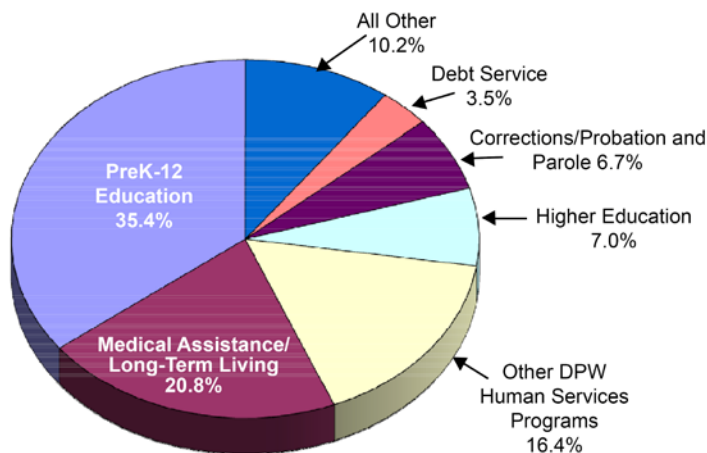


2010-11 Enacted Budget

- The 2010-11 total General Fund budget is \$28.04 billion – an increase of only \$200 million, or 0.7 percent, from 2009-10, after accounting for the use of nearly \$2.7 billion in federal American Recovery and Reinvestment Act funds in 2009-10 and \$2.8 billion in 2010-11.
- Spending in the 2010-11 budget is \$280 million lower than spending in the 2008-09 General Fund budget of two years ago.
- The 2010-11 budget provides \$5.8 billion in total funds for the basic education subsidy – a \$250 million, or 4.5 percent, increase to support our public schools and to continue phasing in a research-based funding approach to assist school districts to advance student achievement.
- The 2010-11 budget continues funding for key economic development programs designed to strengthen business development and stimulate the creation of new jobs. This funding includes \$27 million for Infrastructure and Facilities Improvement Grants, \$15 million for the Infrastructure Development Program, \$18 million for Opportunity Grants, \$6 million for World Trade PA and \$18 million for Housing and Redevelopment Assistance projects.
- The 2010-11 budget agreement gives the commonwealth the authority to make an additional \$600 million in capital investments for economic development through the Redevelopment Assistance Capital Program, raising the limit from \$3.45 billion to \$4.05 billion.
- The 2010-11 budget includes funding for health care and other vital social services for more than 2.1 million of Pennsylvania’s most vulnerable citizens, including low-income children, families, people with disabilities and older Pennsylvanians.
- The 2010-11 budget provides the commonwealth with \$121 million in revenue from the implementation of a statewide hospital assessment. The assessment provides for the redesign of the current hospital payment system.
- The 2010-11 budget provides \$5.1 million for the Pennsylvania State Police to initiate a new class of 100 cadets beginning in October 2010.



General Fund Expenditures

Total General Fund Expenditures:	
\$ 25.29	Billion State
\$ 2.75	Billion ARRA
\$ 28.04	Billion Total

Administrative Spending

- Administrative spending in the 2010-11 budget is 14 percent lower than it was in 2002-03. For example, the budget cuts funding for the Governor's Office by 7.5 percent, reducing it to the level in the 1996-97 fiscal year.
- The administration continues to manage government better by restructuring to eliminate redundancies and standardize methods of doing business. These improvements have reduced operating costs by more than \$1.75 billion annually.
- In 2010-11, agencies will have to continue to improve management practices, streamline government and reduce costs.

Revenues

- The state ended the 2009-10 fiscal year with a General Fund revenue shortfall of \$1.18 billion.
- June's monthly revenues exceeded estimate by nearly \$60 million. June 2010 was the first month since December 2007 that collections exceeded estimate – further evidence that Pennsylvania is beginning to benefit from the improving economy. The strength of June's collections was also due in part to the success of the Department of Revenue's Tax Amnesty program, which exceeded its revenue target by \$45 million.

Transfers of Funds

- The 2010-11 budget provides for a \$180 million transfer of existing funds from the Oil and Gas Lease Fund.
- The 2010-11 budget calls for a transfer of \$121 million from the Tobacco Endowment for Long-Term Hope to offset General Fund contributions to the Public School Employees' Retirement System.
- The 2010-11 budget provides for \$30 million in transfers from special funds to the General Fund:
 - \$9.9 million from the Keystone Parks and Recreation Fund;
 - \$5.4 million from the Pennsylvania Economic Revitalization Fund;
 - \$5 million from the Emergency Medical Services Operating Fund;
 - \$4 million from the Small Business First Fund;
 - \$2.7 million from the Low-Level Waste Fund;
 - \$1 million from the Local Government Capital Project Fund;
 - \$800,000 from the Highway Beautification Fund; and
 - \$745,000 from the Rainy Day Fund.

Upcoming Issues

- The 2010-11 budget assumes two additional quarters of enhanced federal support for Medical Assistance programs. When the budget was enacted, the U.S. Congress still had not taken action on approving that \$850 million in funding. If Congress does not approve this funding, the commonwealth will need to make further spending reductions.
- The Governor has called for the General Assembly's special session on transportation to reconvene July 20 to consider options for statewide transportation funding, including roadways, bridges and mass transit.
- The Governor and the General Assembly have agreed to pass a severance tax on natural gas extraction by Oct. 1, to be effective Jan. 1, 2011.