

2014/15  
**BUDGET BRIEFING**  
 Report on Key Issues  
 HOUSE APPROPRIATIONS COMMITTEE (D)



**JOE MARKOSEK, DEMOCRATIC CHAIRMAN** June 30, 2014

## 2014/15 Budget At-A-Glance (HB 2328, PN 3895)

**Version 4: July 25, 2014 2 p.m.**

On June 30, 2014, the House passed the General Appropriations bill for 2014/15, House Bill 2328. As of the date of this publication, the governor has not signed the 2014/15 budget into law.

**The budget spends \$29.1 billion, which is \$502.4 million, or 1.8 percent, more as compared to 2013/14. As compared to the governor’s proposal, it spends \$320.1 million, or 1.1 percent, less.**

The spending priorities reflected in the budget bill do not reflect the priorities of the House Democratic caucus; priorities that have, for the most part, remained unchanged for the past four years. A copy of the [House Democratic 2014/15 Budget Priorities](#) is available on our website at [www.hacd.net](http://www.hacd.net).

The 2014/15 budget package includes the following bills:

- General Appropriations (*House Bill 2328, PN 3895*)
- Fiscal Code (*House Bill 278, PN 3930*)
- Non-Preferred Appropriations (*House Bills 2334-2338*)
- “Housekeeping” Bills (*House Bills 2280-2288*)
- Capital Budget (*House Bill 2355, PN 3897*)

Historically, the following bills are also included in the budget package:

- Tax Code, Public School Code and Public Welfare Code

This “2014/15 Budget At-A-Glance” document provides a quick overview of the highlights and lowlights in the 2014/15 state budget.

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## General Fund Overview

- The **2014/15 budget spends \$29.1 billion** (including non-preferred appropriations in other bills).
  - The **budget is an increase of \$502.4 million, or 1.8 percent, over the 2013/14 budget**, after considering the additional \$173.1 million in net supplemental appropriations (\$103.3 million more than the governor’s budget) for the 2013/14 fiscal year that are contained in the budget.
  - The budget is \$320.1 million, or 1.1 percent, less than the governor’s proposed budget of \$29.4 billion.
  - The **budget assumes year-over-year revenue growth of 3.5 percent**, which is \$224.3 million more than the Independent Fiscal Office’s estimate, released June 16, 2014, which assumed 3.2 percent growth.
- According to the financial statement, the **Republicans close the estimated \$1.4 billion budget gap largely by:**
  - Proposing additional unsustainable revenue sources and gimmicks totaling roughly \$421.3 million;
  - Reducing spending by \$218 million as compared to the governor’s February budget proposal (a \$320 million spending reduction in 2014/15 is offset by a \$103 million supplemental appropriation spending increase in 2013/14);
  - Lapsing unspent funds from current and prior year appropriations totaling \$303 million;
  - Reducing refund reserves from current and upcoming budget years totaling \$255 million; and
  - Increasing the revenue estimate by \$224 million, as compared to the final estimate released by the Independent Fiscal Office.
- Please note: The **budget assumes the continued phase out of the capital stock and franchise tax** (from 0.67 mills in 2014 to 0.45 mills in 2015). See [Gov. Corbett’s Corporate Favors: Fast Facts](#).

### One-Time Sources, Transfers & Other Gimmicks

**The budget relies heavily on unsustainable, unreliable, one-time revenue sources such as fund transfers and administrative adjustments – even more gimmicks than the governor had included in his budget proposal.**

Unsustainable Sources & Gimmicks Used to Balance 2014/15 Budget	Governor’s Proposal	House R Proposal	Senate R Proposal
One Month Payment Delay to Managed Care Organizations	\$394 Million	\$394 Million	\$394 Million
Tobacco Settlement Board Transfer to Teachers’ Pension System	\$225 Million	\$225 Million	\$225 Million
Escheats – Shortens Holding Period for Unclaimed Property	\$150 Million	\$150 Million	\$150 Million
Expenditures for Home and Community-Based Services (Aging Waiver) Shifted from General Fund to Lottery Fund	\$130 Million	\$130 Million	\$130 Million
Expenditures for Long-Term Care (Nursing Homes) & Medical Assistance Transportation Shifted from General Fund to Lottery Fund	----	----	\$29.4 Million
Questionable Medicaid Savings from Healthy PA Proposal	\$125 Million	\$125 Million	\$125 Million
Leasing State Forest Land for Additional Drilling, Shifted from Oil & Gas Lease Fund to General Fund	\$75 Million	\$75 Million	\$95 Million
Tobacco Settlement Funds Redirected to Help Fund Nursing Homes	\$70 Million	\$113 Million	\$151 Million
Enhanced Federal Matching Funds for Balancing Incentive Program in 2014/15 (will not be available in 2015/16)	\$45 Million	\$45 Million	\$45 Million
Liquor Privatization	----	\$380 Million	----
Special Fund Transfers (See List on Page 3)	----	\$226 Million	\$247 Million
Temporary Suspension of Tax Credits	----	\$48 Million	----
Department of Revenue Notice on Bank Shares Tax	----	\$40 Million	\$40 Million
Philadelphia Casino License That Has Yet to be Issued	\$75 Million	----	\$75 Million
Additional Enhanced Revenue Collections Account	----	----	\$40 Million
Shifted Additional Expenditures for DCNR from General Fund to Oil & Gas Lease Fund (total transfer was \$115.8 million in 2013/14)	\$2 Million	\$7 Million	\$7 Million
<b>TOTAL</b>	<b>\$1.30 Billion</b>	<b>\$1.96 Billion</b>	<b>\$1.75 Billion</b>

## Special Fund Transfers

- The **budget diverts \$246.6 million from dedicated special funds**, adding to list of unsustainable, one-time transfers from special funds to the General Fund, as follows:
  - \$8 million from local law enforcement grants available to the Pennsylvania Gaming Control Board;
  - \$2.355 million from the Manville Property Damage Settlement Account;
  - \$100 million from the Small Business First Fund;
  - \$100 million from the Machinery and Equipment Loan Fund;
  - \$30 million from the Volunteer Companies Loan Fund; and
  - \$6.2 million from the Alternative Fuels Incentive Fund.

## Education

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The budget contains **K-12 education funding totaling \$9.175 billion** (excluding pension payments). This is an increase of \$156 million, or 1.7 percent, after considering the additional supplemental appropriations in 2013/14.

The budget **continues the elimination of classroom funding for programs** such as Dual Enrollment, Reimbursement of Charter Schools, Education Assistance Program, Science: It's Elementary, and School Improvement Grants.

**Total education funding (excluding pensions) remains less than 2008/09** - the fiscal year prior to federal stimulus funding. (See [Education Historical Funding Charts](#).) We exclude pension payments mainly because more than half of the state's obligation, which is mandated by law, goes towards paying a past debt incurred by the state – not for education funding in today's classrooms.

The budget also contains **limited increases for some institutions of higher education**. The budget provides level funding for most other institutions, as compared to 2013/14.

### K-12

- The budget **flat-funds the basic education subsidy** at \$5.526 billion as compared to 2013/14.
- The budget eliminates the \$100 million Accountability Block Grant, and instead appropriates **\$200 million for the governor's new Ready to Learn Block grant**. The budget provides school districts more flexibility with the Ready to Learn Block Grant than was originally proposed by the governor. The funds will be appropriated in the following manner:
  - School districts will receive \$100 million distributed in the same manner as the 2013/14 Accountability Block Grant.
  - School districts will receive an additional \$92 million through a new funding formula that calculates payment based upon a base amount, student count, aid ratio and other factors. Language in the Fiscal Code allows school districts to deduct these funding increases from the calculation for payment of charter school student tuition.
  - Charter schools will receive \$8 million through this same formula.
  - See [Education Funding by School District spreadsheet](#), which shows 2014/15 classroom education funding (Basic Education Subsidy and the new Ready to Learn Block Grant) for each school district as compared to 2013/14 and the governor's proposed 2014/15 budget.

- The budget includes the following increases as compared to 2013/14:
  - **Special Education:** Increase of \$20 million, for total funding of \$1.047 billion. Funds will be appropriated in the following manner:
    - Each school district receives the same amount they received in 2013/14.
    - Of the \$20 million increase, \$19.8 million will be distributed to school districts using a new formula based upon student cost, relative district wealth and other factors. The remaining \$200,000 (1 percent) will be set aside for extraordinary special education costs in districts and charter schools.
    - Charter schools are excluded from the new special education formula and will continue to receive tuition payments from school districts as provided in current law.
    - Intermediate unit funding remains the same as 2013/14, and will be distributed in the same manner.
  - **PlanCon:** Increase of \$10 million, for total funding of \$306 million.
    - Although the Department of Education (PDE) has indicated that an increase in PlanCon would fund projects on the waiting list, this \$10 million increase will do little to resolve the current backlog in school construction projects. PDE recently indicated that \$105 million was needed just to move “G” level projects into the “H” level when projects are reimbursed.
  - **Pre-K Counts:** Increase of \$10 million, for total funding of \$97.3 million.
  - **PA Assessment:** Increase of \$4.6 million, for total funding of \$58.3 million.
- The budget restores funding for:
  - **Career and Technical Education Equipment Grants:** \$3 million (no change compared to 2013/14).
- The budget also eliminates funding for two of the governor’s proposed initiatives:
  - Hybrid Learning Grants: \$10 million.
  - Governor’s Schools of Academic Excellence: \$350,000.
- The budget **flat-funds public libraries** at \$53.5 million as compared to 2013/14, and appropriates the funds in the same manner.

## Higher Education

- The budget **increases funding for certain institutions of higher education**, as compared to 2013/14:
  - Community colleges receive a \$3.5 million increase for operating support.
  - The Pennsylvania College of Technology, part of Penn State University, receives a \$2 million increase.
  - Thaddeus Stevens College of Technology funding increases by \$2 million.
- The budget **level-funds all other institutions of higher education** with the 2013/14 fiscal year, including: Penn State University, the University of Pittsburgh, Temple University, Lincoln University, the State System of Higher Education and institutional assistance grants for private schools.
- **PHEAA grants are level-funded**, as compared to the 2013/14 fiscal year.
- The budget includes **\$5 million for Gov. Corbett’s proposed “Ready to Succeed” scholarships**. The governor proposed \$25 million for this new program in his budget.
- Regional community college services increased by \$1.2 million, as compared to 2013/14. These new funds will support a new rural regional college that provides two-year post secondary education and workforce development.
- Capital funding for community colleges is level-funded, as compared to 2013/14 .
- Community education councils are level-funded at \$2.3 million, compared to 2013/14.

## Pensions

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- The **budget appears to strengthen the effort to meet the legally required employer payments** to the state and school pension funds; however, the **budget still falls short by including one of the governor’s major budget funding gimmicks – the transfer of assets in lieu of payment** from the Tobacco Settlement Investment Board to the Public School Employees’ Retirement System (PSERS) Board.
  - The transfer consists of private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to PSERS, questionably valued by the Budget Office at \$225 million. Of those assets, only \$45 million is cash and the balance is illiquid, long-term, high-risk investments. For PSERS, the reduced cash payment from the state provides liquidity issues.
- The budget also includes \$64 million in savings to offset the required school employer contribution payment by **eliminating the state’s duplicative retirement contribution to charter and cyber-charter schools** (commonly known as the pension “double-dip” fix).
  - Note: House Democratic estimates indicate the savings could reach \$76 million, \$12 million more than the amount included in the budget, assuming no additional changes to current law.
- Altogether, the budget provides less than half (44 percent) of the state’s required General Fund contribution increase to the state’s two pension funds; roughly \$268 million of the \$608 million required payment increase. (Note: This figure excludes the \$225 million transfer of assets and \$64 million duplicative charter school payment, both of which require separate legislation to enact.)
  - **PSERS:** The budget is \$325 million short, reflecting a payment of \$1.16 billion instead of \$1.48 billion. This is an increase of \$151 million over 2013/14.
  - **SERS:** The budget is within an acceptable range of the required payment, and assumes roughly \$529 million compared with a House Democratic estimate of \$544 million, a \$15 million difference. This is an increase of \$117 million over 2013/14.
- Again, it appears at this juncture, that the budget does not include further tapering of the pension rate collars, as included in the governor’s proposal, which would have only exacerbated the pension debt problem and further threatened the commonwealth’s credit worthiness. It is unclear at this time what effect, if any, the budget will have on the commonwealth’s credit rating.

## Public Employee Retirement Commission (PERC)

- PERC is charged with monitoring public retirement systems in the state to assure their actuarial viability through review of any proposed legislative changes to those plans.
- The budget increases the appropriation for PERC by \$145,000, as compared to 2013/14.
  - This increase reflects costs associated with actuarial analyses for pension legislation brought before the General Assembly and to accommodate a portion of the agency’s required employer pension contribution.
  - Note: PERC exhausted its 2013/14 budget prior to considering the Corbett-Tobash pension plan, which cost nearly \$40,000 for the actuarial analysis. PERC’s costs continues to climb as the governor ties his pension efforts to other legislative priorities.

## Health & Human Services

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### Public Welfare - Community Programs

- The budget includes **no new funding for county-run human service programs**, retaining Gov. Corbett's 10 percent funding cut (worth \$84 million) for a third year. This impacts community mental health programs, drug and alcohol treatment, community intellectual disability base programs, homeless assistance, and the human services development fund.
- The budget **slows the governor's proposed expansion of community-based services for disabled individuals** in order to lower state costs. In general, funding for the following initiatives is reduced by half as compared to the governor's budget request, thus expanding services to the same number of people, but providing fewer months of services in 2014/15:
  - Intellectual Disabilities (ID) Community Waiver Programs expanded to 400 people on the waiting list, 700 special education graduates and 50 residents in the state ID centers.
  - Services to Persons with Disabilities expanded to 1,203 additional individuals.
  - Attendant Care waiver expanded to 396 additional individuals.
  - Autism waiver services expanded to 100 additional adults.
  - Moving 90 residents from the state mental health hospitals to the community.
- On a positive note, the budget for community-based waiver programs include new funding to support rate increases for personal assistance services and for service coordination, which helps the Area Agencies on Aging. It also includes funding to remove the waiting list for the Act 150 attendant care program.

### Medical Assistance

- The budget **includes Gov. Corbett's Healthy PA proposal** and assumes its questionable \$125 million state savings, even though the administration has not received federal approval required for the Jan. 1, 2015, implementation date.
- The budget **discontinues the Medical Assistance for Workers with Disabilities (MAWD) program** effective Jan. 1, 2015, as recommended in Gov. Corbett's budget proposal as part of his Healthy PA plan.
- The budget **does not expand Medicaid immediately**, squandering six additional months of state savings and needlessly delaying health care coverage for 500,000 Pennsylvanians until January 2015.
- The budget continues to rely on one-time budget gimmicks:
  - Retains Gov. Corbett's recommendation to delay by one month payments to Medicaid managed care organizations .
  - Takes another \$81 million from the Tobacco Settlement Fund to help pay for nursing home costs funded through DPW's Long-Term Care appropriation – on top of the \$70 million taken by Gov. Corbett in his proposed budget.
  - Takes an additional \$25 million from the Lottery Fund to help pay for long-term care (nursing home) costs.
- It is unclear at this time whether the budget includes funding for increased managed care rates, keeping with the governor's budget proposal.

### Health

- The budget restores funding for numerous health education, research and treatment appropriations in the Department of Health. In two instances (Trauma Prevention and Bio-Technology Research), the appropriations are increased over the amounts appropriated in 2013/14. However, most funding levels are significantly less than several years ago.

- Funding for newborn screening received an increase of \$150,000 over fiscal year 2013/14. It appears that this increase will be used to establish a new referral center to service the central part of the state.

## Insurance

- The **budget provides for more kids enrolling in the Children’s Health Insurance Program (CHIP)** during 2014/15, but funds were cut from the governor’s request to reflect lower-than-anticipated enrollments in 2013/14.

## Tobacco Settlement Fund

- Altogether, the 2014/15 budget shifts \$151 million of the Department of Public Welfare’s General Fund long-term care (nursing home) costs to the Tobacco Settlement Fund.
  - The budgets take another \$81 million from the Tobacco Settlement Fund to help pay for General Fund long-term care (nursing home) costs. This is on top of the additional \$70 million taken by Gov. Corbett through changes to the allocation formula, as proposed in his February budget request.
  - The Republicans accomplish this by changing the allocation percentages used to distribute annual tobacco payments among programs and by drawing from balances in the fund.
- It appears the budget uses the \$76 million in tobacco payments restored to Pennsylvania in April 2014 - as a result of the Attorney General’s successful appeal of the adverse ruling by an arbitration panel last September - to restore half of the 2013/14 funding the Budget Office placed in budgetary reserve for CURE Cancer and Broad-Based Health Research (\$21.5 million) and the Hospital Uncompensated Care Payment Program (\$12.9 million). It appears the other \$43 million is being used to help pay for long-term care (nursing home) costs in 2014/15.
- The **budget changes the allocation percentages for fiscal years 2013/14 and 2014/15 in order to redirect \$135 million to nursing homes, and away from their intended programs.**
  - The chart below shows the mandated allocation percentages that were enacted last year (Act 71 of 2013) for distributing tobacco payments among programs. The chart also shows the modifications made in this year’s Fiscal Code to the percentages for 2013/14 and 2014/15.
  - For 2013/14, the Republicans nearly doubled the allocation for health-related purposes (making nearly \$65 million available for nursing homes) while eliminating the allocation for PACENET and reducing the allocations for the following programs: tobacco use prevention and cessation programs, CURE (health research) and hospital uncompensated care payments.
  - For 2014/15, the Republicans went with Gov. Corbett’s proposal to reduce the allocation for Medical Assistance for Workers with Disabilities (MAWD), suspend the allocation for PACENET, and increase the allocation for long-term care in order to redirect \$70.3 million to nursing facilities.

Programs Receiving Annual Appropriations from the Tobacco Settlement Fund	Act 71 of 2013	New Percentages in Fiscal Code	
	2013/14 & Beyond	2013/14	2014/15
Home and Community-Based Services	13%	13%	13%
Tobacco Use Prevention & Cessation Programs	4.50%	2.93%	4.50%
CURE-Broad-Based Health Research	12.60%	6.30%	12.60%
CURE - Cancer research	1%	0.5%	1%
Hospital Uncompensated Care Payment Program	8.18%	4.09%	8.18%
Medical Assistance for Workers with Disabilities	30%	30%	15.12%
PACENET Program for Seniors	8%	0%	0%
Health-Related Purposes	22.72%	43.18%	45.60%

## Lottery Fund

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- The budget takes another \$25 million from the Lottery Fund to help pay for General Fund long-term care (nursing home) costs.
- The budget also uses \$4.9 million of Lottery Funds for Medical Assistance Transportation, creating a new appropriation under the Lottery Fund for this purpose. With this new appropriation, the budget shifts another \$4.9 million of the Department of Public Welfare's expenditures "offline," from the General Fund to the Lottery Fund.
- The budget reflects Gov. Corbett's proposal to use \$130 million in Lottery Fund balances to reduce General Fund spending for the Department of Public Welfare's Home and Community-Based Services (Aging Waiver) program.
- The budget include \$14.1 million for the Department of Public Welfare to expand home and community-based services (Aging Waiver) to an additional 2,468 seniors.

## Liquor

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- The budget does not include the \$380 million from liquor privatization, as included in the House Republicans' proposal. The **budget assumes no changes to the state liquor store or wholesale system.**

## Transportation

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- The budget reflects anticipated increases for highway and bridge funding related to enhanced revenues generated pursuant to Act 89 of 2013.
- The budget eliminates \$896,000 for photo ID cards. In January 2014, the requirement that mandated that voters show photo identification at the polls was struck down by the courts. The funding associated with this requirement is no longer necessary.

## Law Enforcement, Public Safety & Justice

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### State Police

- As compared to 2013/14, the budget increases the general government operations for the State Police by \$13.3 million in its General Fund appropriation, and by \$45.9 million in its Motor License Fund appropriation.
  - The governor's budget proposal already assumed additional funding for four additional cadet classes, for a potential total of 350 cadets, which is the maximum number of classes that the State Police can support in a fiscal year. Therefore, it is unclear why the budget includes these additional funds for the State Police.
- The budget cuts the Gun Checks appropriation, funded by the General Fund, by \$1 million as compared to 2013/14; however, the budget increases the Firearms Records Check Fund, a restricted account, by \$1 million. This is the same as the governor's proposal.
- The balance of the State Police's funding under the budget includes an increase of \$10.9 million in its General Fund appropriation and an increase of \$41.5 million in its Motor License Fund appropriation, as compared to 2013/14. This is a combined increase of \$52.5 million as compared to 2013/14. The total appropriation (General Fund and Motor License Fund) for the State Police in the budget for fiscal year 2014/15 is \$886.2 million.

### Corrections

- The budget funds the Department of Corrections' appropriations at slightly more than \$2 billion.
  - The combined Department of Corrections' appropriations increases by \$117.7 million, or 6.1 percent, over 2013/14 (before an additional assumption for supplemental appropriations).



## Board of Probation & Parole

- The budget increases funding for the Board of Probation and Parole by \$14.8 million, or 10.4 percent, as compared to 2013/14.

## PA Commission on Crime & Delinquency (PCCD)

- The budget increases funding for PCCD by \$52,000, or 1.3 percent, as compared to the available year, and funds it at \$4 million.
- The budget includes \$4.6 million for the Violence Prevention Programs, which is \$4,000 more than 2013/14.
- The budget includes \$18.2 million for the Intermediate Punishment Treatment Programs, which is the same as 2013/14. However, this is \$2 million less than the governor proposed in his February budget.
- The budget includes \$18.9 million for Juvenile Probation Services, which is the same as 2013/14. However, this is \$2.5 million less than the governor's proposal.

## Military & Veterans Affairs

- The budget includes \$119.9 million for Military and Veterans Affairs, which is \$1.9 million less as compared to 2013/14.

## Judiciary

- The budget funds the Judiciary at \$317.4 million, which is the same as in 2013/14 and the governor's proposal. However, this budget leaves the Judiciary about \$25 million short of its need.

## Environment

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- The budget mysteriously raises an additional \$20 million through expanded "non-impact" drilling above the governor's budget proposal and the version of the budget that passed the House. Now, the **budget relies on a guesstimated \$95 million in revenue from new leasing of state park and forest land**, as compared to the governor's original estimate of \$75 million. This equates to a maximum of 31,667 more acres leased if the Department of Conservation and Natural Resources (DCNR) meets its goal of at least \$3,000 per acre.
- The budget provides \$2.75 million to the Heritage Areas program. Gov. Corbett eliminated funding for the program in his proposal. The Heritage Areas program received \$2.25 million in 2013/14.
- The budget goes beyond Gov. Corbett's extreme state General Fund cuts to DCNR by cutting \$14.8 million more from the agency's General Operations, State Parks Operations, and State Forest Operations appropriations.
  - The budget makes up this cut by increasing the Oil and Gas Lease Fund transfer to DCNR by \$5 million and revising the timber sales revenue estimate upward by \$10 million.
  - **In total, the Oil and Gas Lease Fund will transfer \$122.5 million to DCNR in 2014/15.** The budget has the state General Fund contributing just 3.8 percent of DCNR's total budget, while the Oil and Gas Lease Fund accounts for 32.7 percent. (Note: In 2010/11, Gov. Rendell's final budget, the state General Fund contributed 29.1 percent of DCNR's total budget, while the Oil and Gas Lease Fund accounted for 8.6 percent.)
- The budget singles out the Delaware River Basin Commission for a 54 percent cut, while leaving PA's fair share contributions intact for the other five interstate waterway commissions.
- The budget provides funding for the Sewage Facilities Planning Grants in the amount of \$700,000 (up from \$200,000 in 2013/14) and maintains funding for the Conservation Districts.

- Four appropriations within the Department of Environmental Protection – General Government Operations, Environmental Program Management, Environmental Protection Operations, and Chesapeake Bay Abatement – received a total of \$20.7 million from a federal indirect account in 2013/14. However, these appropriations will only receive \$10.5 million from this federal indirect account in 2014/15 – a planned reduction of \$10.2 million. To offset this loss, the budget increases these appropriations by \$12.4 million.
- The budget suspends the 2014/15 transfer of a portion of the utilities' gross receipts tax to the Alternative Fuels Incentive Grant program. This transfer has an estimated value of \$6.2 million in 2014/15.

## Other Areas

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### Agriculture

- The budget funds Agriculture at \$126.9 million. This is about \$3 million more as compared to 2013/14, due to an increase in the department's general government operations, Agricultural Excellence, and the Agricultural Promotion, Education and Exports appropriations.
- The budget also provides level funding compared to 2013/14 for the Transfer to Agricultural College Land Scrip Fund (Penn State University) appropriation at \$46.2 million.
- Some Agriculture appropriations are now funded by the Race Horse Development Fund, one of which is Pennsylvania Fairs. The budget eliminates the governor's proposed increase of \$1 million, which leaves funding at the 2013/14 funding level of \$3 million.
- The budget provides level funding for the State Food Purchase Program at \$17.4 million, as compared to 2013/14.

### Community & Economic Development

- The **budget relies on a \$100 million transfer from both the Machinery and Equipment Loan Fund and the Small Business First Fund to the General Fund, and a \$30 million transfer from the Volunteer Company Loan Fund.** These transfers would devastate these funds, constraining access to capital for businesses and volunteer fire companies.
- The budget eliminates Gov. Corbett's \$500,000, 4.2 percent, increase for the Partnerships for Regional Economic Performance (Small Business Development Centers, Local Development Districts, Industrial Development Assistance and Industrial Resource Centers).
- The budget reinstates programs proposed to be eliminated by Gov. Corbett and flat funds them as compared to 2013/14: Pennsylvania Infrastructure Technology Alliance, Supercomputer Center, Powdered Metals, Tourism – Accredited Zoos, and Rural Leadership Training. Additionally, the budget reinstates the Community Development Financial Institution Grant program, which was last funded in 2006/07.
- Compared to Gov. Corbett's proposal, the budget increases the Marketing to Attract Tourists appropriation by \$3.5 million, but cuts the Keystone Communities program (Main/Elm Street, Accessible Housing, Housing Redevelopment) by \$4.6 million, or 43 percent, as compared to 2013/14.
- Pennsylvania First, World Trade PA, the Transfer to the Municipalities Financial Recovery Revolving Fund (Act 47), and Discovered and Developed in PA all receive large reductions as compared to 2013/14 to pay for increases elsewhere in the budget.
- The budget increases Grants to the Arts by 5 percent as compared to 2013/14.

### Labor & Industry

- In the budget, the transfer to the Vocational Rehabilitation Fund is level-funded with 2013/14, removing the governor's proposed \$1 million initiative to provide on-the-job training for young people with disabilities.

- The budget provides level funding for Centers for Independent Living and Supported Employment, when compared to 2013/14.
- The proposal level-funds New Choices/New Options, Industry Partnerships, and the two assistive technology appropriations, when compared to 2013/14. The governor had eliminated the New Choices/New Options program in his budget proposal.

### **Row Offices**

- In the budget, the Office of Attorney General receives a \$5 million increase, compared to 2013/14; however, this leaves the Attorney General about \$7 million short of her budget request for 2014/15.
  - The Drug Law Enforcement appropriation receives an increase of \$1.9 million, compared to 2013/14.
  - The Drug Strike Task Force appropriation receives a slight increase of \$262,000, compared to 2013/14.
  - Tobacco Law Enforcement receives an increase of \$300,000, compared to 2013/14.
  - Ironically, funding for the Child Predator Interception Unit is decreased in the budget by \$250,000.
- Funding for the Auditor General is held flat compared to 2013/14. Specifically, the department is appropriated \$1.75 million for Information Technology Modernization for 2014/15, which is \$4.45 million less than the Auditor General's request of \$6.2 million.
- The budget reduces funding for the Treasury Department's Information Technology Modernization program by \$5 million when compared to fiscal year 2013/14; however, the Treasurer has indicated that he is willing to reduce the request to this amount.