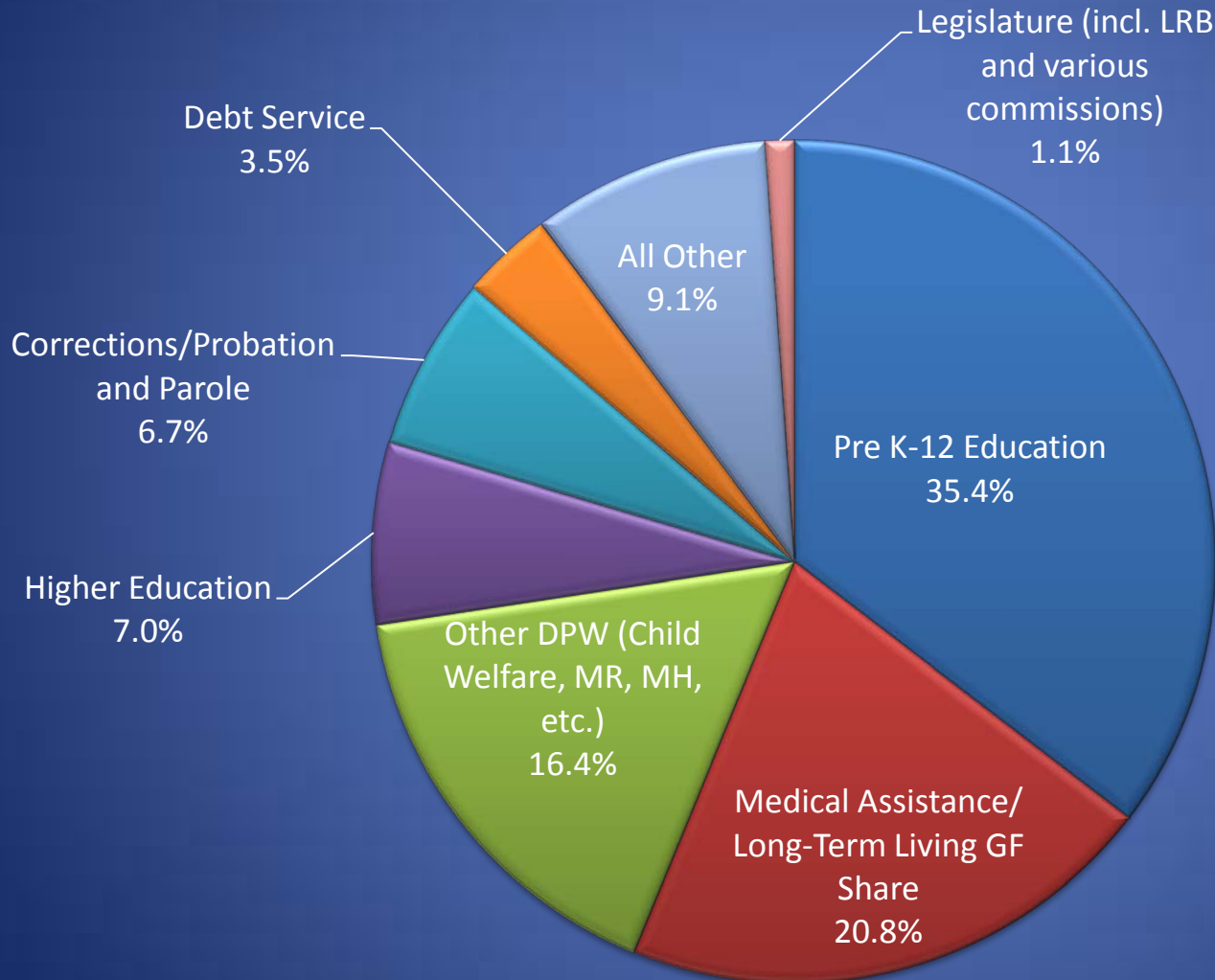


SENIORS AND PEOPLE WITH DISABILITIES USE THE GREATEST SHARE OF MEDICAL ASSISTANCE RESOURCES

Medical Assistance Recipients by Category and Cost FY 2010-11



2010-11 General Fund Expenditures



Spending on Education, Medical Assistance/LTL, other Public Welfare programs, Corrections and Debt Service comprises 89.8% of total General Fund expenditures.

Total General Fund Expenditures:

\$25.29	Billion State
<u>\$ 2.75</u>	Billion ARRA
\$28.04	Billion Total

Future Challenges

- **Disappearing Federal ARRA Offset Funds**
 - Pennsylvania received \$2.7 billion in Federal stimulus for 2009-10 and \$2.8 billion for 2010-11. This funding completely disappears in 2012-13.
- **Transportation / Infrastructure**
 - Without federal approval of the plan to toll Interstate 80, we have a \$450 million annual gap in transportation funding.
- **Stubbornly High Unemployment**
 - Pennsylvania's unemployment rate grew from 4.4% in December 2007 to 6.4% in December 2008, and 8.6% in November 2010. (The "Great Recession" sparked the highest unemployment levels in 25 years – and 270,000 Pennsylvanians have lost their jobs since December 2007.)

What Lies Ahead....

- **Governor Corbett's Budget Address**
 - The new Governor will lay out his plan for the coming fiscal year on Tuesday, March 8, 2011.
- **June 30 Deadline**
 - Pressure is on the Legislature to enact an on-time budget for the first time in nine years.